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Act No 82/2019
on the registration of beneficial owners

CHAPTER I

General provisions

Article 1

Purpose.

The objective of this Act is to ensure the availability at all times of accurate and reliable information on the beneficial owners of entities referred to Article 2 in order to enable detection and prevention of money laundering and terrorist financing.

Information on beneficial owners of entities referred to in Article 2 shall be registered in the Register of Enterprises, which is administered by the Directorate of Internal Revenue.

Article 2

Scope of application

This Act shall apply to legal persons that engage in business operations in Iceland or are registered in the Register of Enterprises, including branches of foreign public limited companies and private limited companies.

The Act applies to trust funds or comparable entities that conduct business in Iceland, as provided in Article 5.

The Act does not apply to agencies and enterprises owned by the State and municipalities, nor to legal persons listed in a regulated market as defined in the Act on stock exchanges.

In the event of doubt, the Directorate of Internal Revenue shall decide whether an entity or category of entities falls within the scope of application of this Act.

Article 3

Definitions.

For the purposes of this Act, the following definitions shall apply:

1. *Beneficial owner*: A beneficial owner as defined in point 13 of Article 3 of the Act on measures against money laundering and terrorist financing No. [140/2018](#).
2. *Obligated entities*: Entities falling within the scope of this Act pursuant to Article 2.
3. *Official authorities that are entrusted with regulation or perform in the role of protecting legal rights pursuant to the Act on measures against money laundering and terrorist financing*: The Director of Tax Investigations, the Directorate of Internal Revenue, the police, the District Prosecutor, the Directorate of Customs and the Financial Supervisory Authority.
4. *Type of ownership*: Direct or indirect ownership of shares or other certificates of title, voting rights or other direct or indirect powers of decision, nomination of directors or other direct or indirect control or administration of a registered entity provided for in Article 2.

CHAPTER II

Registration of information on beneficial owners

Article 4

Information on beneficial owners

Entities pursuant to Article 2 shall obtain information on beneficial owners, including information on the rights of their own beneficial owners. In exceptional cases, where it is not possible to identify a beneficial owner, e.g. as a result of ownership that is so widely dispersed that no natural persons own or control an obliged entity in the understanding of this Act, the natural person or persons directing the activities of the entity shall be considered to be the beneficial owner.

Obligated entities shall, by means of a notice, provide the Directorate of Internal Revenue with information on beneficial owners as such owners are defined in the Act on measures against money laundering and terrorist financing. Information shall be provided on:

- a. name;
- b. legal domicile;
- c. ID number or date of birth in the absence of an ID number;
- d. nationality;
- e. participating interest, type of ownership, date of transfers of ownership; and
- f. Documents confirming the information provided and showing that the person in question is the beneficial owner.

Notification of beneficial owners shall be submitted when new entities are registered in the Register of Enterprises.

Notifications pursuant to this Article shall be in a form decided by the Directorate of Internal Revenue, and the registration process shall be electronic when possible.

The Directorate of Internal Revenue shall assess whether any information provided is accurate and adequate and shall, as applicable, require further information from obliged entities or obtain them independently.

In connection with the registration and maintenance of records pursuant to this Act natural persons and legal persons are required to provide promptly to the Directorate of Internal Revenue all information and documents needed to ensure correct registration pursuant to this Article and Article 5. In this context it is of no relevance whether the information concerns the entity to which the request is directed or other parties regarding which the entity is able to supply information which concerns investigations and supervision under this Act. Provisions of law concerning confidentiality do not restrict the obligation to provide information and access to data. This shall not apply to information obtained by legal professionals in the course of ascertaining the legal position of a client, including advice on instituting or avoiding judicial proceedings, or information obtained before, during or after the conclusion of judicial proceedings, if the information is directly related to such proceedings. In carrying out its functions, the Directorate of Internal Revenue may perform on-site checks or request information in the manner and as often as considered necessary.

Article 5

Information on trust funds and similar entities

Natural persons and legal persons engaging in trust activities or other functions for trust funds or similar entities, as provided in paragraph 2 of Article 2, shall provide the Directorate of Internal Revenue with information on the following:

- a. trustees;
- b. founders;
- c. guarantors, if applicable;
- d. right holders or group of right holders;
- e. any other natural persons exercising control over the trust by direct or indirect means or by other comparable arrangement; and
- f. documentation confirming the information provided.

