



Companies and Intellectual
Property Commission
a member of the dti group

PRACTICE NOTE 1 OF 2016

ANNUAL RETURNS – CORRECT DISCLOSURE OF TURNOVER VALUE

This practice note is issued in terms of Regulation 4 of the Companies Regulations 2011 and is applicable to the correct disclosure of Annual Turnover Value when filing of Annual Returns in terms of Section 33 of the Companies Act, 71 of 2008 (as amended) ("the Companies Act") read with Regulation 30 of the Companies Regulations, 2011 and Section 15A of the Close Corporations Act No. 69 of 1984 (as amended) ("Close Corporation Act"), read with Regulation 16A of the Close Corporations Administrative Regulations.

The CIPC has identified a trend whereby companies and close corporations are under disclosing or not disclosing the proper annual turnover values when paying their annual returns and therefore are not paying the correct annual return fee to the CIPC.

Annual Turnover is referred to in table CR 2B – Commission Fee Schedule of the Companies Regulation 2011 and Schedule 1: Fees of the Close Corporation Administrative Regulations.

Section 223 read with Regulation 164 of the Companies Act, clearly sets out what constitutes turnover and the method required to calculate turnover for the purpose of determining the correct annual return fee to be paid to the CIPC.

The act of knowingly providing false or misleading information to the CIPC is an offence in terms of Sections 214 (1) and 215 (2) (e) of the Companies Act.

In the case of a contravention of section 214 (1) of the Companies Act, a person upon conviction is liable to a fine or to imprisonment for a period not exceeding 10 years, or to both a fine and imprisonment.

In the case of a contravention of section 215 (2) (e) of the Companies Act, a person upon conviction is liable to a fine or to imprisonment for a period not exceeding 12 months, or to both a fine and imprisonment.

Companies and Close Corporations are therefore reminded to disclose the correct Annual Turnover Values in order to pay correct annual return fees to the CIPC, thus avoiding contravening the Companies Act.

Yours sincerely

Adv. Rory Voller
CIPC Acting COMMISSIONER

3 May
..... April 2016