

TRANSPARENCY INTERNATIONAL IRELAND  
SUBMISSION TO THE DEPARTMENT OF ENTERPRISE,  
TRADE AND EMPLOYMENT (DETE) ON

THE MISCELLANEOUS PROVISIONS (TRANSPARENCY  
AND REGISTRATION OF LIMITED PARTNERSHIPS  
AND BUSINESS NAMES) BILL

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## SUMMARY OF RECOMMENDATIONS

1. Make Limited Partnerships subject to beneficial ownership obligations, according to criteria laid down in the EU Anti-Money Laundering Directive (currently AMLD5).
2. Prohibit corporate bodies as general partners or, failing that, require that a Limited Partnership must have a minimum of one general partner who is a natural person.
3. Ensure that Limited Partnerships maintain a genuine connection to or presence in Ireland and prohibit partners based in high-risk or secrecy jurisdictions, through:
  - (i) Requiring that a general partner who is a natural person must be resident in the State and a general partner that is a legal person must be a corporate entity registered in the State;
  - (ii) Prohibiting the registration of any partner, whether a general partner or a limited partner, that is resident (natural person) or registered (legal person) in a country listed by the EU as a high-risk third country or a non-cooperative jurisdiction for tax purposes;
  - (iii) Requiring that a Limited Partnership must have a continuing registered office in the State;
  - (iv) Requiring that a registered office that is provided by a Trust or Company Service Provider must be authorised and supervised for anti-money laundering purposes by either the Department of Justice, a designated accountancy body or the Central Bank of Ireland.
  - (v) Requiring that a Limited Partnership notify the Registrar of its principal place of business;
  - (vi) Prohibiting a Limited Partnership from having a principal place of business in a country listed by the EU as a high-risk third country or a non-cooperative jurisdiction for tax purposes;
  - (vii) Requiring that any change to any of the above details must be notified to the Registrar within fourteen days.
4. Prohibit the use of nominees as general or limited partners.
5. Extend the safeguard provided for company officers in Section 150(11) of the Companies Act 2014 (authorisation to waive the requirement to disclose residential address) to partners within a Limited Partnership.
6. Provide for the statutory Register of Limited Partnerships to be publicly accessible and searchable online, and to incorporate all documents and statements associated with a Limited Partnership, including their annual returns (see Recommendation 7).
7. Require Limited Partnerships to make an annual return to the Registrar, and stipulate that this return should include, at minimum, the following details:

- The full names and residential addresses of all partners in the Limited Partnership;
- The full physical address of the Limited Partnership's registered office in the State;
- The full physical address of the Limited Partnership's principal place of business;
- The full physical address of the Limited Partnership's place of central management and administration, if different to the registered office or principal place of business;
- The capital of the Limited Partnership; and
- The financial year-end of the Limited Partnership.

8. Remove all fees that currently apply to access data on Limited Partnerships, companies and business names, and ensure that access to any new documents created by the Bill (such as annual returns) are not subject to fees.

9. Increase the charge for registration of a Limited Partnership to the same as companies, and consider increasing both charges to pay for additional integrity measures.

10. Create a statutory objective for the Registrar to promote the integrity and transparency of the registers of companies, Limited Partnerships and friendly societies.

11. Provide the Registrar with the powers necessary to achieve this objective, including, inter alia, the power to request and reject information and to exchange data with other public bodies, and create corresponding offences for failure to follow a direction etc.

12. Create a statutory duty for the Registrar to verify the identities of all company officers, partners within Limited Partnerships and beneficial owners.

13. Extend Section 35 of the Companies (Corporate Enforcement Authority) Act 2021 requiring the provision of Personal Public Service Numbers (or their overseas equivalent) to all registrations, annual returns and changes to Limited Partnerships.

14. Require applications to register a LP to provide each partner's full name (including any previous names), date of birth, nationality, tax residency and residential address. These details must also be provided for any partners added following initial registration.

15. Extend the offences created by Sections 406 (providing false statements) and 876 (providing false information) of the Companies Act 2014 to Limited Partnerships.

16. Extend the functions of the Corporate Enforcement Authority in Section 10 of the Companies (Corporate Enforcement Authority) Act 2021 to cover Limited Partnerships.

17. Provide for the power to apply to strike a Limited Partnership off the Register where it is in the public interest to do, including for illegality.

