

Beneficial ownership implementation in Liberia: frequently asked questions



Disclaimer

The Liberian Business Registry (LBR) has prepared these frequently asked questions (FAQs) in response to public inquiries with regards to filing beneficial owners of domestic entities in Liberia, in compliance with the Liberia Beneficial Ownership Disclosure Regulations for Domestic Entities. These FAQs are only explanatory and do not supplement or modify any obligations imposed by legislation or subsidiary legislations. Advice on specific cases and individual circumstances can be sought from the LBR.

A. General questions

1. What is beneficial ownership disclosure?

Beneficial ownership disclosure means the disclosure of individual natural persons who directly or indirectly own, control, or have significant influence over a legal entity/company. The disclosure of the beneficial ownership of legal entities/companies means filing the particulars of the beneficial owners with the LBR, using the appropriate Beneficial Ownership Disclosure forms.

2. Why do legal entities/companies in Liberia have to disclose their beneficial owners to the LBR?

It is a legislative requirement for every legal entity/company in Liberia to disclose their beneficial owners to the LBR.

In 2020, Liberia passed an Amendment to the Associations Law of Liberia, Title 5, Liberia Code of Laws Revised, Vol II to provide for the basis for the collection, processing, verification, maintenance, publication, and accessibility of beneficial ownership information of domestic entities. This was part of the government's efforts to make it harder for bad actors to hide proceeds from ill-gotten gains (including corruption, tax evasion, money laundering, fraud, and other crimes) through shell companies and opaque corporate structures. In 2023, the Minister of Foreign Affairs issued the Liberian Beneficial Ownership Regulations (referenced in the regulations section of this website) to guide the implementation of beneficial ownership disclosure.

3. What type of entities does the beneficial ownership disclosure law apply to?

The law applies to all forms of legal entities and legal arrangements incorporated and/or organised under the laws of Liberia, including:

- domestic corporations;
- limited liability companies;
- partnerships;
- limited partnerships;
- trusts;
- foundations;
- any other legal entities organised under the laws of Liberia.

However, data collection on beneficial ownership will start with domestic entities, i.e. resident domestic, non-resident domestic, and foreign corporations.

4. Are some business entities exempted from the beneficial ownership disclosure law?

No, all legal entities and arrangements incorporated and/or organised under the laws of Liberia or operating in Liberia are required to disclose their beneficial owners. The only entities that are exempted by the Associations Law are publicly listed companies, i.e. companies listed on a stock exchange.

With a publicly listed company, the reporting of beneficial ownership information will focus on the provision of information about listings, including the name of the stock exchange, a link to the stock exchange page, and a link to the beneficial ownership information on the stock exchange.

B. Reporting process and requirements

5. When should my corporation report its beneficial ownership information to the LBR?

Pursuant to the Beneficial Ownership Regulations, corporations are now required to file their beneficial ownership information with the LBR. Any corporation seeking to be incorporated and registered will be required to file its

beneficial ownership information with the LBR as part of the incorporation or registration.

Existing corporations will have six months, starting from 7 August 2023 (the publication date of the Beneficial Ownership Regulations), to file their beneficial ownership information with the LBR. Any corporation that fails to file within the timeline will face administrative penalties.

6. Do I have to submit beneficial ownership information with the LBR again after my initial submission?

Yes. The LBR requires that registered corporations reconfirm their beneficial owners during the renewal of their registration as well as when there have been changes to beneficial owners' particulars or the structure of beneficial owners' interests in your corporation.

7. Will there be a fee for submitting beneficial ownership information to the LBR?

No, there will not be a fee for submitting your beneficial ownership information to the LBR. For new corporations, the beneficial ownership disclosure forms will be part of the business registration pack.

8. How will I report my corporation's beneficial ownership information?

At the moment, you will do so manually by completing the LBR's beneficial ownership disclosure forms and submitting the same forms to the LBR. The LBR is currently developing an online platform where you can electronically submit your beneficial ownership declaration.

9. Where can I find the form to file my beneficial ownership information to the LBR?

The beneficial ownership disclosure forms can be found on the LBR's website.