The information pursuant to paragraph 1 shall be provided at the time of application for the issue of a registration number in accordance with the Act on the Register of Enterprises. If registration has taken place without the information in question being provided this shall be remedied on the initiative of the registered entity in accordance with paragraph 1.

If the information provided for in paragraph 1 has been registered in the database of another member state the Directorate of Internal Revenue may regard that registration as fully valid, in which case the registered entity is required to obtain confirmation of the existence of the registration.

In cases of doubt the Directorate of Internal Revenue shall decide whether an entity falls within the scope of paragraph 1, cf. paragraph 2 of Article 2.

The form of notices, assessment of notified information and disclosure of information to the Directorate of Internal Revenue are in other respects subject to paragraphs 1-4 of Article 4.

Article 6

Notification of changes to previously registered information

Obligated entities are required to notify the Directorate of Internal Revenue within two weeks of any changes relating to a registration pursuant to Articles 4 or 5.

Notifications pursuant to paragraph 1 shall be in a form decided by the Directorate of Internal Revenue, and the registration process shall be electronic when possible.

Reporting entities and regulatory bodies provided for in the Act on measures against money laundering and terrorist financing shall within two weeks notify the Directorate of Internal Revenue if they become aware in the course of their work of any disparity between information on beneficial owners in the Register of Enterprises and information in their possession.

The Directorate of Internal Revenue shall promptly investigate notifications pursuant to paragraph 3 and take appropriate action. Actions may include noting temporarily in the Register of Enterprises that the beneficial ownership of the entity is under investigation and making changes in the registration if it proves to be inaccurate.

Article 7

Access to information on beneficial owners

Information on beneficial owners pursuant to Article 4 shall be available to:

- a. the office of the Financial Intelligence Unit of the police;
- b. regulatory bodies and other official authorities that are entrusted with regulation or perform in the role of protecting legal rights pursuant to the Act on measures against money laundering and terrorist financing;
- c. tax authorities for purposes of tax surveillance, exchanges of information across borders and tax investigations;
- d. reporting entities pursuant to legislation on measures against money laundering and terrorist financing when they are carrying out due diligence; and
- e. the general public.

The Financial Intelligence Unit of the police, regulatory authorities and official authorities that perform in the role of protecting legal rights and the tax authorities referred to in points (a)-(c) of paragraph 1 shall have prompt and unrestricted access to all registered information and documents concerning beneficial owners without the entities in question being alerted.

Reporting entities pursuant to point (d) of paragraph 1 shall have prompt access to necessary information and documents.

The general public, as referred to in point (e) of paragraph 1 shall have access to information on the names of beneficial owners, their month and year of birth, country of residence, nationality and scope and type of ownership.

Article 8

Access to information on trust funds and similar entities

Information on trust funds and similar entities pursuant to Article 5 shall be accessible to:

- a. the office of the Financial Intelligence Unit of the police;
- b. regulatory bodies and other official authorities that perform in the role of protecting legal rights pursuant to the Act on measures against money laundering and terrorist financing;
- c. tax authorities for purposes of tax surveillance, exchanges of information across borders and tax investigations;
- d. reporting entities pursuant to legislation on measures against money laundering and terrorist financing when they are carrying out due diligence; and
- e. any natural person or legal person that can demonstrate legally protected interests; and
- f. any natural person and legal person that submits a request in writing for information on a trust fund or similar entity that administers or owns a controlling interest in a company or other legal person, directly or indirectly, but excluding persons pursuant to paragraph 1 of Article 2.

The Financial Intelligence Unit of the police, regulatory authorities and official authorities that perform in the role of protecting legal rights and the tax authorities referred to in points (a)-(c) of paragraph 1 shall have prompt and unrestricted access to all registered information and documents concerning beneficial owners without the entities in question being informed.

Reporting entities pursuant to point (d) of paragraph 1 shall have prompt access to necessary information and documents.

Persons referred to in points (e) and (f) of the paragraph 1 shall have access to information on the names of beneficial owners, their month and year of birth, country of residence, nationality and scope and type of ownership.

Article 9

Restricted access to information on beneficial owners

The Directorate of Internal Revenue is authorised to restrict access to information on ownership by children and other natural persons lacking in legal competence that have been registered in accordance with Articles 7 and 8. Requests for such information shall be specifically reasoned in writing. Restrictions under this Article do not apply to persons referred to in points (a)-(d) of paragraph 1 of Article 7 and points (a)-(d) of paragraph 1 of Article 8.

Article 10

Charges

The Minister shall establish a tariff of charges for access to information on beneficial owners. Charges pursuant to this Article shall not exceed the actual expense of supplying the information.

