

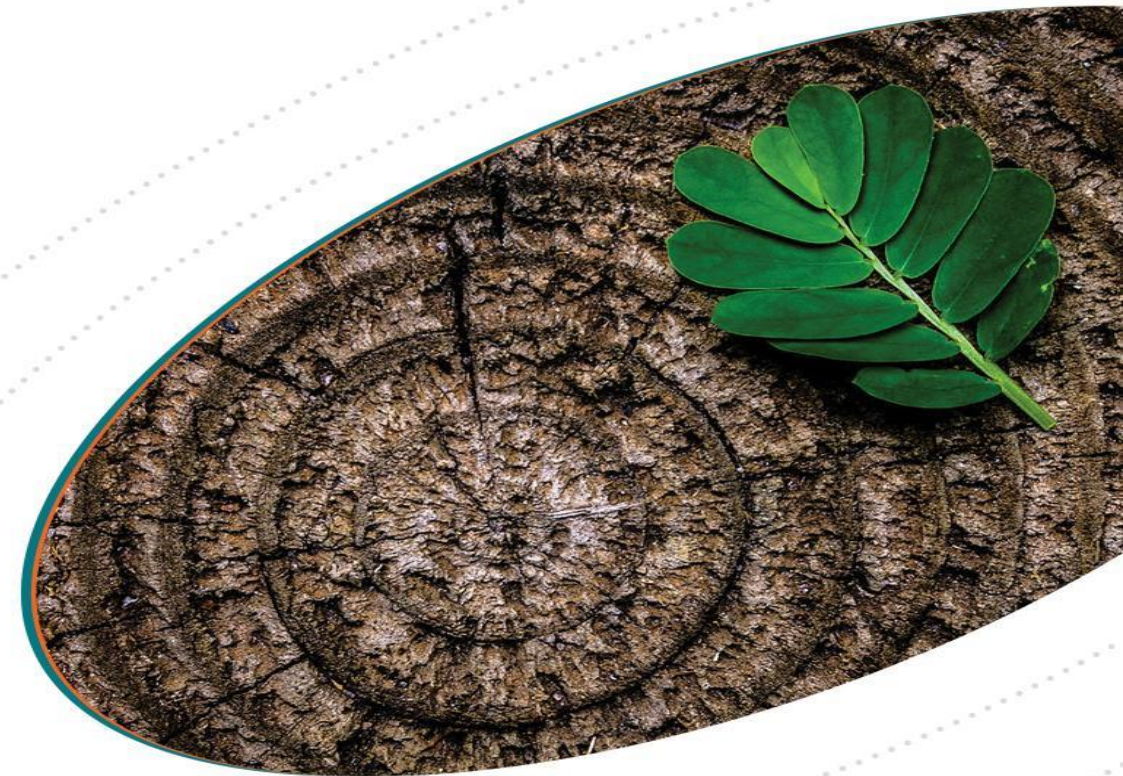
WEBINAR ANNUAL RETURNS

27 JULY 2023



Companies and Intellectual
Property Commission

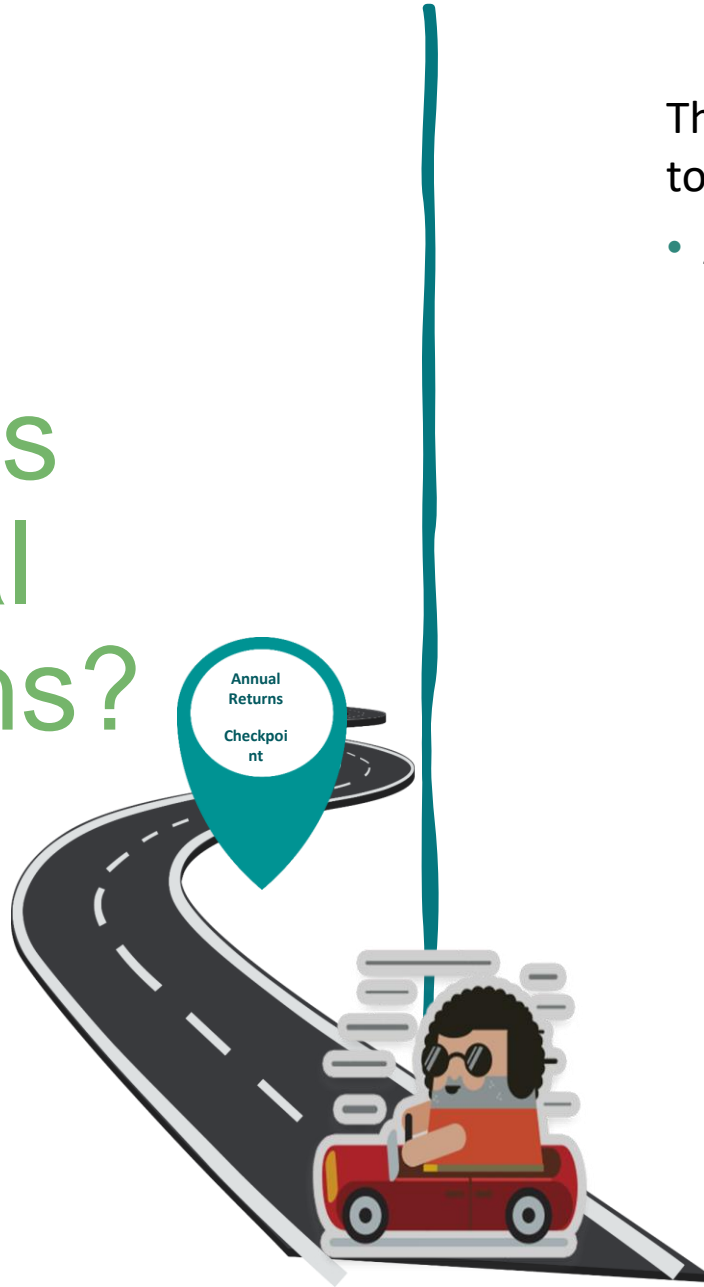
a member of **the dtic** group





WHAT IS ANNUAL RETURNS?

What is Annual Returns?



Think of Annual Returns as an annual renewal for your business to conduct business (*not a legal description*)

- Annual Returns are an annual filing of information with the CIPC to confirm the latest information of the company or close corporation (as at the date of filing)
 - Check: Corporate information e.g., directors, auditor, address, financial year end and company name is up to date
 - Check: Financial record keeping and financial information on companies and close corporations (AFS or FAS)
 - Check: Level of compliance with Companies Act
 - Check: Operational information e.g., number of employees, active or dormant, main business activity and where it is conducting business

All the above to help CIPC to execute its various functions and objectives

Annual filing

- Annual Returns must only be filed once a year (annually)
- When:
 - Companies: 30 business days from the day after its anniversary date and month (Not financial year)
 - Close Corporations: from the first day of its anniversary month until the end of the month thereafter
 - **Even if the company, or close corporation is dormant or not conducting business**
- Will I be reminded by CIPC?
 - Yes
 - CIPC issue Annual Return reminders to all active directors or members (and not the applicant) at the beginning of the month that the Annual Returns becomes due for filing
 - Due to volumes and efficiency of issuing reminders, it is issued electronically **ONLY** (cell phone or e-mail)
 - PROVIDED: correct contact details for directors or members on record

Other matters to be filed with Annual Returns or on annual basis

- To make it easier for companies and close corporations to comply with other requirements, the Act require additional services to be filed with Annual Returns
 - AFS/FAS
 - Compliance Checklist
 - Beneficial Ownership
 - In future Annual Return Filing service, you will be able to update your corporate information **WHILE** filing Annual Returns