18. Prohibit the sale or transfer of 'shelf' entities.

# 1. INTRODUCTION

[Transparency International \(TI\) Ireland](#) is the Irish chapter of TI – a [global movement](#) working against corruption in over 100 countries and at the EU institutions. TI Ireland was founded in 2004 and is the only Irish civil society organisation dedicated to anti-corruption. One of our strategic priorities is to end the use of Ireland as a [‘safe haven’](#) for dirty money from overseas, and our work towards this objective is currently funded by the Global Anti-Corruption Consortium and the European Union.

In light of media [revelations](#) about the abuse of Limited Partnerships (LPs) for various [illicit purposes](#), TI Ireland welcomed the government’s [announcement](#) in early 2023 of its intention to bring forward legislation to tighten regulation around the transparency and registration of LPs and business names. We are therefore grateful for the opportunity to submit our recommendations on the Miscellaneous Provisions (Transparency and Registration of Limited Partnerships and Business Names) Bill.

Our aim in making this submission is to help ensure that the Bill makes a significant contribution to a more robust and transparent regulatory framework for LPs and businesses, and which prevents their abuse for illicit purposes such as money laundering, organised crime and tax and sanctions evasion. Our submission draws on analysis by TI and others, including submissions to the government [review](#) of the [Limited Partnerships Act 1907](#) and reflections on the UK’s [Economic Crime and Corporate Transparency Act 2023](#). We have also consulted directly with colleagues in [TI-UK](#) and with [Elspeth Berry](#), Associate Professor at Nottingham Law School and founder of the [Partnership Law Forum](#).

## 2. IMPROVING ACCOUNTABILITY

### 2.1 Extension of beneficial ownership obligations to LPs

It is now [widely accepted](#) that, in order to prevent, detect and investigate economic and organised crime, it is [essential](#) to know the identities of those that control and benefit from business entities. Indeed, the requirement to identify and record such individuals – referred to as ‘beneficial owners’ or, as in the UK, ‘persons with significant control’ (PSC) – has been enshrined in both domestic and European law. The EU’s recently agreed [Anti-Money Laundering \(AML\) package](#) reflects the centrality of beneficial ownership (BO) transparency for an effective AML framework, with a new [Regulation](#) making the rules on BO more harmonised and transparent and a new [Directive](#) strengthening BO reporting requirements and clarifying the legitimate purposes for access to BO registers. In the words of the [EU Council](#), the express purpose of the new package is ‘closing possible loopholes used by criminals to launder illicit proceeds or finance terrorist activities through the financial system’.

The significant surge in registrations of Irish, Northern Irish and English LPs immediately prior to and after the introduction of [PSC requirements](#) for Scottish LPs in 2017 demonstrates that the extension of BO requirements to LPs can have a powerful impact. New registrations of Irish LPs leapt from 87 in 2015 to [676 in 2017](#); almost an eightfold increase. Scottish media [reported](#) a 79 per cent reduction in registrations of Scottish LPs in 2017 but 142 per cent and 22 per cent increases in registrations of English and Northern Irish LPs respectively. Given the extensive previous [abuse of Scottish LPs](#) for illicit activities, it is likely that this shift was driven in large part by those seeking opaque structures.

In Ireland, disclosure of beneficial ownership is a requirement for companies and other corporate bodies under the [European Union \(Anti-Money Laundering: Beneficial Ownership of Corporate Entities\) Regulations 2019](#) (Statutory Instrument Number 110 of 2019). At present, however, LPs are under [no such obligation](#). TI Ireland considers this to be a glaring loophole that adds significantly to the [well-evidenced](#) attractiveness of [Irish LPs](#) as vehicles to carry out or facilitate illicit activities. Although we advocate for Ireland to show leadership by reducing the current BO reporting threshold (of 25 per cent), for the purposes of this Bill the crucial first step is to extend BO obligations to LPs.

**Recommendation 1: Make Limited Partnerships subject to beneficial ownership obligations, according to criteria laid down in the EU Anti-Money Laundering Directive (currently AMLD5).**

### 2.2 Legal personality and beneficial ownership

It is understood that one of the reasons for LPs not currently being subject to BO obligations is due to the argument that such obligations cannot apply to structures that lack their own legal personality.<sup>1</sup> TI Ireland submits that this argument has no basis in law or practice, either in Ireland or comparable

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<sup>1</sup> There are valid legal and business reasons for giving LPs separate legal personality – as is the case in Scotland and elsewhere – which would of course negate this argument. In the UK, the Law Commission recommended in 2003 that English LPs should be given legal personality, but this was [reportedly rejected](#) by the UK Government after intense lobbying by the private equity sector due to its impact on LPs’ ‘tax transparent’ status.

