MEDIA STATEMENT

CIPC to enforce deregistration's due to companies not compliant with Companies Act

Pretoria- Friday, 17 January 2025: The Companies and Intellectual Property Commission (CIPC) has initiated a large volume of deregistration's due to continued low compliance with Annual Returns, Beneficial Ownership, and other obligations under the Companies Act.

The high level of inactive business among companies significantly contributes to low compliance levels, therefore companies are advised to register the companies only when there is a genuine economic or business opportunity. Directors must comply with the provisions of the Companies Act, even if their companies are dormant, as dormant companies pose a risk of being used for money laundering, terror financing, and other criminal activities.

The consequences of deregistration for non-compliant businesses are severe and they include directors being personally liable for the company's debts, bank accounts will be frozen by the relevant banks, service providers may refuse to deliver services and creditors may refuse to pay, as the business does not legally exist.

Although businesses can apply for reinstatement after final deregistration, only those that can provide confirmation of economic activity or other economic value at the time of final deregistration will be reinstated. The reinstatement process is cumbersome, requiring evidence of economic activity along with the relevant form. For detailed requirements please refer to the Practice Note Practice_Note_1_of_2022_Re-instatement_requirements_v1.0.pdf . Additionally, all outstanding annual returns must be paid and submitted once the application has been processed.

The CIPC issues reminders to businesses about their responsibilities to comply with annual returns and beneficial ownership requirements timeously via email and short message system (sms) directly to the provided contact details of directors and members. Clients are urged to ensure that their contact details are up to date all the time.

Businesses are advised to confirm their business status via the BizProfile Service on www.BizPortal.gov.za, if the current business status is in AR deregistration, businesses must submit all outstanding Annual Returns and Beneficial Ownership Declarations urgently to avoid final deregistration and the consequences thereof.

Ends.

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