

TANZANIA FINANCE ACT, 2022

This newsletter highlights the amendments in the Finance Act, specifically the changes to the Business Names (Registration) Act and Companies Act

Business Names (Registration) Act

Definition of beneficial owner

The Finance Act has amended the definition of beneficial owner to have the same meaning as defined in the Anti-Money Laundering Act. A person with direct or indirect shareholding of five percent (5%) or more will be termed as a beneficial owner. Moreover, beneficial ownership information is to be furnished during registration of a partnership.

Penalty for failure to notify the Registrar on beneficial owners

The Finance Act has amended the Business Names (Registration) Act to introduce penalty of between one million to five million Tanzania Shillings (TZS 1M –5M), where such person fails to provide to the Registrar:

- information regarding the change in beneficial ownership of a partnership; or
- statement of particulars containing information on the beneficial owners of the partnership.

Accessibility of beneficial ownership information

As per the amendments, the beneficial ownership information of a business held by the Registrar in the register of beneficial owners shall be accessible to:

- i. national competent authorities with designated responsibilities for combating money laundering and terrorist financing;
- ii. national competent authorities that have the function of investigating or prosecuting offences related to money laundering and terrorist financing or of tracing, seizing, freezing and confiscating criminal assets;
- iii. Financial Intelligence Unit;
- iv. Tanzania Revenue Authority; and
- v. any other competent authority.

Companies Act

Definition of beneficial owner

The Companies Act has amended the definition of beneficial owner to have the meaning as ascribed in the Anti – Money Laundering Act. Hence person with direct or indirect shareholding of five percent (5%) or more will be termed as a beneficial owner as opposed to twenty five percent (25%).

Penalties

The Finance Act has amended a number of sections in the Companies Act to include penalties for:

- Failure to maintain a register of members and beneficial owners or notify the Registrar of Companies of any changes; and
- Failure to keep an index of names of the members of the company having more than fifty (50) members.

For the listed defaults above, the company and every officer of the company shall be liable to a fine of between one hundred thousand Tanzania shillings to one million Tanzania shillings (TZS 100,000 –1M).

It is to be noted that the proposed penalty in the Finance bill of one hundred thousand Tanzania Shillings (TZS 100,000) and an addition of ten thousand Tanzania Shillings (TZS 10,000) for every day the default continues was not passed for late filing of annual return. Hence penalty for late filing of annual return remains to be two thousand five hundred Tanzania Shillings (TZS 2,500) per month of delay.

Liquidators

Liquidators are now responsible for maintaining accounting records and underlying documentations relating to the dissolution of a company for a period of at least ten (10) years from the date of dissolution.

CAVEAT

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