jurisdictions, and instead allows the continuation of just the sort of loophole that the EU's new AML package seeks to close. Having consulted with Elspeth Berry, Associate Professor at Nottingham Law School and a leading legal expert on partnership law, we wish to highlight the following points:

1. Irrespective of its structure, a business venture is incapable of running itself. There must therefore be human actors involved who exercise influence or control over that venture, and who should be capable of being held to account for any unlawful acts that make use of that structure.
2. Ireland's own AML legislation – notably the [Criminal Justice \(Money Laundering and Terrorist Financing\) Act 2010](#) – actually defines a beneficial owner in relation to a partnership. Section 27 of the Act states that, 'In this Part, beneficial owner', in relation to a partnership, means any individual who– (a) ultimately is entitled to or controls, whether the entitlement or control is direct or indirect, more than a 25 per cent share of the capital or profits of the partnership or more than 25 per cent of the voting rights in the partnership, or (b) otherwise exercises control over the management of the partnership.' (Subsection (b) is important to cover a potential loophole in which persons, such as nominees, may not be correctly registered as partners.)
3. BO requirements are already applied to Irish partnership structures that lack their own legal personality. Section 3 of the [Investment Limited Partnerships Act 1994](#) (as amended) defines beneficial ownership in relation to Investment Limited Partnerships (ILPs), which – like LPs – do not have separate legal personality. Sections 27A – 28B and Sections 46 – 56 oblige a general partner to obtain information on an ILP's beneficial owners and to register them accordingly.
4. Other common law jurisdictions have shown that BO/PSC requirements are quite capable of being applied to partnerships that do not have a separate legal personality. (Note that Scottish LPs have separate legal personality). In Gibraltar, for example, Section 10(8) of the [Limited Partnerships Act 2021](#) stipulates that a LP registered in Gibraltar that does not have separate legal personality nevertheless has to comply with beneficial ownership legislation as if it did have legal personality.

## 2.3 Role of corporate partners

The central premise behind the introduction of BO requirements at international, European and national level is to reduce the opacity of ownership and control of business structures. The use of corporate partners – either as directors of companies or as general partners of LPs – adds to that opacity by introducing further layers behind which individuals can obscure their ownership or control of a business, and thus evade personal accountability for any wrongdoing via use of that structure.

Once again, the example of Scottish LPs (SLPs) is illustrative. The UK's [Company Act 2006](#) introduced a requirement for companies to have at least one natural person as a director. As Berry recounts in her 2021 article '[Partnership Law: Used, Misused or Abused?](#)' in the *European Business Law Review* (vol. 32, no. 2, pp. 207–250), this requirement 'triggered a significant increase in the number of SLPs being registered, as those looking to facilitate illicit activity migrated to SLPs. By 2016, 94% of SLPs were controlled by corporate partners, 71% by corporate partners based in secrecy jurisdictions, and only 5% had corporate general partners registered in the UK ... TI-UK/Bellingcat noted that in one money laundering case, all but one of the 113 SLPs involved were controlled by corporate partners.'

In Ireland, submissions to the government's 2019 [Review of the Limited Partnerships Act](#) indicate that corporate partners are used quite extensively in Irish LPs for various legitimate business reasons. However, such use has to be weighed against the risk of criminals using corporate partners to further obscure ownership and control of LPs – a risk highlighted by the migration towards SLPs in the wake of the natural person requirement being introduced for UK companies. TI Ireland would therefore advocate a prohibition on corporate bodies acting as general partners, in line with the prohibition on corporate bodies acting as company directors. If such a prohibition is considered unfeasible, a reasonable compromise would be to permit corporate general partners (subject to restrictions – see below) but mandate that at least one general partner must be an individual who resides in Ireland.

**Recommendation 2: Prohibit corporate bodies as general partners or, failing that, require that a Limited Partnership must have a minimum of one general partner who is a natural person.**

## 2.4 Location requirements

At present, the [Limited Partnerships Act 1907](#) does not require a registered office in the State and, although Section 8 stipulates that a LP must have a place of business in the State *upon registration*, there is no requirement for that place of business to remain within the State after its registration. This allows LPs, as soon as registered, to relocate to – and operate from – any jurisdiction worldwide. Investigations by The Irish Times following the '[Pandora Papers](#)' cache of leaked documents from offshore corporate service providers showed that two thirds of Irish LPs' general partners were based in offshore and secrecy jurisdictions, including Belize, the British Virgin Islands, the Cayman Islands, Panama and the Seychelles. [Investigative journalists](#) subsequently found Irish LPs being promoted internationally – including in Russia, Ukraine and Uzbekistan – as opaque, tax-free, offshore and 'off-the-shelf' structures registered in a country with an '[impeccable reputation](#)'. This poses several risks.

