

19 May 2021



## Disclosure of Beneficial Ownership Regulations Released

- In line with other jurisdictions to curb laundering, tax evasion, financial crime
- Beneficial ownership definition very wide
- For existing companies mandatory to disclose by 31 Dec 2021
- Newly incorporated companies must disclose at time of registering

On 14 May 2021, the Minister for Industry and Trade issued detailed procedures for submissions of information of beneficial owners vide the Companies (Beneficial Ownership) Regulations, 2021 (the Regulations).

The Regulations impose a mandatory obligation for companies incorporated or registered under the Companies Act to declare their beneficial owners through Form No. 14b as prescribed in the Companies (Forms) Rules. It should be noted that such a statement is required to be filed in the Company Registry together with the memorandum during the incorporation process. Companies that are already incorporated have a period of up to December 2021 to comply with this requirement.

The term beneficial owner has been defined under the Act and in the Regulations to mean a natural person who directly or indirectly ultimately owns or exercises substantial control over an entity or an arrangement; who has a 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 agreement.

The particulars that are to be filed in the Company Registry concerning Beneficial Owners shall include:

- (a) full name, date and place of birth
- (b) telephone number
- (c) nationality, national identity/passport number
- (d) residential, postal and email address
- (e) place of work and position held
- (f) nature of interest including the details of the legal, financial, security, debenture or informal arrangement giving rise to the beneficial ownership, and
- (g) oath or affirmation as to whether the beneficial owner is a politically exposed person or not

Regulation 4 requires a registered owner of shares (who does not hold the beneficial interest in such shares) to file with the company a declaration to that effect in

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FB Attorneys is an all service law firm based out of Dar es Salaam, Tanzania.

We cover all aspects of the law and specialise in all corporate and commercial matters including Mining, Oil & Gas, Tax, Litigation, Competition, Banking & Intellectual Property law.

FB Attorneys has been ranked as a tier 1 law firm by the IFLR 1000 in the Energy & Infrastructure and Financial & Corporate sectors, tier 1 by Legal 500 and band 1 by Chambers and Partners General Business Law.

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# LEGAL UPDATE

**FB** ATTORNEYS

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Form No. 14d. Regulation 4(2) obliges a person who holds/acquires a beneficial interest in shares of a company not registered in his name, to disclose such interest in Form No. 14e within 30 days after acquiring such beneficial interest in the shares of the company. Further to the above, the Regulations also requires companies, registered owners of shares and the beneficial owners to notify the Company Registry of any change of Beneficial Ownership within 30 days of its occurrence.

Moreover, where there is transfer or transmission of shares or an increase or reduction of share capital or a restructuring of a company's share capital or changes in the voting rights leading to any change in beneficial interest, the company is obliged to deliver to the Registrar a notice in Form 14f together with the applicable procedures prescribed in the Companies Act indicating whether or not there has been a change in the beneficial ownership of the company.

Further to the above, the notice of change in beneficial ownership must be signed by at least one director of the company or the company secretary and a certified true copy of the official identification document for every beneficial owner has to be submitted to the Registrar.

Failure to comply with the Regulations amounts to an offence punishable by a fine of not more than TZS 10M.

To read the Companies (Beneficial Ownership) Regulations, 2021 [click here](#).

To read the Companies (Forms) (Amendments) Rules 2021 [click here](#).

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