



Media Statement

The CIPC issues notice on the extension of filing periods

By Juanita Steenekamp, SAICA Project Director: Governance & Non-IFRS

Johannesburg, 15 July 2020 – The Companies and Intellectual Property Commission (CIPC) clarified in a notice published on 13 July 2020 (Notice No. 34 of 2020) that the extension of filing periods will continue to be in place with regards to the filing of the compliance checklists, preparation of annual financial statements within 6 months, filing of latest available sets of annual financial statements via iXBRL, and filing of accountability supplements until two weeks after the national lockdown is lifted, or until otherwise communicated by the CIPC. The submission of the annual returns has seemingly not been extended, writes Juanita Steenekamp, SAICA Project Director: Governance & Non-IFRS. Companies are still required to comply with section 33 to file their annual returns together with their latest set of annual financial statements.

In light of the COVID-19 pandemic and the declaration of a national state of disaster, the CIPC initially extended the submission of annual returns due between 25 March and 15 April 2020, to 30 April 2020, as set out in Notice 18 of 2020. The CIPC then issued Notice No. 21 of 2020, published on 15 April 2020, extending the filing of annual returns, compliance checklists and the preparation of annual financial statements until two weeks after the national lockdown ceases or as otherwise communicated by the CIPC. As the lockdown has not ceased since the publication of Notice No. 21 of 2020, but rather various Alert Levels have been introduced, SAICA requested clarity on when the CIPC would expect the submission of the required information. South Africa was in lockdown Alert Level 5 from 26 March to 30 April, Alert Level 4 from 1 to 31 May and we are currently in Alert Level 3 from 1 June 2020.

The extensions and the clarification assist auditors and accountants that have been experiencing difficulties in meeting the deadlines due to the COVID-19 pandemic as they could not access clients' premises or collect all the relevant information.

Auditors, accountants and company secretaries need to take note of the requirements and ensure that, once the declaration of the national state of disaster has been lifted, annual financial statements need to be prepared and audited annual financial statements or financial accountability supplements need to be actioned and submitted. Compliance checklists would also need to be filed. This would include companies and close corporations with a year end of 30 September 2019 that should have submitted their annual financial statements by 30 March 2020.

Temporary insolvency and deregistration

The CIPC has also communicated that it will not invoke its powers under section 22 of the Companies Act, 2008, where a company is temporarily insolvent and the CIPC believes the insolvency is due to business conditions which were caused by the COVID-19 pandemic. The notice, Notice No. 17 of 2020, dated 24 March 2020 shall lapse 60 days after the declaration of the state of national disaster has been lifted.

For purposes of deregistration, the CIPC will not take any action to place companies and close corporations into deregistration for non-compliance with late submission of Annual Returns or finally deregister companies or close corporations that are currently in the deregistration process due to non-submission of Annual Returns.

The CIPC states that they will not issue any Compliance Notices, if the non-compliance can be attributed to COVID-19 constraints and limitations. The CIPC does however require companies to comply with section 33 of the Companies Act by submitting their annual returns on time and including their latest set of annual financial statements (which could be a previous year's statements) or financial accountability supplements. Annual returns filed late will result in penalties. The CIPC might also request proof that companies that file late have been affected by the pandemic.

SAICA urges the auditors, accountants and company secretaries not to leave the submissions until the lockdown has been lifted as that would create a further backlog and strain on the system, but to rather utilise the extension and submit the documents as soon as completed via the CIPC's online e-Services.

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