First, and most important, the ability to register an LP entirely offshore and with opaque ownership makes them highly attractive for facilitating various illicit activities that require a business structure and/or business paperwork, from tax evasion to money laundering, fraud and other forms of serious and organised crime. As well as the LP itself being used as a conduit for dirty money, the paperwork associated with its registration in a well-regarded jurisdiction can also be used to create further financial structures, such as overseas bank accounts. The fact that LPs do not, under Irish law, have their own legal personality may well be lost on a foreign bank or financial institution being asked to open an account on the basis of paperwork issued by a country with an 'impeccable reputation'.

Second, the ability of those registering an Irish LP to operate completely offshore – without any genuine connection to or presence in Ireland – places them in some cases beyond the reach of Irish regulators or law enforcement. Whilst many countries may be open to bilateral cooperation, certain others – including some of those considered to be [high-risk for money laundering](#) or [non-cooperative for tax purposes](#) – are either unwilling or unable to assist investigations into financial crime. In such cases, it would be impossible to hold individuals to account via the Irish courts for unlawful activities suspected to have been committed, enabled or facilitated through the use of an Irish LP.



Third, the cumulative effect of sustained and/or widespread abuse of Irish LPs for illicit activities overseas poses a reputational risk to Ireland’s business structures, to its regulatory framework and, ultimately, to the country itself. Whilst Ireland’s ‘impeccable reputation’ is used to market Irish LPs overseas, such use – if allowed to continue unabated – could (and arguably already has) sully the reputation of not only LPs but also Ireland’s wider approach to financial regulation. To return to the example of SLPs, TI-UK commented that, ‘Scotland really suffered from Scottish limited partnerships being so closely associated with organised crime and corruption’, and Scottish National Party MP Alison Thewliss [said in 2021](#) that Scotland continued to suffer reputational damage from the abuse of SLPs.

In light of these risks, TI Ireland considers it imperative to (a) eliminate the possibility of creating an Irish LP without any genuine connection to or presence in Ireland, and (b) ensure that individuals behind a LP can, if necessary, ultimately be held accountable through proceedings in the Irish courts.

**Recommendation 3: Ensure that Limited Partnerships maintain a genuine connection to or presence in Ireland and prohibit partners based in high-risk or secrecy jurisdictions, through:**

- (i) Requiring that a general partner who is a natural person must be resident in the State and a general partner that is a legal person must be a corporate entity registered in the State;**
- (ii) Prohibiting the registration of any partner, whether a general partner or a limited partner, that is resident (natural person) or registered (legal person) in a country listed by the EU as a high-risk third country or a non-cooperative jurisdiction for tax purposes;**
- (iii) Requiring that a Limited Partnership must have a continuing registered office in the State;**
- (iv) Requiring that a registered office that is provided by a Trust or Company Service Provider must be authorised and supervised for anti-money laundering purposes by either the Department of Justice, a designated accountancy body or the Central Bank of Ireland.**
- (v) Requiring that a Limited Partnership notify the Registrar of its principal place of business;**
- (vi) Prohibiting a Limited Partnership from having a principal place of business in a country listed by the EU as a high-risk third country or a non-cooperative jurisdiction for tax purposes;**
- (vii) Requiring that any change to any of the above details must be notified to the Registrar within fourteen days.**

## 2.5 Use of nominees

Many of the [cases](#) in which Irish and UK LPs have been used, or are suspected of having been used, for illicit purposes involved the use of ‘nominee’ partners (or, in the case of companies, nominee directors or shareholders). This nominee function is typically performed by Trust or Company Service Providers (TCSPs), which in Ireland are supervised for AML purposes by either the [Central Bank of Ireland](#), a Designated Accountancy Body (DAB) or the Department of Justice [AML Compliance Unit](#)

(AMLCU), depending on the nature of the TCSP. The government's own [risk assessment of TCSPs](#) concludes that some carry significant ML risks, even after mitigation measures are put in place. (Although it is outside the scope of this submission, it is worth noting that TI Ireland has [previously called](#) for the country's fragmented system of AML supervision to be strengthened and consolidated into a single AML supervisory body for all Designated Non-Financial Businesses and Professions.)

