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# Stasos News Update Q1 - 2021

Stasos News Update is a quarterly information magazine meant to inform our customers about developments in legislation that affect their businesses. In this issue, we would like to cover how to start and run a business in Zimbabwe. We will therefore cover the following areas:

1. Changes that happened to company legislation
2. Re-registration of companies
3. Choosing a suitable form of business ownership
4. Private Limited Company (PLC) Registration Process
5. Private Business Corporation (PBC) Registration Process
6. Some common company registration forms
7. Change of Directors
8. Tax Clearance Registration
9. Value Added Tax (VAT) Registration
10. Company Bank Account Opening
11. Procurement Regulation Authority of Zimbabwe (PRAZ)
12. Vendor Number
13. Replacing Lost Company Documents
14. Business Licence
15. Import Licence
16. National Social Security Authority (NSSA) Registration
17. Annual Returns
18. Branding your company
19. Accounting Records
20. Company Registration Consultants
21. Price List

## 1. Changes that happened to legislation

The old companies Act (Chapter 24:03) was repealed and replaced by Companies and Other Business Entities Act (Chapter 24:31). The new Act was passed end of 2019 and became effective on 17 February 2020. The new Act made several changes to common company forms. We will talk brief on selected company forms that have changed names under item number 5 below.

This is important for our clients to know, because some stakeholders such as banks still ask for old forms which are no longer called by their previous descriptions under the new Act. For example, the old Form CR14 was well known and it used to contain directors' information. That same form with directors' details is now called the Form CR6. Whilst the old CR6 used to contain the company address, that same information is now found under Form Cr5.

## 2. Re-registration of Companies

The new Act (Section 303) requires that all companies that were registered under the old Act be re-registered by submitting, among other things, the Memorandum and Articles of Association. Companies have 12 months to comply. However, the regulations that operationalise the Act have repealed the 10th Schedule of the new Act. The 10th schedule was supposed to be the instrument to be used to effect the re-registration.

So for now, the re-registration requirement is shelved until the Registrar has issued new instructions in that regard. Take note that section 303 of the Act is still valid. My advice is that all our customers check with us on this matter as the year progresses.



# **COMPANY REGISTRATION TAX CLEARANCE**



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### 3. Choosing a suitable form of business ownership

There are several business formations provided for in the Companies and Other Business Entities Act (Chapter 24:31). However, only two are most common, namely the private limited company (PLC) and the private business corporation (PBC). The new Act has narrowed the differences between these two forms in that both are now required to submit annual returns and to carry out Annual General Meetings. Having said that, there are still some differences between the two. Whilst the PLC has extensive paperwork, the PBC is simple. Both forms of business have a Certificate of Incorporation showing name of company, company registration number and date of incorporation. Thanks to the new Act, the PBC now has a Certificate of Incorporation in addition to the Statement of Incorporation. The old PBC only used to have a Statement of Incorporation only. The PLC, in addition to the Certificate of Incorporation, has Form CR5, Form CR6, Memorandum of Association and Articles of Association. We will discuss more on the Form CR5 and Form CR6 under item 6 below. Whilst a single shareholder can own both company forms, only an institution such as another company or a Trust can own a PLC

Shareholders for a PBC are strictly natural persons. As for the PLC, the directors must be at least two. Remember, directors are like the management of the company, and they can be replaced by the shareholders if need be. Most people who choose a PBC want to own and manage their businesses as single persons. That is, they want overall control from ownership to management. Another difference between the PLC and the PBC is on the objects of the company. The PLC can handle so many objects from different industry categories. With a PLC, even where the object was not initially registered, this does not preclude the company from doing that business if a need arises in the future. In contrast, the PBC is only allowed to carry out business as stated in its object clause at registration. A PBC by its nature is limited to business in a single industry. In terms of registration, a PBC is cheaper than a PLC (about USD40 cheaper on the Stasos price list). Both businesses can be transformed into the other form. For example, one can change their PBC to become a PLC and can change a PLC to a PBC. In terms of business, both PLC and PBC can register for tax clearance with Zimbabwe Revenue Authority (ZIMRA). Both can be registered under Procurement Regulation Authority of Zimbabwe (PRAZ) and both can obtain a vendor number.



