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TANZANIA FINANCE BILL, 2022

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

Business Names (Registration) Act

Definition of beneficial owner

The Finance bill proposes to amend the definition of beneficial owner to have the same meaning as defined in the Anti- Money Laundering Act. The main aim being to harmonize the definition of beneficial owner. It is to be noted that a person with direct or indirect shareholding of five percent (5%) or more will be termed as a beneficial owner.

Moreover, the Finance bill proposes the Business Names (Registration) Act to be amended to introduce a requirement to furnish information and particulars of beneficial owners during registration of partnership.

Penalty for failure to notify the Registrar of Companies on beneficial owners

To enhance compliance and ensure availability of beneficial ownership information, the Finance bill proposes to introduce penalty for failure to notify the Registrar of changes in beneficial owners of between one million to five million Tanzania Shillings (TZS 1M –5M), where such person fails to provide to the Registrar of Companies:

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

Companies Act

Definition of beneficial owner

As stated above to harmonize the definition of a beneficial owner, the Finance bill proposes to amend the definition 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 the current position provided by the Business Registrations and Licensing Agency of twenty five percent (25%) shareholding (direct or indirect).

Penalties

The Finance bill proposes to amend 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;
- Failure to keep an index of names of the members of the company having more than fifty (50) members; and
- Failure to file annual return within twenty – eight (28) days of the return date.

For the listed defaults above, the company and every officer shall be liable to a penalty 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.

It is to be noted that the penalty for late filing of annual return is currently two thousand five hundred Tanzania Shillings (TZS 2,500) per month of delay hence the penalty will significantly change.

CAVEAT

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