Although AML supervision for TCSPs in Ireland and comparable jurisdictions provides some degree of risk mitigation, TI Ireland considers that the use of nominees as partners can be so injurious to the prevention and investigation of crime, and to corporate transparency, that it outweighs any business benefits. Moreover, it is arguable that the privileges and benefits of LPs should only be available to those who are willing to identify themselves, either in an individual capacity or as a company officer.

There is also little basis for the argument that the use of nominees protects partners for whom disclosure of personal details might pose a risk to their security. An established statutory process is already in place, which requires the involvement of a Chief Superintendent of An Garda Síochána, to protect a company officer for whom disclosure of their residential address in forms submitted to the CRO may endanger their security. This safeguard should be extended to partners within LPs.

**Recommendation 4: Prohibit the use of nominees as general or limited partners.**

**Recommendation 5: Extend the safeguard provided for company officers in Section 150(11) of the Companies Act 2014 (authorisation to waive the requirement to disclose residential address) to partners within a Limited Partnership.**

## 3. INCREASING TRANSPARENCY

### 3.1 Improving the Register of Limited Partnerships

As the Company Law Review Group (CLRG) noted in their [submission](#) to the government's review of the Limited Partnerships Act, there is a distinct lack of publicly accessible information online on LPs – especially when compared to the information available on companies via the [Companies Online Registration Environment](#) (CORE). In its present form, the published [list of Limited Partnerships](#) on the CRO website contains minimal detail, being a simple Excel spreadsheet showing the LP's name (and any previous name), number, status (i.e. active or ceased), date of registration (and, if relevant, cessation), whether it is required to submit accounts, and the date of any submissions. None of these details connects a LP to an individual, a corporate entity, an address or – given the current lack of any restriction on LPs' places of business – even to its country of operation. This lack of transparency does nothing to dissuade abuse of LPs and instead makes LPs yet more attractive for illicit purposes.

**Recommendation 6: Provide for the statutory Register of Limited Partnerships to be publicly accessible and searchable online, and to incorporate all documents and statements associated with a Limited Partnership, including their annual returns (see Recommendation 7).**

### 3.2 Requirement for annual return

The government's review of the Limited Partnerships Act 1907 specifically asked respondents to set out their views 'on whether LPs should be required to make an annual return to the Registrar similar to obligations on companies'. In its submission to the consultation, the CLRG recommended that:

- A limited partnership's annual return should be in a form to be specified by the Minister, in the same way as the Minister specifies under the Companies Act 2014.
- It should be delivered each year to the Companies Registration Office within 14 days of a date from 1 January to 30 June chosen by the general partners of the limited partnership.
- It should be signed by a general partner or, where the general partner is a body corporate, a director of that general partner.
- The information should include:
  - the names and addresses of all partners, stating who are general and who are limited partners;
  - the registered office;
  - the place (whether in the State or not) where the central management and administration of the partnership is carried on;
  - the capital of the limited partnership; and
  - the financial year-end of the limited partnership.

- Failure to file the return should not give rise to a loss of limited liability for the limited partners but should be enforced by late filing fees and criminal sanctions against the general partner or partners and, in the event of the general partner being a body corporate, officers of such a body corporate, in much the same way as both a company and its officers are liable to sanction for non-compliance with the law requiring the filing of an annual return.

In its [submission](#), the Law Society of Ireland recommended a similar format for an annual return for LPs. TI Ireland broadly agrees with these recommendations, with the additional clarifications that:

- All names provided must be full names;
- All partners' addresses must be their primary residential address (notwithstanding the proposed extension to partners of the safeguard around residential addresses (see Recommendation 5));
- All addresses must be full physical addresses (i.e. not post office boxes or similar) that include an Eircode, postcode or zip-code.

We also recommend additional identification requirements as part of a more rigorous approach to identity verification for the registration of LPs and other businesses (see Chapter 4, below).

