the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

**THE NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO. 3336**

**Mr M K Montwedi (EFF) to ask the Minister of Trade, Industry and Competition:**

With reference to the Companies Act, Act 16 of 2024, requiring all registered companies to submit annual returns and pay associated fees regardless of income, what (a) informed this policy decision, given that many companies are not generating revenue and are unable to afford the specified fees and (b) are the reasons that it is not permissible for the specified companies to file a zero-income annual return without incurring any cost? NW3784E

**REPLY:**

(a) The submission of Companies' "annual returns" is a mandatory filing of information with the Companies and Intellectual Property Commission (CIPC) to confirm the latest information of the company or Close Corporation. Annual returns are company or Close Corporations annual renewal to conduct business. Annual returns confirm the information as at the date of filing. Annual returns confirm: (i) corporate information relating to directors, auditors, address, financial year end and also confirm the company name; (ii) financial record keeping and financial information; (iii) level of compliance with Companies Act, 2008; and (iv) operational information including number of employees, main business activity, and whether the company is on business or dormant.

The information has to be filed once a year. The annual filling of the above information enables the CIPC to execute its various functions and objectives in line with the provisions of the Companies Act and it is for that reason that companies must file the information and pay the required fee. In line with section 186(b) CIPC has to maintain accurate, up to date and relevant information concerning companies, foreign companies and Close Corporations.

(b) In terms of section 185(1) of the Companies Act, 2008, the CIPC has been established as a juristic person to function as an organ of state within the public administration but as an institution outside the public service. Section 210(1) of the Companies Act also stipulates that CIPC is financed by - (i) money appropriated from Parliament; (ii) any fees payable in terms of the Companies Act; (iii) income derived from respective investments and deposits of surplus money; and (iv) other money accruing from a different source.

The CIPC is therefore, a self-funding institution that has to generate its income in order to perform its functions, which includes maintenance of registers in-line with section 186(b) as mentioned above. Hence payment for filling annual returns for all registered companies and Close Corporations. The reason as mentioned above is to enable CIPC to execute its functions and objectives in line with the Companies Act.

One of the objectives of the Companies Act is to reduce the regulatory burden for companies and the fees have already been set to be affordable to ease the cost of doing business.

**-END-**