

We exist to empower our clients move forward with confidence

Compliance on Submission of Beneficial Ownership Extended

Introduction

Countries are now implementing the disclosure of beneficial owners as required by law. In Tanzania, the Companies Act Cap 212 R.E 2002 (the **Companies Act**) was amended by the Finance Act No. 8 of 2020 (the **Finance Act**) to introduce the concept of beneficial owners. The main aim of disclosing beneficial owners is to combat money laundering.

Concept of Beneficial Owners

A beneficial owner is a natural person:

- a) who directly or indirectly ultimately owns or exercises substantial control over an entity or an arrangement;
- b) 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;
- c) on whose behalf an arrangement is conducted; or
- d) who exercises significant control or influence over a person or arrangement through a formal or informal agreement.

Although the Companies Act has defined who a beneficial owner is, the same doesn't specify the shareholding percentage required when disclosing the beneficial owners as in other countries legislation.



Beneficial Ownership Requirements

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.

Deadline on submission of information

While section 459A of the Companies Act provide that the deadline of submitting the information was 31 December 2020, it also stipulates that the Minister can extend such period by notice published in the gazette. On 12 February 2021, the Minister for Industry and Trade (the **Minister**) through the *Companies (Extension of Period for Submission of Information of Beneficial Ownership) Notice G.N 189, 2021* extended the period for submission for 12 months from 1 January 2021. Therefore, the deadline for submission of beneficial ownership information is now **31 December 2021**.

Register of Beneficial Owners

Companies are now required to have a register of beneficial owners amongst other registers and notify the Registrar of Companies (the Registrar) on changes of beneficial ownership within 30 days of the change. The Registrar shall also establish and maintain a register of beneficial owners at the Company registry.

Access to information on beneficial owners

The Companies Act also stipulates that the information on beneficial owners of a company held by the Registrar in the register shall be accessible to national competent authorities with designated responsibilities of investigating and combating money laundering and terrorist financing, the Financial Intelligence Unit, the Tanzania Revenue Authority and any other competent authority.

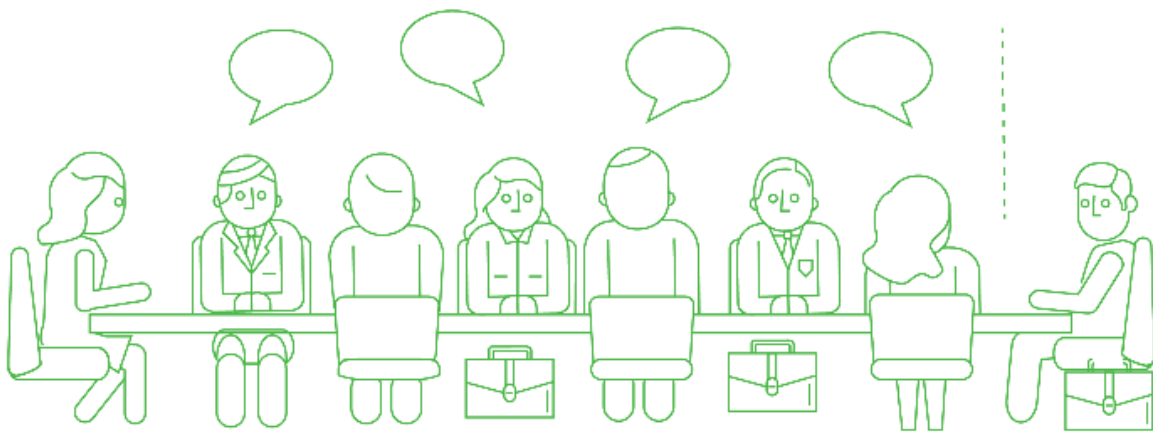
What should be done?

Companies should now make sure that the information required is obtained. Different complex company structures could make it difficult to collect such information hence the extension gives such companies time to comply within time.



Caveat

This newsletter has been prepared for general guidance, and does not constitute professional advice. Accordingly, RSM (Eastern Africa) Consulting Ltd, its associates and its employees and agents accept no liability for the consequences of anyone acting, or refraining from acting, in reliance on the information contained herein or for any decision based on it. No part of the newsletter may be reproduced or published without prior written consent. RSM (Eastern Africa) Consulting Ltd is a member firm of RSM, a worldwide network of accounting and consulting firms. RSM does not offer professional services in its own name and each member firm of RSM is a legally separate and independent national firm.



Download the RSM Eastern Africa Tax App here:



The App provides updates on tax laws, tax calculators, alerts for key due dates & accounting and audit standards

APPLICATION DISCLAIMER: The application is limited for educational and guidance purposes only and does not include or cannot be substituted for professional advice

