

# Fintech helps counter non-compliance by 72% of SA's SMEs

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3 Jul 2023

Despite non-compliance having very costly consequences like penalties, legal fees and director liability, the most recent annual report of the Companies and Intellectual Property Commission (CIPC) states that 72% of the 3.1 million companies in South Africa don't submit annual returns and therefore don't meet basic legal requirements.



Source: [Pexels](#)

Every registered company must meet certain requirements to remain active and trading in South Africa. These include filing an annual return, notifying the government of changes to company, director, member and officer information, maintaining a register of shareholders and producing various company records.

Failing to do so could result in penalties and de-registration. In fact, the CIPC recently de-registered over 640,000 companies for failing to file annual returns.

The CIPC also recently announced that companies must submit information about their beneficial ownership by 1 October 2023 adding to an already complex situation.

Companies can meet their obligations by using the CIPC's website, but they generally use company secretarial services

provided by professionals. These services can be costly, which is a factor in the low level of compliance.

A startup spotted the gap and is helping companies get CIPC compliant from R199 for an annual return using proprietary software.

Many privately held companies are put off by the admin and costs involved to remain compliant. InfoDocs developed software to simplify company secretarial services for directors and shareholders. Even professionals use our system to import data directly from CIPC, produce professional templates and store company records securely online.”

## **New laws for beneficial ownership**

South Africa recently put in place new laws related to beneficial ownership. The Companies Act already requires a register of those who own or control 5% or more of the company, but the greylisting of South Africa by the Financial Action Task Force (FATF) has put this requirement in the spotlight.

To ensure transparent ownership and control structures of legal entities, companies have until 1 October 2023 to file this information with CIPC which will maintain a central database.

Companies can capture their share register and certain other changes for free using InfoDocs. We charge nominal submission fees depending on the transaction. At very low rates, it's a no-brainer to remove the risk of penalties, legal fees and director liability.

InfoDocs works closely with the CIPC, as the software aids the CIPC in meeting its mandate.

To date, more than 30,000 companies are using InfoDocs to submit annual returns, maintain statutory registers and submit documents using high-quality document templates. The software sends alerts and notifications of submission deadlines.

From the dashboard, companies can file returns and make secure payments directly to the CIPC.

## **ABOUT THE AUTHOR**

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