



ULTIMATE BENEFICIAL OWNERSHIP (UBO) COMPLIANCE REQUIREMENTS IN TANZANIA

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1. Introduction:

Beneficial ownership has emerged as a key aspect of corporate governance and transparency worldwide, including in Tanzania. With regulatory bodies such as the Financial Action Task Force (FATF) and regional organizations like the Eastern and Southern Africa Money Laundering Group (ESAMLG) emphasizing its importance, understanding beneficial ownership and its implementation mechanisms becomes paramount. This article aims to clarify the concept of beneficial ownership, distinguish between direct and indirect shareholders, and explore the roles of regulatory bodies like BRELA in ensuring compliance with beneficial ownership regulations.

2. Understanding Ownership:

Beneficial ownership refers to the individuals (or natural persons) who ultimately own or control a legal entity, deriving substantial economic benefits from its assets or activities. While legal ownership may be held by nominee directors or shareholders, beneficial owners are the true beneficiaries behind the scenes. Identifying beneficial owners is crucial for combating financial crimes such as money laundering, corruption, and tax evasion, as they often operate behind complex ownership structures to conceal their identities and illicit activities.

3. Direct and Indirect Shareholders:

In the context of beneficial ownership, shareholders can be classified as either direct or indirect. Direct shareholders are individuals or entities listed on the company's share register as owning shares in their own name. In contrast, indirect shareholders are individuals or entities who ultimately control or benefit from the shares held by others.

4. Role of BRELA in Beneficial Ownership:

BRELA plays a key role in facilitating beneficial ownership disclosure and verification in Tanzania. It oversees the collection and maintenance of beneficial ownership information submitted by registered companies. BRELA ensures that companies comply with disclosure requirements, updates registers regularly, and provides access to this information to relevant authorities and stakeholders. Moreover, BRELA collaborates with other regulatory bodies and law enforcement agencies to detect and prevent illegal financial activities.

5. Identifying Beneficial Owners:

This process may require conducting thorough customer due diligence (CDD), examining corporate documents, and verifying information provided by companies. Regulatory bodies like BRELA play a crucial role in facilitating this identification process and ensuring the accuracy and reliability of disclosed information.

6. Verification of Beneficial Ownership Information:

The verification of beneficial ownership information involves multiple steps to ensure accuracy and compliance. Regulatory authorities conduct verification processes to authenticate the accuracy of disclosed information and identify any discrepancies or red flags. Collaborative efforts between regulatory bodies, law enforcement agencies, and financial institutions are essential to strengthen the verification process and enhance transparency.



7. UBO Compliance Requirements in Tanzania:

7.1. Threshold

Individuals or corporations holding ownership over 5% are required to be clearly declared as beneficial owners, which is a crucial part of BRELA's beneficial ownership system. This applies to Companies and Partnerships equally.

7.2. Submission of Beneficial Ownership

Beneficial Ownership Data are filed only once and subsequently whenever there is a change in beneficial ownership, it must be reported within a specified timeframe of 30 days after the change occurs. This streamlines the reporting process, minimizing administrative burdens on companies while enhancing the transparency and accuracy of corporate records.

7.3. Declaration of Ultimate Beneficial Ownership

To facilitate compliance with these reporting obligations, companies are often called upon to make declarations regarding beneficial ownership changes. This declaration can be made by designated individuals within the company, such as directors or company secretaries, who bear the responsibility of ensuring the accuracy and timeliness of the disclosed information.

7.4. Non-Compliances

Sanctions may be imposed for various reasons, including failure to declare changes in beneficial ownership, submitting incorrect declarations, or delays in reporting. Failure to make such declarations within the stipulated timeframe can have serious consequences such as penalties amounting to Tshs. 10,000,000/-

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