**Recommendation 7: Require Limited Partnerships to make an annual return to the Registrar, and stipulate that this return should include, at minimum, the following details:**

- **The full names and residential addresses of all partners in the Limited Partnership;**
- **The full physical address of the Limited Partnership's registered office in the State;**
- **The full physical address of the Limited Partnership's principal place of business;**
- **The full physical address of the Limited Partnership's place of central management and administration, if different to the registered office or principal place of business;**
- **The capital of the Limited Partnership; and**
- **The financial year-end of the Limited Partnership.**

### 3.3 Accessibility of data

TI Ireland has long [advocated](#) for the removal of fees for accessing corporate data, on the basis that:

- Such fees act as a general barrier to accessibility for the public, and thus inhibit transparency;
- Fees act as a specific barrier to the work of investigative journalists and civil society bodies, who – as has been recognised in the EU's latest AML package – have a legitimate interest in accessing information that may assist in tackling money laundering and the financing of terrorism;
- Fees grate against both the principles and practices of [open government and open data](#), as codified in Ireland by the Open Government Partnership National Action Plans, including the commitment to make data held by public bodies available and easily accessible;
- Fees deliver only limited financial returns, with the disadvantages of erecting barriers to accessibility and transparency therefore significantly outweighing any financial advantages.

These are not hypothetical concerns. The 2022 [investigation into the abuse of LPs](#) by Bellingcat and The Times/The Sunday Times discovered that the total cost of fees required to access CRO data on a meaningful scale necessitated a specific grant application in order to be able to continue the work. In their report, the authors stated that: ‘For every document requested, a price of 2.50 Euros (\$2.67) was applied, ensuring a further barrier to investigation given thousands of documents were required to conduct a thorough analysis. Bellingcat purchased the formation documents for every ILP [Irish Limited Partnership] registered since the beginning of 2015 – when ILP registrations shot up rapidly – at a cost of 6,000 Euros (\$6,300) with funds provided by an Investigative Journalism for Europe grant.’ Whilst the fee for each individual document is low, the cumulative cost for those wishing to conduct mass data analysis is prohibitive. Indeed, given the importance of The Times / Bellingcat report in helping to generate political concern at the abuse of LPs, it is arguable that – had it not been for the grant the authors won – CRO fees may have prevented this Bill from being introduced.

Given that the current payment for registering a Limited Partnership is so low (€2.50), it would be entirely reasonable to increase this amount to the same as that charged for registering a company (€50), with the additional income used to offset the absence of data access fees. There is also scope for increasing both charges in order to pay for additional compliance and enforcement measures to ensure the integrity of the corporate registration system (see chapter 4 on Promoting Integrity).<sup>2</sup>

**Recommendation 8: Remove all fees that currently apply to access data on Limited Partnerships, companies and business names, and ensure that access to any new documents created by the Bill (such as annual returns) are not subject to fees.**

**Recommendation 9: Increase the charge for registration of a Limited Partnership to the same as companies, and consider increasing both charges to pay for additional integrity measures.**

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<sup>2</sup> As of 1 May 2024, the UK Government will [increase](#) various corporate registration fees (including company and limited partnership registration fees, which will increase to £50 and £71 respectively), in order to fund [additional integrity measures](#) at Companies House (the UK corporate registration agency). In 2022, the UK introduced a tiered ‘[Economic Crime \(Anti-Money Laundering\) Levy](#)’ in order to develop a long-term sustainable resourcing model to tackle economic crime.

## 4. PROMOTING INTEGRITY

### 4.1 Integrity promotion as a CRO objective

At present, the [stated functions](#) of the Companies Registration Office (CRO) are:

- The incorporation of companies and the registration of business names.
- The receipt and registration of post incorporation documents.
- The enforcement of the *Companies Act 2014* in relation to the filing obligations of companies.
- Making information available to the public.

These functions codify the CRO's largely passive role in corporate registration, which is reinforced by its adoption of a 'light touch' regulatory approach. The effect of this approach was starkly illustrated by a 2021 [investigation](#) by The Irish Independent, which reported that as many as 200 fake firms had been registered with the CRO within a matter of weeks, with legitimate businesses, the HSE and even the CRO itself being targeted by fake companies using their addresses to make bogus filings. As shocking as these widespread abuses were, arguably even more worrying was the [response](#) of the CRO, which insisted that it had no role to play in verifying details of new companies and directors, and that it maintained a 'good faith' approach to corporate registrations. In a follow-up [appearance](#) before the Oireachtas Committee on Enterprise, Trade and Employment, the then Secretary-General of DETE claimed there was 'no basis' to believe that companies set up using patently bogus details – in some cases obtained via identity theft – were fake. The then Minister for Enterprise, Trade and Employment [asserted](#) that 'the long-standing policy in respect of company incorporation has been to accept the bona fides of those filing documentation,' adding that 'it is not the role of the CRO to question the motivation for incorporating a company.' The CRO subsequently [admitted](#) that it had most likely never referred companies suspected of having submitted false information to the Office of the Director of Corporate Enforcement (the precursor to the Corporate Enforcement Authority).