10. My accountant or lawyer is filing my company information; are they a beneficial owner?

No, if the accountant or lawyer is playing an agent, custodian, intermediary, or nominee role, then they are not a beneficial owner. However, if the lawyer or accountant is an individual who has ultimate ownership interest or substantial control over the corporation, then they are a beneficial owner of the corporation.

11. What information will a company have to report about its beneficial owners?

For each individual beneficial owner, the corporation will have to provide the following information:

- full name, provided in a serial form of first name, middle name, and last name;

- any former name, provided in a serial form of first name, middle name, and last name;
- national identity card number for Liberian citizens, and valid passport number, driving licence, or any government-issued identification document evidencing nationality or residence;
- nationalities;
- tax residencies and, for Liberian citizens, tax identification numbers;
- date of birth;
- city, province, county, or state and country place of birth;
- service or correspondence address;
- residential address;
- telephone number;
- email address;
- occupation or profession;
- nature of ownership or control, including percentage of ownership or control and the means through which the individual is a beneficial owner;
- the date the individual became a beneficial owner of the company;
- declaration as to whether the individual is a politically exposed person (PEP), a close associate of a PEP, or a family member of a PEP;
- any other information that the Registrar may from time to time require to be submitted by the beneficial owner or reporting company.

12. What information will a company have to report about its company profile?

For each company, the following particulars will be required to be completed when filing beneficial ownership disclosures:

- name of company;
- registration number (if applicable);
- registration authority;
- country of registration;
- date of registration;
- registered address.

13. What are some of the acceptable forms of identification that will meet the reporting requirements?

The acceptable forms of identification for beneficial owners are:

- For Liberian citizens: a national identification card, with clear passport-size photograph and details of name, date of birth, issuing country, date of issue, date of expiry, and unique identification number.

- For foreign nationals, the following will be considered as a valid form of identification:
 - a. passport, with clear details of name, date of birth, issuing country, date of issue, date of expiry, and unique identification number, as well as a photograph;
 - b. other government-issued identification document evidencing nationality or residence, so long as it includes clear details of name, date of birth, issuing country, date of issue, date of expiry, and unique identification number, as well as a photograph.

C. Identifying a beneficial owner

14. Who is a beneficial owner?

Defined by the Associations Law (as Amended) of 2020, a beneficial owner is the natural person(s) who ultimately owns, controls, or exercises ultimate effective control over a legal person or arrangement. Natural persons who exercise control over a legal person through relationships, financial power, or contractual associations are also considered beneficial owners.

15. Who is an ultimate owner or shareholder?

An ultimate owner or shareholder is an individual who is the final owner of shares and any accompanying voting rights in a corporation. The ultimate shareholder makes the final decision over voting rights and is not controlled by any other individual.

16. What is an ownership interest?

Individuals could have ownership interest in a corporation by owning or having rights to any of the following:

- equity, stock, or voting rights equivalent to the individual's equity stake in a corporation;
- capital or profit interest;
- convertible instruments – any instruments convertible into stocks, equity, voting rights, or capital interest;
- any options or non-binding privileges of buying and selling stocks, equity, voting rights, capital or profit interest, or convertible instruments;
- any other instruments, including contract, arrangements, understanding, relationships, or mechanisms used to establish ownership interest in a corporation.

17. What is substantial control?

An individual can exercise substantial control over a corporation in different ways, including at least one of the following:

- the right to appoint or remove a majority of the members of the board of directors of the company;

- the right to veto or overrule decisions of the board of directors or equivalent governing body for the company;
- the right to appoint or remove the managing director, chief executive officer, or equivalent position;
- the right to change the nature of business or approve or reject amendments to business plans;
- signatory for the approval of borrowing, lending, or other significant transactions other than administrative signatories in accordance with employment;
- signatory to bank or financial institutions account for the company other than administrative signatories in accordance with employment;
- any other influence over any other decision that affects the overall direction of the company.

18. Who are politically exposed persons?

Politically exposed persons (PEPs) are individuals who are entrusted with a prominent public function. PEPs can be domestic or international based on the location of their office. Local PEPs are individuals who occupy prominent public functions in Liberia, whilst international PEPs occupy prominent public functions in foreign countries. The details of the positions that qualify an individual as a PEP can be found in Appendix 1 and 2 in the Liberia Beneficial Ownership Disclosure Regulations.