# The StaSOS Group



For medium and large businesses, the PLC is the standard business form. For prestige and perception purpose, most customers want to register a PLC rather than a PBC. The reason is when most stakeholders talk about company papers, they refer to CR Forms that are only found under PLC. Most stakeholders are ignorant of the existence of the PBC.

It requires the owner to explain first, which most people do not like. Our recommendation is for the clients to plan their move carefully from the beginning and choose a suitable business form taking into account all factors mentioned above. Our experience shows that 99% of our customers go for the PLC whilst the remaining 1% register PBCs.



## 4. Private Limited Company (PLC) Registration Process

The following information is required by our office in order to register a PLC for a client:

- a) Suggested name of the company
- b) State main business lines for you company
- c) Full names, ID numbers, physical addresses, email address and % shareholding of shareholders / directors.

Your suggested company name must be unique and not general. The reason is that most general names are already taken. Whilst most clients want to drive their company names from their personal names, we recommend against that as this limits their creativity in coming up with a good name. A good name must be easy for customers to pronounce and remember. A good name is easy to brand. Examples of good names are Facebook, Google, Amazon and Apple.

They have something in common, double vowels. They also have between five and eight letters. Once you have your preferred name, check if it may have certain meanings on the internet before you conclude. Stasos procedure is to reserve your preferred company name first before any payments are done. You can also insert prefixes or suffixes to your preferred name in order to make it unique.

Your main business is important as it allows us to place relevant objects of your company at the top of the objects clause. In addition, it allows for putting suitable extensions to the name, such as, Investments, Enterprises, Corporation, and Incorporation and so on. Full shareholder and directors details are required to be included in the company papers. Take note that you need an email address to be included in the company documents for purposes of communication, for example when you decide to apply for an import licence, communication will be sent to this email address.

## 5. Private Business Corporation (PBC) Registration Process

The registration process for a PBC is same as for the PLC



## 6. Some common company registration forms

In this section, let us look at some common CR Forms used by the Registrar of Companies.

Old Form Name	New Form Name	Purpose of Form
CR14	CR6	Contains directors & secretary's details – Full names, ID numbers, addresses, Citizenship, dates of appointment . When banks ask for CR14, give them CR6
CR6	CR5	Address and email for the company . Where banks ask for CR6, give them CR5.
CR2	CR11	Return of allotments– some banks ask for CR2 when in fact they want CR11
CR11	CR8	Special Resolution
	CR14	This form is used if directors want to close their company
	CR16	If after the formation of the company any shareholder of a private company becomes the nominee shareholder of a beneficial owner who holds more than 20% of the shares of that company, such nominee shareholder shall disclose the Registrar in Form CR16.

## 7. Change of Directors

After company has been formed, there may be need to add, remove or replace some directors. This is done by lodging form CR6 with the Registrar.





PLC REGISTRATION



TAX CLEARANCE

US\$230

PBC REGISTRATION



TAX CLEARANCE

US\$190

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## 8. Tax Clearance Registration

Every company must be registered with ZIMRA within 30 days of commencing business. The following documents are required for registering a company with ZIMRA and to apply for a tax clearance:

- a) Company documents (Certificate of Incorporation, CR5, CR6, Articles and Memorandum OR their equivalents in a PBC). Scan the original company documents, not photocopies.
- b) Copy IDs of at least two directors, one of the directors must be ordinarily resident in Zimbabwe.
- c) Proof of residence for the directors in the form of utility bill. If documents are not in their name, a supporting affidavit is required.
- d) Letter appointing public officer. A public officer must be a signatory to the company bank account, and this must be stated in the letter. Ideally, choose one of the directors as a public officer
- e) Personal bank statement of the public officer. This must be stamped by the bank. The statement must be less than 3 pages.
- f) Company bank statement. This must be stamped.