Some remedial action has since been taken to tighten identity verification, notably Section 35 of the [Companies \(Corporate Enforcement Authority\) Act 2021](#), which requires the submission of [Personal Public Service Numbers](#) (PPSNs) when filing certain forms (although forms relating to LPs are not included). Nevertheless, the CRO continues to operate a 'light touch' approach to its regulatory responsibilities and a 'good faith' approach to corporate registration. The agency still states on its [website](#) that 'statutory filings that are in order on their face are accepted in good faith by CRO and registered by the Office'. Even when the filing is not in order, the CRO adds that this may not be detected as the Office only 'carries out checks on statutory filings in accordance with the availability of resources and the priorities of the Office as determined from time to time by the Registrar'. This stark admission has no dissuasive effect on criminal abuse of business entities and may even be taken as an encouragement to attempt such activity, given that the CRO openly concedes that they are unlikely to be detected. Indeed, prosecutions for fraudulent filings appear to remain rare.<sup>3</sup>

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<sup>3</sup> Curiously, despite Section 876 of the Companies Act 2014 creating a criminal offence for providing false information, four companies [alleged](#) by The Irish Independent to be fake were instead subsequently prosecuted and fined for failing to make filings to the Register of Beneficial Ownership.

TI Ireland suggests that this approach to business registration has been shown to be deficient and naive, and that it requires a thorough overhaul in order to prevent the continuing and potentially large-scale abuse of Irish business entities for illicit purposes. Although it may be beyond the scope of this Bill, we suggest that this draft legislation nevertheless provides a timely opportunity to renew and enhance the mandate of the CRO, namely by giving the Registrar a specific statutory objective to promote the integrity and transparency of the registers under their control. Such a mandate – which echoes the statutory [objective](#) recently laid down for Companies House by the UK’s Economic Crime and Corporate Transparency Act 2023 – would likely necessitate additional powers, including the power to request and reject information and to exchange information with other public bodies, and would also require the creation of corresponding offences for failure to comply with the Registrar.

**Recommendation 10: Create a statutory objective for the Registrar to promote the integrity and transparency of the registers of companies, Limited Partnerships and friendly societies.**

**Recommendation 11: Provide the Registrar with the powers necessary to achieve this objective, including, inter alia, the power to request and reject information and to exchange data with other public bodies, and create corresponding offences for failure to follow a direction etc.**

## 4.2 Identity verification

A key deficiency that has long undermined the integrity of the corporate registration regime is the lack of adequate identity verification, as highlighted by The Irish Independent investigation. Although the subsequent introduction of the PPSN requirement was very welcome, it was a single measure in response to the exposure of a serious, complex and enduring challenge that will require ongoing review. TI Ireland suggests that the centrality of this task to the integrity of the corporate registration regime demands a specific statutory duty on the Registrar to verify the identity of those registering as company officers and partners. (Again, this echoes [measures](#) introduced by the UK’s Economic Crime and Corporate Transparency Act 2023, though that legislation provides the option to conduct identity verification either via Companies House [or](#) an Authorised Corporate Service Provider, which we would suggest is problematic given the [prominent role](#) of TCSPs in enabling illicit activities.<sup>4</sup>)

**Recommendation 12: Create a statutory duty for the Registrar to verify the identities of all company officers, partners within Limited Partnerships and beneficial owners.**

At present, identity verification in relation to LPs is especially deficient. The CRO form to apply to register a LP ([Form LP1](#)) requires only a name and address, and the PPSN requirement does not extend to LPs. In order for the CRO to complete basic due diligence on partners applying to register a new LP, it is essential that a wider set of personal identifiers is required upon initial application, and that identification verification is also carried out if the partners within a LP subsequently change. The public availability of personal details – including via an online Register of Limited Partnerships (see Recommendation 6) – should be governed by relevant data protection legislation and best practice.

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<sup>4</sup> It should also be noted that, in the case of LPs, the UK’s Economic Crime and Corporate Transparency Act 2023 provides for identity verification only via Authorised Corporate Service Providers.

**Recommendation 13: Extend Section 35 of the Companies (Corporate Enforcement Authority) Act 2021 requiring the provision of Personal Public Service Numbers (or their overseas equivalent) to all registrations, annual returns and changes to Limited Partnerships.**

**Recommendation 14: Require applications to register a LP to provide each partner's full name (including any previous names), date of birth, nationality, tax residency and residential address. These details must also be provided for any partners added following initial registration.**

### 4.3 Enforcement measures for LPs

At present, the offences of providing false statements (Section 406) and providing false information (Section 876) in the Companies Act 2014 do not apply to LPs. Even if the above recommendations around identity verification were implemented, the absence of applicable criminal sanctions would still make it very hard to prosecute those who deliberately submit false information in relation to LPs.