Article 11

Preservation of information and documents

Persons referred to in Article 2 shall preserve information and documents provided for in Articles 4 and 5 for five years after the beneficial ownership has ended. At the end of that period, the documents shall be destroyed.

The Directorate of Internal Revenue may provide for the preservation of documents beyond the time limits in paragraph 1, but no longer than for an additional five years.

Article 12

Processing of personal data

The processing of personal data pursuant to this Act shall comply with the Act on data protection and the processing of personal data and shall only have the purpose of ensuring the availability of information on the beneficial ownership of entities referred to in Article 2. Other processing of personal data on the basis of this Act is prohibited.

The processing and preservation of data pursuant to this Act fall within the province of the public interest.

CHAPTER III

Sanctions

Article 13

Corrective action:

If it is revealed that an obliged entity does not comply with this Act or regulations grounded in this Act the Directorate of Internal Revenue shall require corrective action within a reasonable time limit.

Article 14

Daily penalties

The Directorate of Internal Revenue may impose daily penalties on obliged entities if such entities fail to provide requested information or do not respond to requests for corrective action within a reasonable time. The daily penalties shall be paid until the requirements of the Directorate of Internal Revenue have been met. The daily penalties may amount from ISK 10 thousand to 500 thousand per day and may be determined as a proportion of certain indicators in the operations of an obliged entity. In determining the amount of daily penalties, consideration may be taken of the nature of the negligence or violation, and the financial strength of the entity in question.

Daily penalties shall be determined by a decision of the Directorate of Internal Revenue.

Uncollected daily penalties shall not lapse even if an entity later complies with the request of the Directorate of Internal Revenue.

Daily penalties may be reduced or cancelled if external circumstances or circumstances beyond the entity's control prevented the supply of requested information or a response to a request for corrective action.

Daily penalties imposed under this article are enforceable by law.

Collected daily penalties shall accrue to the Treasury, less collecting costs.

Article 15

Administrative fines

The Directorate of Internal Revenue may impose administrative fines on any person that violates the following provisions of this Act and regulations grounded in this Act:

1. Article 4 on failing to supply information or supplying false or misleading information to the Directorate of Internal Revenue;
2. Paragraphs 1 to 3 of Article 5 on failure to supply information or supplying false or misleading information to the Directorate of Internal Revenue;
3. Paragraphs 1 and 3 of Article 6 on failure to update information within two weeks;
4. Article 11 on the preservation of documents.

In imposing fines pursuant to this provision account shall be taken of all relevant circumstances, including:

- a. the seriousness of the violation;
- b. the duration of the violation;
- c. the responsibility of the offender within the legal person;
- d. the financial position of the offender;
- e. the gain from the violation or the loss prevented by the violation;
- f. whether the violation led to a loss for a third party;
- g. any potential systemic impact of the violation;
- h. the willingness of the offender to co-operate;

- i. previous violations; and
- j. whether the violation is a repeat violation.

Decisions on administrative fines shall be made by a decision of the Directorate of Internal Revenue and are enforceable by law. Fines shall accrue to the State Treasury, net of collection costs. If an administrative fine is not paid within one month from the decision of the Directorate of Internal Revenue, penalty interest shall be paid on the amount of the fine. The determination and calculation of the penalty interest shall be governed by the Act on interest and price indexation.

Administrative fines will be imposed regardless of whether a violation is committed wilfully or negligently.

Fines imposed on a natural person may range in amount from ISK 100 thousand to ISK 5 million. Fines imposed on a legal person may range in amount from ISK 500 thousand to ISK 80 million, but may be higher, up to 10% of the total turnover according to the most recent approved annual financial report of the legal person or 10% of the most recent approved consolidated financial report if the legal person is part of a consolidation.

Where a violation of this Act is committed in the course of the business operations of a legal person, and for its benefit, an administrative fine may be imposed on the legal person irrespective of whether the guilt of its responsible manager or employee has been established. If the responsible manager of a legal person or its employee has violated this Act an administrative fine may also be imposed on the legal person if the violation was for its benefit.

If a natural person violates this act or regulations established on the basis of the Act, and if it is established that such natural person benefited financially from the violation, a fine may be imposed on the offender in an amount which, notwithstanding the provisions of paragraph 5, may correspond to up to double the amount of the financial benefit obtained by the offender.

Article 16

Time limits for imposing administrative fines

The authorisation of the Directorate of Internal Revenue to impose administrative fines pursuant to this Act shall lapse when five years have passed from the time that the conduct ceased.