## 9. Value Added Tax (VAT) Registration

Registration for VAT can be compulsory or voluntary. The threshold for VAT compulsory registration is ZWD1 million and this threshold changes from time to time.



## 10. Company Bank Account Opening

The following documents are normally requested by local banks when applying for a company bank account:

- a) Complete application form obtained from the bank.
- b) Company documents (Certificate of Incorporation, CR5, CR6, Articles and Memorandum OR their equivalents in a PBC). Take with you copies of these documents.
- c) Certified Copy IDs of the directors. Most banks want copies to be certified by ZRP or lawyers. Avoid common Commissioners of Oaths.
- d) Proof of residence for the directors in the form of utility bill. If documents are not in their name, a supporting affidavit is required.
- e) Resolution of the board of directors authorising opening of the bank account. Do your resolution on letterhead.
- f) Summary company profile – include shareholder and director details as well as shareholding structure.
- g) Financial Statements projections for one year – income statement.

Skrill



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1998 02/26  
NAME

## 11. Procurement Regulation Authority of Zimbabwe (PRAZ)

The following information is required:

- a) Certificate of Incorporation
- b) CR 6
- c) CR 5
- d) Memorandum and Articles of Association
- e) Company Profile
- f) Contact Email and Telephone number
- g) Name of contact person and phone number

You are required to register with PRAZ if you intend to supply to government departments, ministries, parastatals and local authorities.

## 12 VENDOR NUMBER

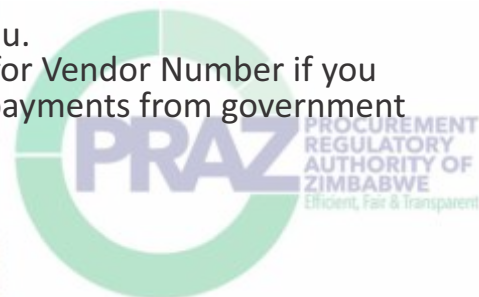
### 1. Application Letter

The following information must be included in the application letter: -

- a) Registered name of company
- b) Physical address of company
- c) Postal address of company
- d) Name of company's bank, branch and account number
- e) Contact person from the company
- f) Position of the contact person in the company

**The following documents and originals of the same must support the application letter: -**

- (a) A certified copy of the company's Certificate of Incorporation
- (b) A certified copy of the company's current Form CR6 (All pages)
- (c) ZIMRA tax clearance certificate
- (d) Certified copies of National Identity/Passports/Driver Licence for all the directors on the company's current Form Cr6
- (e) An original or certified copy of bank statement for the company.
- (f) Proof of residence of two directors on CR6 in the form of water / electricity bill/Prepaid ZESA receipts in their names only; otherwise support with affidavit.
- (g) Bring all original documents of the certified documents with you. You must register for Vendor Number if you intend to receive payments from government








## PRAZ REGISTRATION



**US\$200**

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## VENDOR NUMBER REGISTRATION

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## 13. Replacing Lost Company Documents

Company documents must be kept in a safe place all the time. In the case that they are defaced or lost, an application can be made to the Registrar to replace them. This comes with a cost.

## 14. Business Licence

Some local authorities require business owners to obtain licences before they start operating in their jurisdictions.

# 15. Import Licence

## Import Licence Application Requirements

- a) Cr6
- b) Tax clearance
- c) Certificate of incorporation
- d) Receipt for Standard Development Fund Levy
- e) For imports – Proforma Invoice from the source
- f) Declaration Letter of appointing representative

## The following information must be submitted together with the documents

- a) Product Description
- b) Quantity of Product
- c) Country of origin/ Destination country of product
- d) Intended use (reason for importing or exporting the product)
- e) Purchase price per unit of the product
- f) Total value of the consignment
- g) Selling price of the product



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**IMPORT LICENCE APPLICATION**

**US\$100**

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## **16. National Social Security Authority (NSSA) Registration**

NSSA Registration to the schemes is compulsory. All employers must register within 30 days of becoming an employer.