**Recommendation 15: Extend the offences created by Sections 406 (providing false statements) and 876 (providing false information) of the Companies Act 2014 to Limited Partnerships.**

In addition to the lack of offences relating to LPs, there is also a legislative lacuna in terms of who might investigate and enforce any breaches of the law around LPs. These responsibilities would sit most naturally within the Corporate Enforcement Authority (CEA), which – though still relatively new and untested – in theory at least has the investigatory capability, subject matter expertise and remit to perform this role. Extending the CEA's investigatory and enforcement functions to cover LPs would also send a powerful message that these entities are no longer so attractive for illicit purposes.

**Recommendation 16: Extend the functions of the Corporate Enforcement Authority in Section 10 of the Companies (Corporate Enforcement Authority) Act 2021 to cover Limited Partnerships.**

At present, the CRO is unable to strike-off a LP, even if it has been used to facilitate unlawful activity. Whilst the government's 2019 review of the Limited Partnerships Act considered the question of allowing LPs to be removed or struck-off the Register, responses to the consultation exercise were mainly concerned with instances in which a LP appears to have ceased operating – which are largely beyond the remit of TI Ireland. There are, however, valid grounds to provide a strike-off power – perhaps via a court order – where it is in the public interest to do so, either due to the use of a LP for unlawful activities, or for compliance failures (including in relation to BO or other AML obligations). Berry [suggests](#) that such a public interest strike-off power should be applied following a report by regulatory or enforcement agencies – which in the Irish context would include the CRO, the CEA and An Garda Síochána – and that 'it should also be mandated to record the number of 'strike offs' for a particular TCSP, in order to use this as part of a risk assessment and risk profile for that TCSP'.

**Recommendation 17: Provide for the power to apply to strike a Limited Partnership off the Register where it is in the public interest to do, including for illegality.**



## 4.4 Ending the sale of ‘shelf’ companies and LPs

A ‘shelf’ company is [defined](#) by the Financial Action Task Force (FATF) as an ‘incorporated company with inactive shareholders, directors, and secretary ... left dormant for a longer period even if a customer relationship has been established’. In theory, shelf companies allow investors to secure a corporate structure in times of urgent need, though in many ‘business-friendly’ jurisdictions the relatively short time it takes to register a company or other corporate structure can undermine this rationale. Alongside other structures such as ‘shell’ companies, ‘front’ companies and complex ownership chains, FATF considers shelf companies to be one of the techniques used by criminals to obscure beneficial ownership and control, to conceal the relationship between beneficial owners and their assets, and to otherwise falsify financial activities. A particular attraction of shelf companies is that they create the impression of a well-established business, since corporate registries will show the date of incorporation at some point in the past. Shelf companies sold online are thus often marketed as having established banking and credit histories. These features can be useful for [illicit purposes](#) since financial institutions may prefer to do business, open accounts, offer loans, etc, with companies that have existed for a certain period of time, and a shelf structure provides the illusion of such a history.

Initial research by TI Ireland indicates that there are a number of firms – including some based in Ireland and others located overseas – that sell Irish shelf companies and shelf LPs online. Since many shelf structures are created and sold by TCSPs, the government’s 2022 [risk assessment of TCSPs](#) briefly examined the use of shelf structures and explained how they could be abused for criminal purposes. It is important to recognise that shelf structures can serve legitimate purposes; lawyers, accountants, property firms or other professionals may from time-to-time look to create shelf structures in anticipation of a future need – in which case the professional intermediary and/or their employees would typically be recorded as nominee directors, shareholders or partners of that structure. However, given both the relatively short turnaround time for registering a new company in Ireland, and the fact that Irish shelf structures are often purposefully marketed as providing the illusion of an established entity in a reputable country, there are valid grounds to prohibit the sale or transfer of such entities. If, as this submission strongly recommends, this Bill prohibits the use of nominee partners (see Recommendation 4), that should effectively prevent the creation of shelf LPs, however the Bill may also provide a suitable opportunity to end the sale (or other form of transfer) of shelf companies.

**Recommendation 18: Prohibit the sale or transfer of ‘shelf’ entities.**