Annual Return Fee



Filing comes with a fee



CIPC does not get funding from the national vote

Certain filings with CIPC carries a statutory fee including Annual Returns

Fee is not negotiable and /or payable in installments

CIPC may not waive or reduce its fees other than what is stated in the Companies Act or other Acts under its administration

As a government institution CIPC must adhere to the PFMA and must collect all fees due to it – failure of which CIPC may receive a qualified audit



Filing Information + Payment = complete filing

Why penalty fee

- If filing occurs late a penalty fee is applicable
- Penalty fees in general is a tool to ensure timeous compliance
- Therefore, the bigger the company the higher the penalty fee value





WHY IS COMPLIANCE IMPORTANT

Why important for CIPC to have correct information

- CIPC is the custodian for all registered corporate entities in South Africa – CIPC is the source registry of the information
- Public and government uses CIPC information to make decisions
 - E.g., Government wants to know the size and status of the NPC sector, how many external companies are investing in South Africa, is a specific company compliant in order to do business with it (is it legitimate), who may contract on behalf of the company, where do I find the business to do business with it
 - Critical for CIPC to be up to date

Why important for CIPC to have correct information

- CIPC mandate to keep an up to date and effective register of all companies, close corporations and co-operatives
 - This also means that companies and close corporations who is not doing business should be removed from the register
 - Can always be re-instated if it had economic value at the time of final deregistration
(Registration function)
 - Inactive companies and close corporations that has not been finally deregistered is at risk for being used for fraud, money laundering and terror financing
- Ensuring a reputable corporate environment by increasing compliance with the companies act, promoting a reputable and predictable business environment in South Africa, promoting investment etc.
 - (Regulatory function)

