

SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS (SAICA)

Comment Letter on the Draft General Laws Amendment Bill, 2025

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Subject: Comments on the General Laws Amendment Bill, 2025

Introduction

The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to comment on the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill, 2026 ("the Bill").

SAICA supports the overarching objectives of the Bill to strengthen South Africa's anti-money laundering, combating the financing of terrorism and counter-proliferation financing (AML/CFT/CPF) framework, enhance transparency, improve regulatory oversight and contribute to South Africa's continued compliance with the Financial Action Task Force (FATF) Recommendations. SAICA recognises the importance of maintaining an effective legislative framework that promotes the integrity of the financial system while supporting South Africa's efforts to demonstrate sustained technical compliance and effectiveness ahead of the next FATF Mutual Evaluation.

Our comments are primarily directed at ensuring that the proposed amendments are clear, practical and capable of consistent implementation. In particular, SAICA has considered the potential impact of the proposed amendments on companies, close corporations, nonprofit organisations and accountable institutions, as well as the practical implications for SAICA members who advise or provide services to these entities. We have identified several provisions where additional clarity, refinement or guidance would assist in achieving the policy objectives of the Bill while promoting legal certainty, proportionality and effective compliance.

The comments below are intended to be constructive and are provided in the spirit of supporting the development of legislation that is effective, promotes the ease of doing business and capable of practical implementation. SAICA remains committed to working collaboratively with National Treasury and other stakeholders during both the legislative process and the implementation of the proposed amendments.





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Head: Audit and Assurance

The South African Institute of Chartered Accountants (SAICA)

SPECIFIC COMMENTS

Close Corporations Act

Section 10 – Application of Regulations Issued under Section 33

1. SAICA notes the proposed amendment extending the application of regulations issued under section 33 to close corporations. Although we have no substantive objection to the amendment, we note that it has important practical implications. The amendment appears to create a legislative basis for requiring close corporations to submit annual financial statements to the Companies and Intellectual Property Commission (CIPC). While the CIPC has historically requested annual financial statements from close corporations in certain instances, there has been no clear statutory obligation requiring their submission.
2. The proposed amendment will therefore provide greater legal certainty regarding the submission of annual financial statements by close corporations. It will also have the practical effect of requiring close corporations to submit beneficial interest information where applicable, thereby improving transparency and enabling beneficial ownership information to be linked with annual financial statement and annual return submissions.

Nonprofit Organisations Act

Section 20 – Compliance Notices

3. SAICA has concerns regarding the practical application of the proposed amendments to section 20.
4. The proposed section 20(1A) requires the Director to issue a compliance notice to a nonprofit organisation that is required to register under section 12 but has failed to comply with its obligations. However, the Bill does not explain how the Director would identify organisations that are legally required to register but have not done so. In the absence of a registration record or other statutory notification mechanism, it is unclear what information would enable the Director to determine that such an organisation falls within the scope of compulsory registration.
5. In addition, section 20(1B) proposes that administrative sanctions may be imposed following non-compliance. It is unclear what statutory authority the Director would exercise over an organisation that has never registered and is therefore not yet subject to the administrative framework established under the Act. Clarification is required regarding the legal basis upon which compliance notices and administrative sanctions would be enforced against unregistered entities.
6. SAICA also notes an apparent inconsistency in the drafting. Section 20(1A) refers to organisations that have failed to comply with obligations under section 18(1)(bA). However, section 18 regulates ongoing obligations of registered nonprofit organisations. An organisation that has not registered would ordinarily not yet be capable of

complying with these obligations. The relationship between compulsory registration under section 12 and the obligations contained in section 18 should therefore be reconsidered to avoid legal uncertainty.

7. **SAICA recommends** that the Department clarify: the mechanism through which compulsory registration will be identified; the legal authority for enforcing compliance against entities that are not registered; whether section 18 obligations are intended to apply only after registration; and the interaction between sections 12, 18 and 20 to ensure the provisions operate coherently.

Companies Act

Definition of “Obligated Entity”

8. The Bill introduces reporting obligations applicable to an “obliged entity”. However, the Bill does not define this term or identify the categories of persons or institutions that will fall within its scope.
9. Without a definition, it is not possible to assess the extent of the proposed reporting obligations or the practical impact on SAICA members and the general public. The definition is particularly important because not all accountants or professional service providers are accountable institutions under the Financial Intelligence Centre Act, 2001, and different regulatory obligations apply depending on the services provided.

10. **SAICA recommends** that the definition of “obliged entity” be included in the Bill or that the intended scope be clearly explained before the legislation proceeds.