D. Reporting updates

19. What should I do if my beneficial ownership information has changed?

If there is any change to the beneficial ownership information of your corporation, the following are required of the beneficial owner and the corporation:

- The beneficial owner must inform the corporation within 14 business days of any changes, including whether they have ceased to be a beneficial owner or if there have been changes to their particulars.
- After receiving information from the beneficial owner, the corporation must file the changes with the LBR within 21 business days.

20. What are some likely triggers for updating beneficial ownership information?

The following are some examples of changes that require updating beneficial ownership information:

- changes to the nature of interest (ownership interest and nature of control) of a beneficial owner;
- any changes in the beneficial owners' particulars, including name, address, unique identifying number, or changes in the identification documents provided by the beneficial owner;

- any changes to the information provided by the reporting company in terms of its nature of business or whether it has registered a new business name.

21. What should I do if I learn that the beneficial ownership information submitted to the LBR is inaccurate?

If you become aware that the beneficial owner's information reported to the LBR is inaccurate, you must immediately file the accurate information with the LBR.

22. Will the particulars of the beneficial owners of my corporation be made available to others, including the public?

Competent authorities and law enforcement agencies in Liberia will have access to all beneficial ownership records held with the LBR.

According to the Liberia Beneficial Ownership Disclosure Regulations, the Registrar shall make the following information available to the public in digital form:

- full name, including first, middle, and last name;
- month and year of birth;
- nationality;
- the nature of the beneficial owner's interest in each company of which the individual is a beneficial owner;
- statement on whether the individual is declared as a politically exposed person (PEP), a close associate of a PEP, or a family member of a PEP.

23. What happens if a company does not report beneficial ownership information to the LBR or fails to update or correct the information within a required timeframe?

The LBR is working to ensure that all companies that are required to report and update their beneficial ownership information are well informed to do so. The LBR understands that this is a new obligation and will allow companies to file their beneficial ownership information within the first six months from 7 August 2023, the date the Beneficial Ownership Regulations was gazetted. This grace period may be extended by the Registrar. However, after the initial filing period, corporations that fail to report their beneficial ownership information could face administrative and/or criminal sanctions.

24. What are the sanctions for late submission, non-submission, and incomplete submission of beneficial ownership information?

The sanctions for late submission, non-submission, and incomplete submission of beneficial ownership information include:

- penalty fines for the company between USD 3,000 and USD 5,000 and a daily penalty fine of USD 100 until noncompliance is rectified;
- penalty fines for the beneficial owner between USD 2,000 and USD 5,000 and a daily penalty fine of USD 100 until noncompliance is rectified;
- penalty fines for the person declaring on behalf of the company between USD 2,000 and USD 5,000 and a daily penalty fine of USD 100 until noncompliance is rectified.

25. What are the sanctions for false declaration of beneficial ownership information?

The sanctions for false declaration of beneficial ownership information include:

- Penalty fines for the company between USD 3,000 and USD 5,000 or being subject to withdrawal of the legal status of good standing, revocation of licence to operate and certificate to do business, or dissolution, or any combination of the penalties as a Court in Liberia shall deem appropriate or commensurate to the gravity of the violation.
- Penalty fines for the beneficial owner between USD 2,000 and USD 5,000 or prohibition of acting in the capacity as a beneficial owner of any company in Liberia, or any combination of the penalties as a Court in Liberia shall deem appropriate or commensurate to the gravity of the violation. The beneficial owner may also be subject to a term of imprisonment of not less than one year and not more than two years, as determined by a relevant Court of competent authority.
- Penalty fines for the person declaring on behalf of the company between USD 2,000 and USD 5,000 or prohibition of acting in the capacity as a beneficial owner of any company in Liberia, or any combination of the penalties as a Court in Liberia shall deem appropriate or commensurate to the gravity of the violation. The person declaring on behalf of the company may also be subject to a term of imprisonment of not less than one year and not more than two years, as determined by a relevant Court of competent authority.