Why important for CIPC to have correct information

- CIPC information is also combined with various other sources by other private and government organizations
 - E.g.
 - Windeed – combines CIPC corporate and director information with immovable property
 - Banks – to determine the risk profile of companies and close corporations and to make sure they know with whom they are doing business
 - SARS – to know how many prospective corporate taxpayers there are
- CIPC information is used during civil and criminal investigations
- CIPC even uses its own data to take companies to court for non-compliance with the Act, director misconduct

Consequences of noncompliance with Annual Returns

- 2 + successive Annual Returns outstanding – systematically placed in deregistration
 - Can still file
 - Deregistration status is a risk indicator that company, or close corporation may be coming to an end soon
 - Banks, service providers or customers may require the company, or close corporation to file Annual Returns for them to do business
- Continued non-compliance = final deregistration



Consequences of Deregistration



Company, or close corporation as a registered business ceases to exist

Looses benefits of being a registered business

- Perpetual existence
- Limited liability



Directors can be held personally liable for all debt



Banks may freeze your bank account



Service providers may stop doing business with you



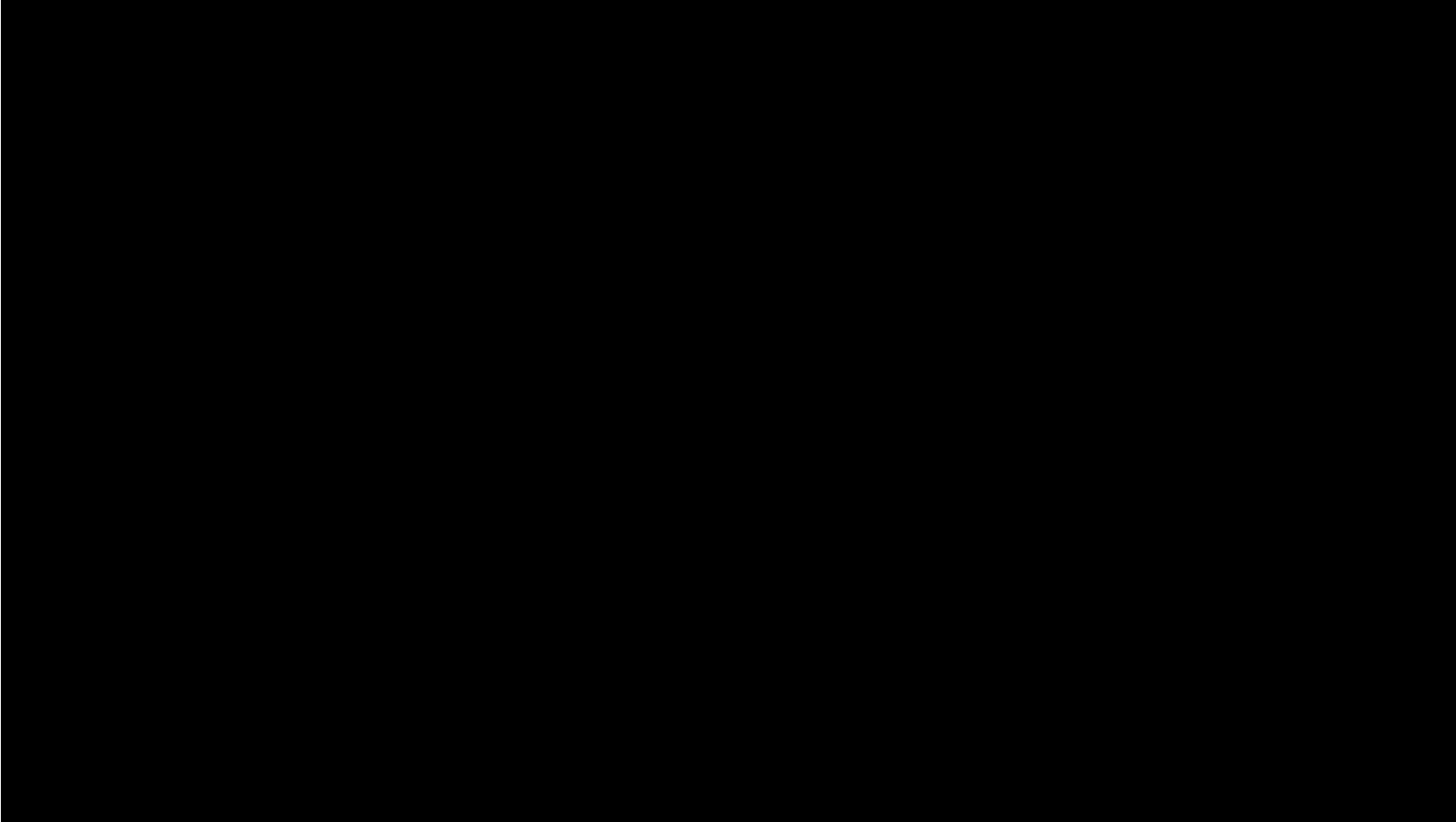
Creditors may refuse to pay

Until Re-instatement



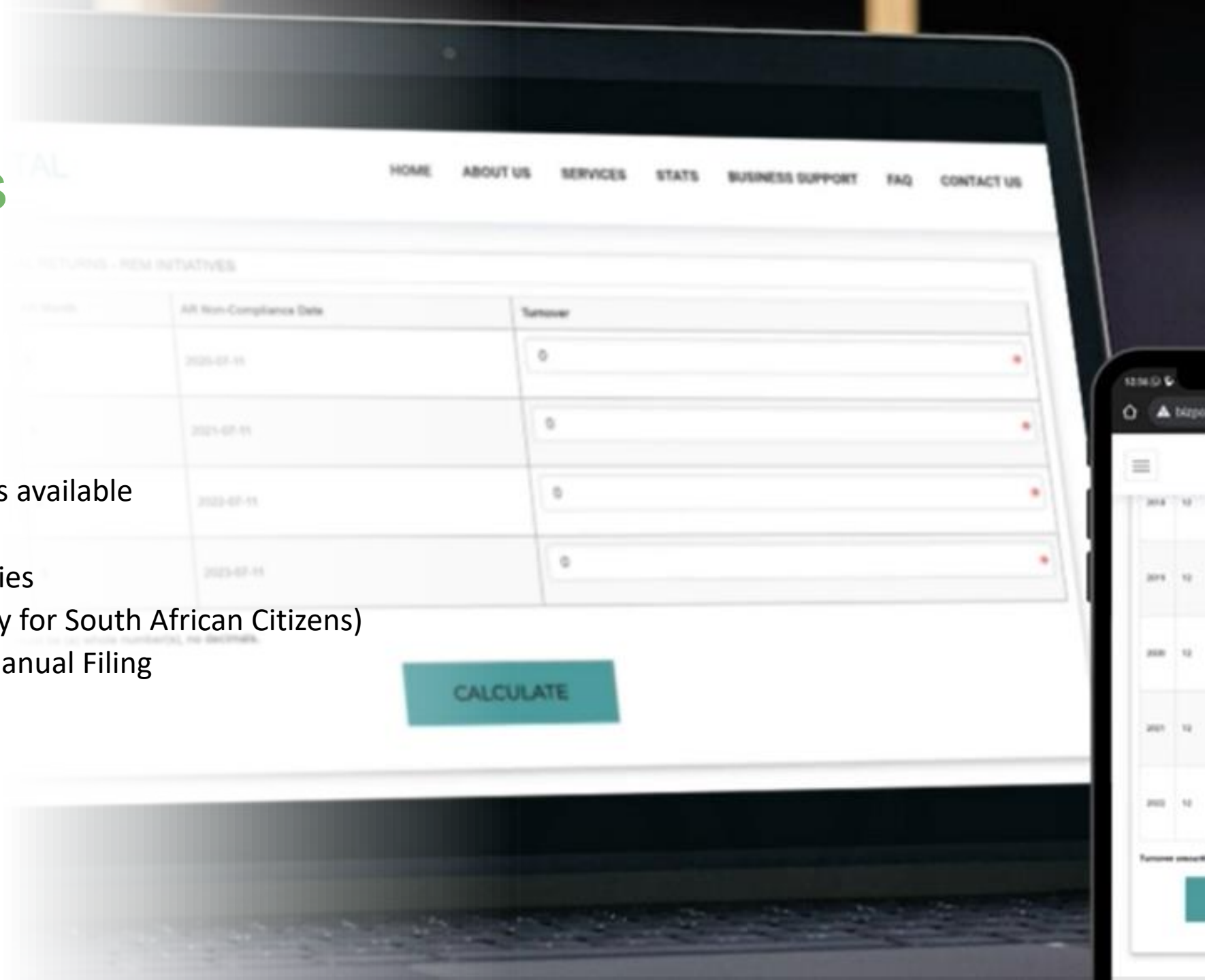
HOW TO FILE ANNUAL RETURNS

Video



Filing Options

- Only electronic filing options available
 - BizPortal – quickest
 - eServices – intermediaries
 - Self Service Centre (Only for South African Citizens)
 - No Manual Filing



