



BUSINESS NAMES

(BENEFICIAL OWNERSHIP)

REGULATIONS

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REGULATIONS, G.N No. 714, 2023

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Introduction



On 22 September 2023, the Minister for Investment, Industry and Trade issued the Business Names (Beneficial Ownership) Regulations, 2023, through Government Notice No. 714 of 2023 made pursuant to Cap 213 being the Business Names Registrations Act.

Beneficial Owner is defined as a natural person who holds or acquires a beneficial interest in the business and such interest is registered in his name, while an indirect B.O is a natural person who holds or acquires a beneficial interest in the business, but such interest is not registered in his name

Specialized Forms

Moreover, regulation 4(4) requires a registered partner who does not directly hold the beneficial interest in a partnership to file a declaration with the partnership through Form No. UM-2 disclosing the BO of the said partnership. Additionally the Regulations compel the BO who is not a registered partner to file a declaration to that effect to the partnership through Form No. UM-3. The Regulations also require registered partners, BO and managing partner(s) of the partnership to notify the Registrar of any change of B.O in a partnership business.



Specific Provisions



According to regulation 3 (1) of the regulations every managing partner is required to keep a register bearing the name(s) of all the beneficiary owners of the partnership. The managing partner is duty bound to submit to the registrar details of beneficiary owners by filling Form Number 1 in the first schedule to these regulations.

The details have to be filed with the registrar within 60 days from the date of commencement of these regulations for partnerships registered before the commencement of these regulations and 30 days for partnerships registered after these regulations have come into operation. A beneficial owner who is otherwise not a partner per the deed of partnership will notify the managing partner who will then have to disclose to the registrar.

Aims of the Regulations

The regulations are aimed at revealing the true identity of persons benefitting from partnerships even in cases where they are not expressly named as such in the deed of partnership. It has also been suggested that the regulations will go a long way in unmasking acts related to money laundering, corruption, financing of terrorism and dealing in illicit trade.

In consonance with the duty to disclose information, the Regulations enact restrictions to the managing partner and other partners in a partnership against disclosure and use of BO information. Regulation 7 restricts disclosure and use of BO information except when it is for communications with the respective BO, compliance with the requirement of the law, Court order or adherence to the instructions given by the BO himself.



Conclusion

Moreover, the Registrar is entrusted by the Regulations with a duty to maintain a confidential register of BOs that can only be disclosed to an approved person/authority.

The register will keep records of BOs of the business names that have been presented to the Registrar in accordance with the requirements of the Regulations.

As far as failure to comply with BO disclosure requirements is concerned, the Regulations provides a punishment of not less than TZS 1M and not exceeding TZS 5M. This signifies the seriousness of the omission to declare the existence of a beneficial owner.

REFERENCES

The Anti - Money Laundering Act, Cap 423, 2022

Business Names (Registration) Act Cap 213, R.E, 2002

Business Names (Beneficial Ownership) Regulations, G.N No. 714, 2023



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