

Top 5 tips when filing Annual Returns with the CIPC



Is it compulsory to file your company or closed corporation's Annual Returns to the CIPC?

The short answer to this questions is 'yes'. The new Companies Act for companies has more stringent requirements regarding accountability and transparency through which businesses are impacted in different ways.

The Act *encourages enhanced standards of corporate governance* whereby minimum accounting standards have been set for company annual reports, with firmer provisions governing directors' conduct and liability.

One of these requirements for businesses are for filing of Annual Returns with the Companies and Intellectual Properties Commission (CIPC).

Every 12 months all incorporated South African businesses such as companies and close corporations (CC's) need to file their Annual Return at CIPC within a prescribed time period. To process this administration, CIPC needs all companies to pay an Annual Return fee. CIPC then updates the company's and close corporations most current contact information (as required by law); and the company will also retain an 'active' business status.



What is the purpose for filing Annual Returns?

The purpose for the filing of an annual returns is to confirm whether a company or close corporation is still in business/trading or will be in the near future. The annual return may be considered as a type of annual "renewal" of the company or close corporation registration.



When must a company or close corporation file its Annual Returns?

As it is an annual filing it will be different for companies and close corporations. Companies need to file (irrespective as to whether it was active or not) within 30 business days starting from the day after its registration date on an annual basis. Close corporations need to file (irrespective as to whether it was active or not) beginning from the first day of the month it was registered up until the month thereafter. It may still file after such period, but an extra penalty fee will be applicable.



How will I know when to file?

CIPC does provide reminders via e-mail / sms to the directors (for companies) and members (for close corporations) providing that accurate contact details have been submitted to the CIPC at time of registering the business. If CIPC does not have the correct information, reminders cannot be distributed.



What are the consequence for not submitting Annual Returns?

Consequently, if annual returns are not filed within the set time period, the assumption is that the company or close corporation is inactive, and as such CIPC will start the deregistration process to eradicate the company or close corporation from its active records. The legal effect of the deregistration process is that the juristic personality is withdrawn and the company or close corporation ceases to exist.



How to file Annual Returns

Annual returns can only be filed electronically via the provided application on the CIPC website. *SERR Synergy assists businesses with the submission of Annual Returns all over South Africa.*



What sections of the legislation governs Annual Returns?

Companies Filing Requirement:

- Section 33 of Companies Act
- Regulation 30 of Companies Regulations

Filing of Financial Information:

- Section 30 of Companies Act
- Regulation 40 (2) – (4) of Companies Regulation
- Regulations 28 and 29 of Companies Regulations

Close corporations Filing Requirement:

- Section 15A of Close Corporations Act
- Regulation 16 of the Close Corporations Administrative Regulations

Filing of Financial Information:

- Section 30 of Companies Act
- Item 5 of Schedule 5 of Companies Act (relating to the amendments of section 58 of Close Corporations Act)
- Regulation 40 (2) – (4) of Companies Regulation
- Regulations 28 and 29 of Companies Regulations

SERR Synergy assist businesses to comply with the new Companies Act and amended Closed Corporations Act by bringing all relevant company documents in line with legislation.

About the Author: Sanet van Zyl joined SERR Synergy in June 2014. She currently holds the title of Business Unit Manager: CLA and Information Compliance. Together with her team they specialize in Information Compliance as well as Corporate Governance and Administration which include but is not limited to company registrations, drawing up of shareholder agreements, the alignment of all relevant documents such as memorandum of incorporation with the new companies act, and the submission of annual returns.

**Credit to the CIPC website for some information used in this article.*

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