Incidental Matters on BizPortal



Client's company or close corporation does not reflect on BizPortal

Only companies and close corporations for which the customer is an active director or member will display

BizPortal is not designed for intermediaries – use E-Services



My company or close corporation does not reflect on BizPortal

Only active directors and members will reflect
Check BizProfile to confirm that active director or member



My previous filings does not reflect

Only if previous Annual Returns were filed AND Paid will it reflect

If filed during Enhanced eServices it maybe that data did not sync correctly between databases (BISG needs to investigate) – Log a Ticket for Assistance

Incidental Matters on BizPortal

- Filing Confirmation
 - Check spam / junk filters in your email address
 - Check with your Internet Service provider that CIPC e-mails is not blocked
 - Check that your e-mail address on customer profile is correctCorrect and reprint certificate
 - If all the above, and still do not receive confirmation – Log a ticket via CIPC enquiries

Incidental Matters to BizPortal



Filed with wrong turnover

Log fault for AR unit to prepare and submit to finance for credit and debit note



Cannot file due to ID validation error

FAS has been delinked from DHA real-time validation



Cannot file since my client has not completed his/her AFS

File but use previously approved AFS information

For questions log ticket under Financial Statements



GENERAL INFORMATION TO REMEMBER

Correct Contact Details

- CIPC can only contact companies, close corporations, directors and members IF CIPC has the correct contact details
 - Check your latest information submitted to CIPC (your records) to confirm that CIPC has your correct updated information
 - Contact details are regarded as personal information, and not displayed on electronic or paper disclosures
 - Only selected CIPC staff has access to it
 - If you do not get AR reminders it means that your contact detail is incorrect or unavailable or that of your service provider
 - CIPC is phasing out manual posting

How to stay in the Know

- Follow CIPC on any of its social media platforms
- Refer to the CIPC website regularly www.cipc.co.za
- Check your company, or close corporation status regularly
 - www.bizportal.gov.za / login / View BizProfile
- CIPC online director training course
 - https://www.cipc.co.za/?page_id=10431
- Keep your company, or close corporation information easily accessible – e.g.,
 - Welcome Letter
 - Registration Certificate
 - All filing confirmations (and content)
 - Financial records
 - Minutes of meetings
 - Share registers

LEARN-i-BIZ

https://www.cipc.co.za/?page_id=10431



PURPOSE

The e-learning platform is aimed at allowing SMME directors and entrepreneurs to build their capacity in running successful businesses while ensuring compliance to statutory requirements. As a regulator of companies and Intellectual Property, the CIPC remain committed to working with its customers, partners and other stakeholder to ensure compliance, through providing access to information. The CIPC as the regulatory authority of companies and company registrations, has the responsibility to educate and create awareness on the legislative areas of its administration, to ensure compliance and adherence. The programme is developed to address this need and to help SMME directors better understand their statutory duties and ensure compliance to governance requirements.

Current Drive



CIPC IS IN THE PROCESS OF ISSUING LEGAL NOTICES
FOR COMPANIES AND CLOSE CORPORATIONS IN
ANNUAL RETURN DEREGISTRATION STATUS TO
COMPLY WITH ANNUAL RETURNS



ESTIMATED TIME PERIOD FOR FINAL
DEREGISTRATION IS MID TO END NOVEMBER 2023



IF OUTSTANDING ANNUAL RETURNS ARE NOT FILED
AND PAID – FINAL DEREGISTRATION

Card payments

- Why card payments
 - Strategic decision to phase out declining balance
 - It is an effort to improve the CIPC's turnaround times and customer experience;
 - To eliminate delays in the allocation of funds due to incorrect referencing;
 - To eliminate bulk deposits that are typically not used for a specific period;
 - To avoid the possible risk of contravening the Banks Act 1990, as the CIPC cannot continue to retain the money in its account indefinitely;
 - To mitigate the reputational risk of CIPC being accused as a vehicle to facilitate illegal activities; and
 - Under the 'declining balance' payment method, CIPC has inherently become responsible for the administration of monies within the customer codes. Each customer is responsible for the management of his/her own payments. Considering the volume of transactions and customers the CIPC services, it is therefore not cost effective for the CIPC or efficient to customers.
 - Issued Notices:
 - November 2022
 - July 2023

General

- Directors and members will always be liable even after final deregistration
- Can re-instate after final deregistration PROVIDED that economic value at time of deregistration



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THANK YOU