

PROCESS IS 'TEDIOUS BUT NECESSARY'

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It was described by one corporate secretary as the corporate equivalent of being Rica-ed or Fica-ed, tedious but utterly necessary for the legitimate and smooth functioning of the corporate community.

In terms of the new Companies Act, the Companies and Intellectual Property Commission (CIPC) has been tasked with "the maintenance of accurate, up-to-date and relevant information concerning companies". Companies and close corporations (CCs) are required by law to provide the information necessary for the CIPC to perform this duty.

The most basic requirement is the submission of annual returns, which every company and CC must do by a specified date each year or risk being deregistered. CIPC "clients" say it has been impossible to submit forms electronically and forms that have been handed in have not been acknowledged. Changes to details of directors have been a major concern on this front.

Registration of new companies has been exceptionally slow with reports that only a few hundred new companies have been registered since May 1. Name reservations have been taking months, resulting in new companies resorting to the use of their registration number as an interim measure.

In terms of the Companies Act, certain resolutions must be registered with CIPC, such as name changes or changes to the company's share capital. Clients have found it extremely difficult to submit the information and get confirmation.

Within the next 18 months every company and CC in South Africa will have to register its memorandum of incorporation with the CIPC. The acting commissioner and the Department of Trade and Industry are confident this will not cause chaos as the "necessary upgrade" to the system will be complete by the end of September.

So it is encouraging that one major client has recorded significant improvements in the CIPC in the past two weeks.