## **17. Annual Returns**

Companies must lodge annual returns with the Registrar of Companies.

# 18. **BRANDING YOUR** *Company*

Branding is not a legal requirement. However, branding is a necessary business decision. Your customers will identify with a well branded company. Endeavour to do the following minimum branding activities for your business:

- a) Logo
- b) Company profile
- c) Letterhead
- d) Business cards
- e) Receipt book
- f) Invoice book
- g) Delivery Note book

## COMPANY PROFILE



Ethanol

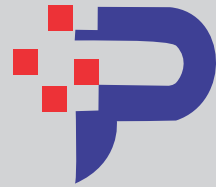


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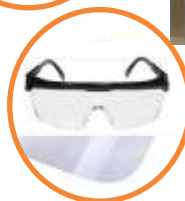
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## 19. Accounting Records

Keeping accounting records is very crucial for your business. Develop a habit of recording all your business transactions and try to separate personal transactions from business transactions.

## 20. Company registration consultants

By now, you must have realised the importance of having an experienced and qualified consultant to handle your company registration business. Avoid fly by-night people who claim to do this important process for you. The Companies and Other Business entities Act (Chapter 24:31) prescribes the qualifications of people who can act as consultants. Section 292 (2) as follows:

- a) Legal Practitioner
- b) Chartered Accountant
- c) Registered Public Accountant Or
- d) Chartered Secretary (CIS)


Ensure that your consultant is a member of one of these professional organisations before you engage them for company registration business. Stasos is your trusted Business Consultants and is registered with the Registrar of Companies as a Consultant.



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## Price List

Stasos Package	Description	Sub-total	USD
		USD	Total
			USD
<b>Basic Package</b>	Private Limited Company Registration	130	<b>130</b>
<b>Silver Package</b>	Private Limited Company Registration	130	
	Tax Clearance	100	<b>230</b>
<b>Gold</b>	Private Limited Company Registration	130	
	Tax Clearance	100	
	PRAZ	200	<b>430</b>
<b>Diamond</b>	Private Limited Company Registration	130	
	Tax Clearance	100	
	PRAZ	200	
	Vendor Number	200	<b>630</b>
<b>Platinum Package</b>	Private Limited Company Registration	130	
	Tax Clearance	100	
	PRAZ	200	
	Vendor Number	200	
	Company Profile	50	
	Logo	50	
	Letterhead	10	
	Quotation Book	30	
	Invoice Book	30	
	Delivery Note Book	30	
	Receipt Book	30	<b>860</b>
<b>Media Package</b>	Private Limited Company Registration	130	
	Tax Clearance	100	
	PRAZ	200	
	Vendor Number	200	
	Company Profile	50	
	Logo	50	
	Letterhead	10	
	Quotation Book	30	
	Invoice Book	30	
	Delivery Note Book	30	
	Receipt Book	30	
	Facebook Page Design	25	
	Twitter Page Design	25	
	Instagram Page Design	25	
	Basic Website	200	<b>1 135</b>
<b>PBC</b>	PBC Registration	90	<b>90</b>
<b>Trust</b>	Trust Registration	250	<b>250</b>

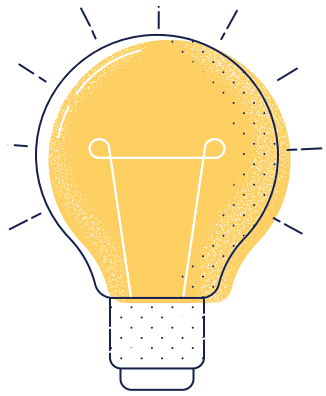
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"Talent wins games, but teamwork and intelligence win championships."  
- Michael Jordan



