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Beneficial Ownership Regulations Published

Introduction

Following the extension of the deadline to 31 December 2021 on submission of information of beneficial ownership information in February, the Companies (Beneficial Ownership) Regulations GN No.391 of 2021 was published on 14 May 2021 (the **Regulations**) stipulating the procedures for submission of the information including the forms to be filed and penalties for non-compliance.

The **Regulations** define a beneficial owner as a natural person who directly or indirectly ultimately owns or exercises substantial control over an entity or an arrangement; who has a substantial economic interest in or receives substantial economic benefit from an entity or an arrangement directly or indirectly whether acting alone or together with other persons; on whose behalf an arrangement is conducted; or who exercises significant control or influence over a person or arrangement through a formal or informal agreement.



Information of beneficial owners

Companies incorporated or registered under the Companies Act Cap 212 R.E 2002 (the **Companies Act**) are required to submit particulars of beneficial owners in form No. 14b prescribed in the Companies (Forms) Rules GN No. 41 of 2005 (the **Rules**) to the Registrar of Companies (the **Registrar**).

The required information for beneficial owners include:-

- (i) full name, including any former or other name;
- (ii) date and place of birth;
- (iii) telephone number;
- (iv) nationality, national identity number, passport number, or other appropriate identification;
- (v) residential, postal and email address, if any;
- (vi) place of work and position held;
- (vii) nature of the interest including the details of the legal, financial, security, debenture or informal arrangement giving rise to the beneficial ownership; and
- (viii) oath or affirmation as to whether the beneficial owner is a politically exposed person or not.

Cessation of a beneficial owner

The **Registrar** has to be notified where a person ceases to be a beneficial owner within 30 days from the date of cessation by filing form No. 14c.

Declaration of beneficial interest

A person who does not hold beneficial interest in shares but is a member of a company shall file with the company a declaration to that effect by filling form No. 14d within 30 days from the date his name is entered in the register of members.

It is to be noted that where changes occur in the beneficial ownership of the shares, the Registrar is to be notified within 30 days from the date of change, making a declaration of such change in form No. 14d.

Regulation 4(2) of the Regulations requires persons who hold or acquire a beneficial interest in shares of a company not registered in his name to file with the company a declaration disclosing the interest in form No. 14e within 30 days after acquiring such beneficial interest in the shares of the company and where change occurs in the beneficial interest in such shares, the Registrar is to be notified as well.

Change in beneficial owners

Form No. 14f is to be lodged with the Registrar where there is a change of beneficial owners within 30 days.

This includes when there is a transfer or transmission of shares or an increase or reduction of share capital or a restructuring of a company's share capital or changes in the voting rights leading to any change in beneficial ownership, the company shall together with the applicable procedures in the Companies Act, file form 14f indicating whether or not there has been a change in the beneficial ownership of the company. Non-compliance in notify the Registrar, the documents relating to such change will not be registered.

Moreover, notices of changes in beneficial ownership have to be signed by at least one director of the company or the company secretary and a certified true copy of the official identification document for every beneficial owner shall be submitted to the Registrar.

Non-disclosure of beneficial ownership information

A company can disclose beneficial ownership information only to the beneficial owner concerned, to comply with the Regulations or in compliance with the court order.

Refusal of registration of documents

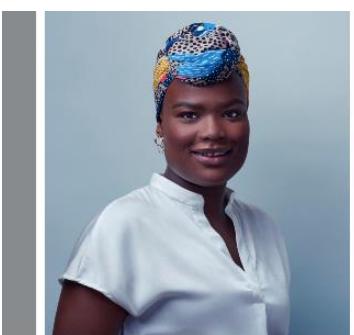
If beneficial ownership information is not submitted or the Registrar is not satisfied that the company has provided accurate and up to date information on beneficial ownership of the company as required, the Registrar may refuse to register any documents of the company required to be registered.

Penalties

Non-compliance of the Regulations is an offence and the penalty is a fine of Tanzanian Shillings 5 million to 10 million.

Caveat

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