The limitation period pursuant to paragraph 1 is interrupted when a regulatory body notifies a person of the start of an investigation of the alleged violation. The interruption of the limitation period has legal effect for all the parties involved in a violation.

Article 17

Authorisation to de-register and wind up an obliged entity

If an obliged entity does not respond to a request from the Directorate of Internal Revenue for corrective action pursuant to Article 13 within three months the entity's registration may be stricken from the records.

Before the registration of an entity is stricken the person acting for, or presumed to be acting for, the entity according to the record shall be sent a warning to the effect that the entity will be stricken from the Register of Enterprises if corrective action is not taken before the deadline established by the Directorate of Internal Revenue.

In the event that no reply, or an unsatisfactory reply, is received within the specified deadline a warning of de-registration shall be sent to the entity's agent and other interested parties and published at the same time in the *Legal Gazette*. In the event that no satisfactory reply or comments are received within the deadline specified therein, registration of the entity may be stricken.

Within a year from the de-registration, beneficial owners, creditors or the Directorate of Internal Revenue may call for the estate of the entity to be subjected to winding up in accordance with paragraphs 6-8. Also, the Directorate of Internal Revenue is authorised to modify the registration so that a de-registered entity is once again registered, provided that a request to such effect is received within a year of the de-registration pursuant to this Article and special circumstances warrant the re-registration. The entity's name may not be allocated during this period.

Even where an entity has been stricken from the records in accordance with this Article this does in not in any way alter any possible personal liabilities that directors or participants in the entity may bear for the entity's obligations.

When a district judge has received a request for winding-up in accordance with paragraph 4 above, the judge shall proceed in accordance with the instructions in the Act on bankruptcy etc. concerning a creditor's request for a debtor's estate be subjected to bankruptcy proceedings.

The district judge shall decide whether a request for the estate of an entity to be subjected to bankruptcy proceedings should be upheld. If the request is upheld, process in the case of the estate shall comply with the instructions in the Act on the administration of estates etc. where heirs do not assume liability for the obligations of the deceased, with the exception that owners shall not enjoy the position that heirs do in such circumstances until it is revealed, after the deadline to file claims has expired, that the assets of the estate will suffice to meet liabilities.

The registration of the entity in the Register of Enterprises shall remain unchanged after the district court judge has issued a decision for the estate of the entity to be subjected to winding-up proceedings.

Article 18

Time limits for taking legal action

An entity that is unwilling to accept a decision made under Articles 14, 15 or 17 may take legal action for overturning of the decision before the courts of law. Such action shall be brought within three months from the time that the entity was notified of the decision. Such action shall not suspend the legal effect of the decision, nor shall it preclude enforcement proceedings.

If legal proceedings are initiated for the overturning of a decision pursuant to paragraph 1 within 14 days from the time that the entity in question was notified of the decision, and if the entity also requests fast-tracking of the case, daily penalties or administrative fines shall not be collected until judgment has passed in the case. Notwithstanding any legal action taken for the overturning of a decision pursuant to paragraph 1, daily penalties will continue to be imposed on the entity in question.

Decisions made under this Act cannot be appealed to a superior authority.

CHAPTER IV

Other Provisions

Article 19

Authorisation for the issue of regulations

The Minister may, by a government regulation, issue further provisions on the implementation of this Act, including provisions on:

- a. information on beneficial owners pursuant to Articles 4 and 5;
- b. the characteristics of trust funds and similar entities pursuant to paragraph 2 of Article 2;
- c. further definition of the scope of application of the Act pursuant to Article 2;
- d. access to information on beneficial owners pursuant to Articles 7 and 8; and
- e. imposition of daily penalties and administrative fines pursuant to Chapter III.

Article 20

Implementation of a directive

This Act constitutes the implementation of the provisions of Articles 30 and 31 of the Directive of the European Parliament and of the Council (EU) No. 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No [648/2012](#) of the European Parliament and of the Council, and repealing Directive [2005/60/EC](#) of the European Parliament and of the Council and Commission Directive [2006/70/EC](#) as it was incorporated into the Agreement on the European Economic Area by the decision of the EEA Joint Committee No. [249/2018](#) of 5 December 2018 amending Annex IX (Financial services) to the EEA Agreement, published in the EEA Supplement to the Official Journal of the European Union No. 17 of 28 February 2019, pp. 3-5.

Article 21

Entry into force

This Act shall enter into force with immediate effect.