

# Increasing Compliance in Re-instatement Applications



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# Objective of automation

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Part of the CIPC strategy to automate services and provide services on more efficient platforms



To improve communication to customers throughout the process



Reduce administrative errors and enquiries



To improve service turnaround times



Better data collection and data control in services



Allow for integration with other data sources to improve data quality and access to information



Download functionality for the customer who submitted

# Automation

- Release of automation reinstatement process for companies and close corporation - 11 August 2025
- CIPC must finalise its internal governance procedure first, whereafter the formal communication of the release will be communicated via the CIPC communication platforms

# Re-instatement Requirements

- MUST had economic value on date of final deregistration – CIPC can call for evidence to support at any time after processing the application.
- Criminal offense to submit false information to the CIPC.

# Who May Apply For Re-instatement

- Section 82(4) of the Companies Act - any interested person may apply to re-instate a company or close corporation
- Only company or close corporation or its duly appointed representative may –
  - File annual returns;
  - File Beneficial Ownership Declaration / security register etc.
  - File AFS/FAS
  - Third parties do not have such information, and therefore cannot complete re-instatement process since all annual returns and other documents **MUST** be submitted to complete the process
- Third parties, must apply to court and court order must also contain prayer that company or close corporation must comply with its administrative requirements under the Companies Act

# Steps For Re-instatement

- Step 1: Determine status (AR Final Deregistration)
- Step 2: Assessment as to economic value at time of final deregistration
- Step 3: Source all the required documentation and information (for re-instatement, annual returns, AFS/FAS and beneficial ownership)
- Step 4: Submit application via any of the available electronic platforms
- Step 5: Pay for the application within 5 business days – R200
- Step 6: Submit and pay (file) all outstanding Annual Returns, latest AFS/FAS and Beneficial Ownership Declaration within 30 business days
- Step 7: Ensure that all director, address etc., is updated



# Terms and Conditions

## Company and Close Corporation Reinstatement

### Terms and Conditions

Submitting of false information to the CIPC, is a criminal offense in terms of section 214 of the Companies Act and will result in the withdrawal of filings and possible criminal prosecution.

A company or close corporation can only be re-instated by a Form CoR40.5 if it was in business or had other economic value at the time of deregistration. This evidence must be retained by the company or close corporation, and CIPC reserves the right to request it at any time in accordance with Companies Regulation 168. Failure to provide such evidence may result in the withdrawal of the re-instatement application and subsequent annual return filings.

If the company or close corporation was not in business or had other economic value at the time of final deregistration, a new company may be registered at a cost of R175.

If a creditor to the company or close corporation or another party wishing to enforce his/her/its liability against the company or close corporation the court order is required. The court order must in addition to stating that the company or close corporation is re-instated, also mandate the company or close corporation to comply with its obligations in terms of the Companies Act, 2008 inter alia the filing of outstanding Annual Returns, Beneficial Ownership Declaration, AFS/FAS and other information to bring its records up to date. Failure of the court order to mandate the company or close corporation to comply with these obligations, will result in the company or close corporation being placed back into Annual Return Deregistration post the implementation of the court order.

### Mandate

By clicking on I agree, you are confirming that you have the necessary mandate in terms of Companies Regulation 168(4) to submit the reinstatement application and submit all outstanding information with the CIPC on behalf of the company or close corporation, or to submit the court order and that all information submitted is true and correct, including that the company or close corporation was in business or had other economic value at the time of final deregistration.

☐ I Agree

CONTINUE

**IMPORTANT: Read the Terms and Conditions and confirm that you agree to it and that you have the mandate to submit**





# Step 3:

## Source all the required documentation

- Sufficient documentary proof showing that the company or close corporation was in business/economic value or had any outstanding assets or liabilities. **Examples of possible proof** -
  - Bank statements (most common evidence)
  - Immovable property - Windeed / Letters from land registry
  - IP rights e.g., Trade Marks – Extract from Trade Mark registry
  - Shares – Letter / notification from issuer of shares that company or close corporation hold shares
  - Outstanding liabilities – e.g., letter / notification from SARS that credit/rebate or outstanding tax liabilities
  - Lease agreement – must indicate parties and one of the parties must be the company or close corporation AND must not have expired
  - Assets – e.g., car then statement of financier or confirmatory letter or notice from Department of Transport

• **NB:** Don't have to submit the evidence of economic value or in business at the time of final deregistration – CIPC may request such at any point in time



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# Introduction and Purpose

# Purpose of the Presentation

## Importance of Compliance of Evidence

Compliance ensures reinstatement applications are legitimate and follow legal regulations

- Done on sampling basis
- To confirm compliance that entity was in business at the time of final deregistration
- Only businesses that was in business or had economic value at the time of final deregistration can be re-instated
  - Reason: Dormant entities are at risk of abuse

## Automated Reinstatement Process

The CIPC introduced an automated reinstatement process to streamline and standardize company reinstatement applications.

