



Accounting - Business Consulting - Payroll - Taxation
Simplicity - Balance - Understanding

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News Flash

De-Registration of Companies and Closed Corporations

The advent of the new Company's Act has made sweeping changes to the business landscape; for the purposes of this article the term business will cover both Companies and Closed Corporations.

An aspect which has received little attention but which can have huge implications to businesses is the effect of deregistration of businesses.

When can CIPC deregister a business?

If a business fails to pay its annual duty for two years in succession CIPC will automatically deregister the business.

Implications of Deregistration

What does this mean to you the business owner?

In effect the business ceases to exist in its present form and cannot trade or contract as it did previously, the legal implications of this is great if the

business continues to trade in its previous manner prior to deregistration for the business is trading illegally and any debts thereby incurred can be recovered from the owner personally.

The situation is even more disastrous if the business owns property, as the business ceases to exist it, the property has no owner so control thereof vests in the State. Why does this happen? Well in law there is a term called *Bona Vacantia* which in essence means “*property without an apparent owner*”. You may ask –But how can this be?

The explanation is that as the business has legally ceased to exist there is no immediate owner of the property, bear in mind that you are the owner of the **shares** in your business you do not have the direct ownership of the property.

Re-Registration

Never fear all is not lost. There are procedures for re-registering your business. The procedures below are for property owning businesses.

- Complete the required form in duplicate.
- Submit an affidavit with the form from each of the members stating why the business should be re-registered.
- Obtained written confirmation from the Department of Public Works and the Department of State Expenditure that they have no objection to the business being restored.
- Advertise in the local newspaper to try to determine the public interest in the business being restored. Objections, in writing, must be lodged with the Registrar within 30 days from date of publication.

Effect on business

As can be seen from the above if a business is permanently deregistered the results and implications can be catastrophic. Since the business in its present form ceases to exist and until re-registered you cannot trade in that entity.

This would effect:



- The legality of existing and future contracts.
- The personal liability of owners who knowingly trade during the period of deregistration.
- Time and cost of re-registration

TFAGlobal offers a range of business advisory services for the potential and established businessman contact us on 021-9481584 or email us on info@tfaglobal.co.za for further information.

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Should you require any information on our various services please do not hesitate to

contact us on  021-9481584 or at  info@tfaglobal.co.za