

BENEFICIAL OWNERS AND COMPANY COMPLIANCE REQUIREMENTS



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who is a "Beneficial owner"?

The Companies Act Cap 212 defines 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 that is required to be submitted by companies as per company form 14b:

a. Details of beneficial ownership to be filed with the ROC include:

- Full name;
- Date and place of birth;
- Place of work and position held
- Legally executed oath or affirmation on whether or not beneficial owner is a Politically Exposed Person (PEP);
- Nationality and identification; and
- Residential and postal address, email and phone number.

b. Details of the nature of ownership or control the beneficial owner has in the company:

- The percentage of shares a person holds in the company (direct or indirect);
- The percentage of voting rights a person holds in the company (direct or indirect);
- A person holds a right to appoint or remove a majority of the board of Directors of the company (direct or indirect); and/or
- A person exercises significant influence or control over the company (direct or indirect).

c. Link of beneficial owner with the company in indirect ownership:

- Name of shareholder holding shares on behalf of the beneficial owner of the Company; and
- Name of Director appointed by the beneficial owner.

register of Beneficial Owners:

ROC shall establish a Register of Beneficial Owners which shall be confidential and not accessible to the general public. This means the register will be separate and/or different from the current Online Registration System ("ORS") which can be accessed by anyone.

The Beneficial Owners Register will be accessible to state agencies such as the Financial Intelligence Unit (FIU), the Tanzania Revenue Authority (TRA), authorities with responsibilities for combating money laundering and terrorist financing as well as the authorities that have the function of investigating or prosecuting offences related to money laundering and terrorist financing, seizing, freezing and confiscating criminal assets.

consequences of non-compliance:

The Registrar may refuse to register any document of a company which is required to be registered under the Companies Act if the beneficial ownership information was not submitted or if he is not satisfied that the company has provided accurate and up to date information on the beneficial owners of the company. The effect of this provision is that a company could be prevented from taking essential corporate actions, such as registering charges to secure company loans, to provide changes in shareholding, or of directors or company secretary, changes in authorized share capital etc., which may lead to significant operational challenges for a company and or its financiers; and

A person who fails to keep record of Beneficial Owners or to provide information to the Roc about a change in beneficial ownership of a company or to provide the ROC with a declaration containing information on the Beneficial Owners of the company; or who contravenes any provision of the Regulations, commits an offence and shall be liable to a fine of not less than TZS 5 Million (approx. USD 2,186) but not exceeding TZS 10 Million (approx. USD 4,372).

recommendations and way forward:

- companies should note the 31st December, 2021 deadline for filing information of
- Beneficial Owners with BRELA and act as appropriate; and
- companies should start collecting the required information for purposes of filing with BRELA.
- Similar information will be required for purposes of formation of new companies or registering a branch of a foreign company.

For access to the [Regulations](#) and new company forms please [click here](#).

Should you require any assistance please contact our Ms. Nancy Tarimo, via email: n.tarimo@rexattorneys.co.tz
web: www.rexattorneys.co.tz

Who we are

a firm of dedicated lawyers enjoying noticeable and prominent presence in the private legal practice industry in Tanzania.

Rankings

iflr1000
the legal 500
chambers & partners global

Contact us

Rex House,
344 Ghuba Road | Toure Drive,
Oysterbay, Dar es Salaam, Tanzania.
+255 22 221 1180-8
info@rexattorneys.co.tz

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