## Compliance Interventions

Proposed interventions aim to improve adherence, reduce risks, and maintain trust within the regulatory framework.





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# Why Proof of Business is Required



# Reasons for Requirement

## Ensuring Legal Integrity

Proof of business prevents misuse of reinstatement for fraudulent or unethical purposes, maintaining legal integrity.

## Protecting Stakeholders

Safeguards creditors, employees, and shareholders by ensuring only legitimate entities are reinstated.

## Regulatory Compliance

Reinstated entities must fulfill filing obligations, maintaining transparency and accountability in the registry.

## Promoting Governance and Trust

Requirement aligns with governance principles, reducing systemic risks and promoting trust in corporate records.



# Associated Risks

## **Risk of Fraudulent Activity**

Entities reinstated without proof can enable financial crimes, money laundering, and tax evasion, harming the corporate ecosystem.

## **Data Integrity Concerns**

Reinstating entities without validation causes inaccurate records, eroding trust and complicating regulatory oversight.

## **Legal and Reputational Liability**

False reinstatements expose third parties to disputes, litigation, and damage to business and regulatory reputations.

## **Increased Administrative Burden**

Reversing false reinstatements generates extra compliance actions, refunds, and strains organizational resources.

## **Criminal Exposure under Law**

Submitting false information is a criminal offense under Section 214, risking prosecution and penalties.





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# Background and Current Challenges

# Background

## **Automated Reinstatement Process**

CIPC introduced an automated system replacing manual submissions with electronic platforms to reinstate deregistered companies.

## **Eligibility Criteria for Reinstatement**

Only entities with active business or economic value at deregistration are eligible, requiring evidence retention for verification.

## **Post-Reinstatement Compliance**

Companies must file outstanding annual returns, ownership declarations, and financial statements within 30 business days after reinstatement.



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# Current Challenges – Re-instatement Application



## Operational Risks

Data syncing failures and poor visibility of payment histories cause duplicate notifications and delays.

Payment issues - please provide narrative of the payment issue

Wait 24 hours before logging a fault.

# Current Challenges – Compliance

## **Low Compliance Rates**

Compliance assurance rates remain low as many customers ignore requests for required evidence.

## **Behavioral Challenges**

Lack of awareness and disregard for compliance obligations worsen the overall compliance challenge.

## **Need for Interventions**

Targeted interventions, improved communication, and enforcement are crucial for better compliance and efficiency.





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# Compliance Requirements and Automated Process





# Compliance Requirements

## **Evidence of Business Activity**

Companies must prove they were operational or had economic value at deregistration for reinstatement eligibility.

## **Filing Outstanding Returns**

All outstanding Annual Returns, Beneficial Ownership declarations, and financial statements must be filed within 30 business days after reinstatement.

## **Legal Consequences**

Submitting false information is a criminal offence under Section 214 and may lead to prosecution and reinstatement failure.

## **Ensuring Compliance**

These requirements promote transparency, accountability, and adherence to statutory obligations for companies.





# Automated Process Overview

## Multiple Access Points

The process can be accessed through e-Services, BizPortal, and Self-Service Terminals for customer convenience.

- Or click on the link in the message
- Click on Upload documents and upload the evidence
- Back office will approve or reject.
- If rejected, will have a second time to submit.

## Streamlined Processing

Automated processing reduces manual intervention and speeds up the reinstatement timeline, increasing efficiency.

## Documents required

- **Just evidence that in business or had economic value**
- **Refer to step 3 for examples**



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# Risks of Non Compliance

# Risks of Non-Compliance

## **Withdrawal and Deregistration**

Non-compliance can cause withdrawal of reinstatement applications and revert status to deregistered.

## **National Business Environment**

Decreases the view of the South African business environment and decreases the integrity of the CIPC registry

## **Criminal Charges Risk**

Submitting false information may lead to criminal charges, risking legal consequences for the filer

## **Operational and Financial Impact**

Non-compliance disrupts operations, harms reputation if CIPC reverts the status back.

## **Systematic Application Blocks**

Repeated non-compliance may cause blocks preventing future applications under a customer code.

