



Companies and Intellectual
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MEDIA RELEASE
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CIPC TO ENFORCE BENEFICIAL OWNERSHIP DECLARATION WITH ANNUAL RETURN FILINGS FOR COMPANIES AND CLOSE CORPORATIONS

The Companies and Intellectual Property Commission (CIPC) will, with effect from the 1st of July 2024, strictly enforce the filing of Beneficial Ownership Declarations with the filing of Annual Returns. The requirement for companies and close corporations, registered with the CIPC, to file Beneficial Ownership information was initiated as a result of the amendments brought about by the General Laws (anti-Money Laundering and Combatting Terrorism Financing) Amendment Act, 22 of 2022, which amended the Companies Act, 2008 (“the Act”).

In terms of the amendment, as from 24 May 2023, with the implementation of the relevant Regulations, all companies and close corporations must file their Annual Returns with the CIPC, together with the Beneficial Ownership Declaration and security register or beneficial interest register (as applicable), within 30 business days after its anniversary date.

While CIPC customers were initially afforded an “option” to defer the filing of Beneficial Ownership information together with Annual Returns, this will no longer be the case, as from the 1st of July 2024.

The implementation of the hard-stop functionality means companies and close corporations **will not** be able to file their Annual Returns via any of the CIPC electronic platforms **unless** the Beneficial Ownership Declaration has been submitted and/or is up to date. As per the Act, as amended, Beneficial Ownership Declarations, Annual Financial Statements /Financial Accountability Supplements must be filed with an Annual Return.

The significance of Beneficial Ownership Declaration is to have a repository/register of natural persons who own or exercise effective control over legal entities; to assist law enforcement with relevant information during their investigations of who the ultimate owners of an entity are; and to mitigate the risks identified in the national risk assessment where legal persons were identified as vehicles prone to abuse for money laundering and terror financing activities.

All companies and close corporations are required by law to file their Annual Returns with the CIPC during their anniversary month every year. As such, enterprises are required to comply with Beneficial

Ownership Declaration filings during the same period. There are several consequences a company or close corporation may face if Beneficial Ownership information is not up to date. The entity may incur penalties for the late filing of Annual Returns, enforcement action may be taken by the CIPC through investigation into the administration and governance processes of a business and even the issuing of a compliance notice; and/or referral for deregistration and even final deregistration due to non-compliance.

The CIPC encourages its customers not to view the enforcing of Beneficial Ownership filing as a punitive measure, but rather as a collective effort to promote transparency and to minimize the risk of financial crimes in South Africa. In the words of the CIPC Commissioner, Adv. Rory Voller “Promoting a culture of transparency and integrity can elevate South Africa as one of the sought after investor friendly destination and thereby unlock progress towards economic growth and development.”

CIPC customers who would like to have more information on the seamless filing of Beneficial Ownership information with Annual Returns can visit https://www.cipc.co.za/?page_id=13979 and /or https://www.cipc.co.za/?page_id=4447 or contact the CIPC Call Centre on 0861002472.

It is imperative that all companies and close corporations ensure compliance with the Beneficial Ownership filing requirements, to ensure good corporate governance and business continuity.

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