Section 33 – Reporting Material Discrepancies

11. The proposed section 33(4) requires an obliged entity to notify the Commission of any material discrepancy identified between beneficial ownership information held by the Commission and information obtained through compliance with the Financial Intelligence Centre Act or in the course of carrying out its duties.
12. SAICA submits that this provision presents practical implementation challenges.
13. Firstly, until “obliged entity” is defined, it is unclear which persons will be required to fulfil this obligation.
14. Secondly, beneficial ownership information maintained by the CIPC is not publicly accessible. Consequently, an obliged entity may have no practical means of comparing information obtained from its client against the information recorded by the Commission. Without access to the Commission’s register, it is difficult to understand how an obliged entity would identify that a material discrepancy exists.
15. Furthermore, many professionals obtain information solely from documentation supplied by their clients and have no independent mechanism to verify what has been filed with the Commission.

16. **SAICA recommends** that the Bill clarify: who qualifies as an obliged entity; how obliged entities are expected to access beneficial ownership information held by the Commission; what constitutes a “material discrepancy”; and the circumstances under which the reporting obligation is triggered.

Section 171 – Administrative Fines

17. SAICA supports the introduction of enforcement mechanisms for persistent non-compliance with beneficial ownership reporting requirements. However, the drafting of the proposed administrative fine provisions requires clarification.
18. The proposed section 171(1A) provides that the Commission may impose an administrative fine “not exceeding the greater of” 10% of the company’s turnover or the maximum amount prescribed by the Minister, which may not be less than R10 million.
19. Although the use of the words “not exceeding” suggests that these amounts represent the upper limit of the Commission’s discretion rather than a mandatory penalty, the wording may be interpreted differently in practice and could create uncertainty for regulated entities.
20. For example:
- where annual turnover is R5 million, 10% equals R500 000, while the greater amount is R10 million;
 - where annual turnover is R50 million, 10% equals R5 million, while the greater amount remains R10 million; and
 - only where annual turnover exceeds R100 million would 10% exceed R10 million.
21. Without further clarification, the provision may incorrectly be interpreted as establishing an effective maximum penalty of R10 million for most companies, irrespective of the seriousness of the contravention.
22. SAICA further submits that a potential maximum fine of R10 million is excessive for many small and medium-sized companies, particularly where the contravention relates to an administrative filing obligation rather than fraudulent conduct. The legislation should expressly require the Commission to consider factors such as the seriousness of the contravention, whether the failure was deliberate or technical, previous compliance history, remedial action taken and the financial circumstances of the company before determining an appropriate penalty.
23. SAICA is concerned that this represents a substantial escalation from existing Companies Act administrative fine framework, where a maximum fine is currently linked to the greater of R1 million or 10% of the company’s turnover. The proposed increase in the fixed monetary threshold from R1 million to at least R10 million is significant and warrants further consideration, particularly given that the underlying contravention relates to failure to comply with

a compliance notice concerning the submission of securities or beneficial interest registers. It is also worth noting that comparable regulatory frameworks, including the National Credit Act and Consumer Protection Act, provide for administrative penalties that are subject to 1 million or 10% of turnover.

24. **SAICA recommends** that the provision be redrafted to make it clear that the amounts represent the maximum penalty that may be imposed and that the Commission retains discretion to impose a proportionate fine based on the circumstances of each case. The legislation should also prescribe objective criteria for determining the amount of any administrative fine to promote consistency, transparency and procedural fairness.
25. **SAICA suggest that** section 171(1A) be rephrased as: “The Commission may impose an administrative fine on a company that has failed to comply with a compliance notice referred to subsection 8. The amount of the administrative fine must be determined having regard to the nature and seriousness of the contravention and the circumstances of the company, but not exceed the greater of, (a) 10 per cent of the company’s turnover for the period during which the company failed to comply with the compliance notice; or (b) the maximum amount prescribed by the Minister in terms of subsection (5).”
26. SAICA recommends that the fixed monetary threshold be reconsidered in light of existing administrative frameworks, including those under the National Credit Act and Consumer Protection Act, and that consideration be given to retaining a lower threshold, such as the existing R1 million or consider a gradual increase.

Conclusion

27. SAICA appreciates the opportunity to comment on the Draft General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill, 2026 and supports its objective of strengthening South Africa’s AML/CFT/CPF framework, enhancing beneficial ownership transparency and improving regulatory oversight.
28. Our comments are intended to assist in ensuring that the proposed amendments are clear, practical and capable of consistent implementation. In particular, SAICA recommends that greater clarity be provided in respect of new concepts such as “obliged entities”, the operation of the proposed reporting obligations, the practical implementation of compliance and enforcement provisions applicable to nonprofit organisations, and the calculation and application of administrative fines under the Companies Act. Greater legislative certainty, together with appropriate guidance and proportionate enforcement measures, will assist regulated entities in understanding and complying with their obligations while promoting consistency and procedural fairness.
29. SAICA trusts that these comments will assist in strengthening the Bill and remains available to engage further with National Treasury and other stakeholders during the legislative process and implementation of the proposed amendments.