

A simple guide on how to register a business in South Africa

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Market research. Business plan. Financing plan. Location. Business name. If you've ticked all of these boxes, the next natural step you'll need to take during your entrepreneurial journey is to register your business.

What are the benefits of registering your business?

Regardless of the size of your venture, there are several benefits of getting your business registered and becoming part of the formal small medium size enterprise (SME) sector.

Unregistered businesses, which form part of the informal sector, are not recognised as legal entities and are therefore not protected under labour legislation. These businesses cannot benefit from tax incentives, receive state funding or apply for a business loan. Registering a business may also open doors in terms of helping you build your professional network and foster a sense of credibility with potential suppliers, customers and business partners.



Ben Biernan

Types of companies that can be registered

The Companies Act provides for two main categories of companies – non-profit and profit companies. Other company types include personal liability companies (where directors are jointly liable for any debts and liabilities that arise during their period of office), public companies (where the company offers shares to the public), and private companies (where the company is a separate legal entity from owners) among others.

How to register

All South African businesses can be registered with the Companies and Intellectual Property Commission (CIPC) via its e-portal or by using the [Bizportal.gov.za](https://bizportal.gov.za) platform which was created by the CIPC to provide for company registration and other related services.

What you'll need

Some of the information the system requires to complete the registration process includes the names and personal details of all company directors, the business' physical address, as well as your financial year end. The system will also require you to submit copies of your ID or passport.

The process

As part of the process, you may also choose to reserve a name for your business, which can take between seven and 21 working days depending on the number of applications that are sitting with the registrar at the time. If you choose not to register a name, you will be issued with a unique serial number.

Once this process has been finalised, the CIPC will issue you with a disclosure certificate (listing and confirming all submitted details), as well as MOI (Memorandum of Incorporation) documents which provide an outline of how the affairs of the company will be regulated by South African legislation, as well as the rights and responsibilities of shareholders and directors.

The costs involved

The CIPC charges R125 for the registration of a company and a fee of R50 for reserving a name using the online system (R75 for manual application). Therefore, at a minimum, the amount you will need to pay to register your business is R175.

What's next?

Once you have completed your business registration, it is recommended that you also register the business with SARS and obtain an income tax reference number. Small businesses with a turnover of R1m or less per annum qualify for turnover tax – a system that reduces the tax burden placed on small businesses and has made the process of paying tax significantly simpler and easier to comply with. There is no turnover tax on turnover below R335 000.

To DIY or not to DIY?

You can do the entire process yourself, but there are also several service providers and banks that offer package deals, including other value-added services such as basic bookkeeping, tax return submissions, CIPC annual returns and the issuing of share certificates.

Although these packages will cost you more than taking the DIY approach, it may be useful to outsource the process if you're a first-time entrepreneur or you are unfamiliar with what is required in terms of compliance and best practice.

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