FINANCIAL REVIEW

Government 'streamlines' policy for beneficial owners register

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The government's plans to unmask the secret owners of private companies could be delayed until after the next federal election due in 2028, more than five years after the policy was first announced.

Companies must maintain registers of their members. However, beneficial owners – the individuals who ultimately control or benefit from a company – are not always the legal owners of shares, and so may not be included in the company's register of members.

Andrew Leigh announced the changes this week. **Alex Ellinghausen**

Assistant Treasury Minister Andrew Leigh in 2023 announced the creation of a public database of people who own, control, and receive benefits from businesses in a bid to limit complex structures that can help avoid tax and fund crime.

Last year, Leigh said companies would initially be required to maintain their own beneficial ownership records, which would be accessible by regulators, law enforcement, journalists and academics upon request to the Australian Securities and Investments Commission.

But on Wednesday he announced the government had scrapped plans to force companies to keep records, labelling the move a "streamlining" of the policy implementation.

When the register will be made public is still unclear, however.

Construction is scheduled to begin in 2026-27 and legislation introduced into the parliament in 2028, though it could be several years after that until it is online. The next federal election must be held before May 20, 2028.

The first stage of the reforms targeted unlisted companies, and a planned second stage targeted the beneficiaries of nearly 1 million trusts. About three million entities in total would be subject to the transparency measure.

But under the plans unveiled on Wednesday, trusts will also be captured by the time the database is made public.

Under the regime, people with a stake of 20 per cent or more in an entity captured by the rules would be identified by name and month and year of birth. Date of birth and addresses would also be collected but suppressed to minimise identity theft.

The policy is modelled on a similar disclosure regime in the UK.

The move is backed by unions, churches and tax transparency campaigners. But lawyers and tax advisers blasted it as overreach that will unnecessarily capture a large swath of investors, from high-profile Rich Listers to family businesses, doctors, tradespeople, farmers and retirees.

Arnold Bloch Leibler partner Luke Jedynak is opposed to the register, arguing it adds delays and complexities while doing little to strengthen the crackdown on financial crime.

"We support getting accurate ownership information into the right hands fast [but] you don't need a public billboard to do that. You just need to give regulators access to data government already holds," he said.

"The ATO, ASIC, FIRB and the ACCC already collect most of this through returns, statements and filings. The fix is to connect those datasets and give regulators real-time access, not ask businesses to upload the same information again for the umpteenth time."

Leigh last year said companies would initially be required to maintain their own beneficial ownership records, which would be accessible by regulators, law enforcement, journalists and academics upon request to the Australian Securities and Investments Commission.

Under the expedited plans, ASIC will instead incorporate beneficial owner data into the existing companies register.

That will probably require tens of millions more in investment over coming years, with $207 million committed to build capacity in the register in the 2025-26 budget only enough to maintain current operational requirements.

Herbert Smith Freehills Kramer corporate partner Andrew Rich welcomed the expedited plan, saying placing the burden of transparency on mum-and-dad companies was too onerous.

"For 3 million mum-and-dad companies to maintain a register of beneficial owners is potentially quite onerous ... it would have imposed a significant compliance burden on these companies," he said.

"The government is to be commended for skipping that step ... this is a positive development."

Leigh said a central register was better for the purpose of law enforcement and civil society and the change would reduce the regulatory impact of the stages approach to the register.

"A Commonwealth-operated register will better increase transparency and support stronger regulatory and law enforcement responses to tax and financial crime facilitated by complex legal structures and arrangements," he said.