

22 July 2024

Dear Sir/Madam

In May 2023, CIPC implemented the annual filing of Beneficial Ownership information together with the filing of the Annual Return of the **company or close corporation**. This was introduced due to the amendments made to the General Laws (Anti-Money Laundering and Combatting Terrorism Financing) Amendment, Act 22 of 2022, which amended the Companies Act 71 of 2008 ("the Act").

Up to 1 July 2024, CIPC allowed the submission of Annual Returns without the Beneficial Ownership declaration being finalised and submitted. However, since then, a HARD STOP functionality with regard to the filing of Annual Returns has been introduced by CIPC which prevents the entity from filing its Annual Return if the Beneficial Ownership declaration has not been submitted and finalised for that year.

The system automatically confirms if a Beneficial Ownership declaration has been made for the calendar year that the Annual Return is being filed for, and if such is not the case, then the Annual Return cannot get filed.

The inability to file the Annual Return with CIPC can have a detrimental effect for an entity such as:

- Penalties for late Annual Return filing
- Enforcement action may be taken by CIPC
- Referral for deregistration
- Final deregistration

It is of crucial importance that the Beneficial Ownership declaration for each entity is filed in the same month as the CIPC annual return is due to avoid possible penalties and trading limitations that might be imposed.

Please contact us as soon as possible should you need assistance in this regard.

Yours faithfully


JACO SMIT