

## **Chartered Accountants Ireland or CCAB-I material**

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### **Technical Alerts**

#### **TA 02/2023 - Questions and Answers on the provision of PPSNs for directors on certain CRO filings**

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## **Background**

The Companies Registration Office ('CRO') has recently announced that the 11th June 2023 is the date for the commencement of section 35 of the Companies (Corporate Enforcement Authority) Act 2021. The section will be included by way of amendment to the Companies Act 2014 Act ('2014 Act') with the insertion of section 888A and will require directors to include either their Personal Public Service number ('PPSN') or an Identified Person Number ('IPN') when filing certain forms with the CRO.

The forms that are affected are:

Form A1 Company Incorporation

Form B1 Annual Return

Form B10 Change of director and, or in their particulars

Form 10A Change in director address / name filed in relation to multiple companies

Form 69 Notification of an individual that he / she has ceased to be a director or secretary

## **Why is it changing?**

The new disclosure requirement is intended to help protect against identity theft. It is to counteract one of the specific concerns in the set-up of new companies, the use of bogus director details and addresses or individual names without permission. By way of example, both "Donald Duck" and "Adolf Tooth Fairy Hitler" have been listed as directors of companies cited on the UK's register of business – having such measures in place would prevent this happening.

Having the PPSN as a unique identifier should also make it easier to identify directors. Prior to the commencement of this legislation, obtaining a list of directorships for an individual from the CRO was very difficult as individual director filings may use different versions of the person's name, (such as 'Eddie' and 'Edward') or the person may have changed address. This can lead to multiple records being found for the same name.

## **What is the new requirement?**

As outlined above all directors of all Irish companies will have to provide their PPSN. If a director does not have a PPSN, then they will have to apply for and obtain an Identified Person Number (IPN) by means of a Form VIF – Declaration as to Verification of Identity, (See below).

## **When is the effective date?**

The effective date is 11 June 2023.

## **How will the CRO verify a director's identity?**

The CRO will compare the following information against the data held on the PPS Number database of the Department of Social Protection (DSP). The information that will be checked is the director's:

- First name
- Surname
- Date of birth and
- PPSN

If there are any discrepancies between the two sets of data, then the CRO may reject the submission. This could lead to issues if this process is only completed close to the filing deadlines as it may result in late filing penalties or to delays in meeting the annual return filing dates with potentially serious consequences including a loss of audit exemption.

## **What is the requirement if a director does not have a PPSN and/or is non-resident?**

In general, a non-resident director will not have a PPSN. If a director has already been issued with an RBO number from the Register of Beneficial Ownership, then this number can be used as their IPN on the CRO portal.

If a director has neither a PPSN nor an RBO number, then they must apply to the CRO for an Identified Person Number (IPN) by completing a Declaration as to Verification of Identity or Form VIF. This can be obtained on the CRO Portal or through this link [VIF Form – Declaration as to verification of Identity \(cro.ie\)](#). This form will require a Notary Public, Peace Commissioner, Commissioner for Oaths or practicing solicitor to sign it if the declaration is made in the State or

it will need to be sworn before a Notary Public if the declaration is made outside the State. It has been indicated that, with effect from 11 June 2023, the VIF Form will also be accepted by the RBO and the use of the Form BEN2 will be discontinued.

The completed form should be signed by the declarant and witness (the notary public or commissioner for oaths etc.) and it should then be uploaded to the CRO portal. It is important to remember that digital or electronic signatures are not accepted by the CRO, therefore the form will require physical signatures which can then be scanned.

There will be only one IPN issued for a director so that number can be used by a director for any future CRO filings, it will also be accepted by the Register of Beneficial Ownership.

### **Who has access to my PPSN/RBO/IPN number once filed?**

The PPSN will only be used for validation purposes and will be hashed and stored securely and will not be accessible to the CRO. It will not be available for anyone to access on the CRO public register.

Likewise, the VIF form will not be available to view on the CRO portal.

### **What is the penalty for non-compliance?**

According to the 2014 Act if a director fails to provide a PPSN they will be guilty of a category 4 offence which is punishable by a Class A fine, which is a fine not exceeding €5,000. Practically, the required forms cannot be filed without submitting the PPSN or *RBO/IPN*.

### **Potential issues arising**

It is not a requirement to file the PPSN/IPN until the time of the next relevant filing with the CRO, i.e., a company formation, appointment of directors, change of directors' details and filing the Annual Return for the company. However, the recommendation is to act early as there are potentially a number of issues that may arise including:

**Late annual returns:** It will be necessary to file details of directors PPSNs or RBO/IPN for all directors when filing the Annual Return. If there are delays in obtaining these numbers, this could result in a company being late with filing their Annual Return. This could potentially result in late filing fees and a possible loss of audit exemption.

**Discrepancies between the CRO details and the DSP information:** It may be that the information held by the CRO, and the information held by the DSP for an individual may not match, e.g., a person may use their maiden name for the DSP records but may use their married name in business and therefore for CRO filings. Discrepancies such as this example will result in a mismatch when the CRO matches its record with the DSP that will result in a rejection of the relevant CRO form.

**Delay in company formations:** If a director does not have a PPSN there may be delays in forming a company and it turns into a two-stage process as the PPSN will have to be applied for, if applicable or the IPN will have to be processed first before company incorporation papers can be executed. The other option would be to use directors who have verified PPSNs as the original directors and then appoint additional directors once the PPSN or IPN has been issued. This will add an additional burden and cost to the incorporation.

**Appointments of additional directors:** If a potential director does not have a PPSN or IPN this may delay their appointment as directors which may impact setting up bank mandates, legal agreements and so forth.

### **Practical guidance on next steps**

There are a number of actions that directors and their advisors can take now that should reduce the risk of any of the issues above arising:

- Companies should begin now to compile details of their directors' PPSNs
- Directors should be made aware of the new requirement and that they should attend to rectify any discrepancies by the CRO and DSP. The name should be a close match and the date of birth should be the same. This may be particularly relevant where an individual uses a married / maiden name on the different systems. They will personally need to make any amendments with the DSP so this step should be taken in the very near future

- In respect of agents/practitioners, you need to consider the data permissions that you have for the processing of personal data of the individual in question and the lawfulness of processing this data per Article 6 of the GDPR. Due to GDPR constraints you may not be able to use an individual's PPSN that you have on file for these CRO filings. For example, if you originally requested a PPSN for a tax return or an RBO filing, you may not have the correct permission from the director to utilise their PPSN for this separate requirement at the CRO. If that is the case, you will need to obtain express consent from the director to use the information for this new purpose
- For directors without a PPSN, the agent or practitioner should review the information that is currently on record and if a director already has an RBO number then this number will be automatically reclassified as an IPN by the CRO. In those cases, it will not be necessary to obtain a separate number and nothing further is required other than to obtain consent from the director to use the information for this new purpose
- If there are directors that currently do not have a PPSN or a RBO number, then these individuals will need to apply to the CRO (using the VIF Form) to have an IPN issued to them

### **Useful Resources**

The CRO has issued [PPSN – FAQ \(cro.ie\)](https://cro.ie) to assist users and the Corporate Enforcement Authority has issued an [information note \(cea.gov.ie\)](https://cea.gov.ie)