



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

ILLICIT FINANCIAL FLOWS

**MEETING OF THE STANDING COMMITTEE ON FINANCE AND
PORTFOLIO COMMITTEES ON TRADE AND INDUSTRY, MINERAL
RESOURCES AND POLICE**

30 August 2017

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Purpose

The purpose of the presentation is to give a response at meeting of the Standing Committee on Finance and Portfolio Committees on Trade and Industry, on Mineral Resources and on Police.

Background

- **the dti** (CCRD) regulatory framework covers the following areas
 - Commercial law and policy
 - Intellectual law and policy
 - Liquor law and policy
 - Gambling law and policy
 - Consumer law and policy
 - Credit law and policy
 - Lotteries

Discussion

- **the dti** (CCRD) administers the Policy and Legislation issues pertaining to the Companies Act.
- Issues regarding Base Erosion and Profit Shifting can be addressed by modifying the policy issues pertaining the corporate governance in the Companies Act.

Discussion

- **the dti** administers the Financial Reporting Standards Council (FRSC) which is responsible for setting accounting and audit standards.
- Accounting records of companies have to be prepared in accordance with the International Financial Reporting Standards (IFRS).
- An Auditor who conducts an audit of a company has an obligation in terms of the Auditors professions Act to report to the Independent Regulatory Board of Auditors (IRBA) and the Companies and Intellectual Property Commission (CIPC).

Discussion

- **the dti** is initiating the process of amending the Companies Act.
- Companies Act is to be modified in the area of disclosure of remuneration in that shareholders have to vote on the Directors remuneration policy.
- Companies Act is going to be modified to include the obligation to disclose beneficial owners of shares when filing annual returns. This was formulated in liaison with the suggestion from Financial Intelligence Centre (FIC).

CIPC Cases

REPORTABLE IRREGULARITIES 2017/8

	MAY	JUNE	JULY
Opening Balance	191	89	95
Cases Received	7	13	15
Closed Cases	109	7	13
Closing Balance	89	95	97

CIPC Cases

Type of Corporate Entities'

	MAY	JUNE	JULY
(PTY) LTD	88	5	12
INC	3		
LTD	11	1	1
NPC	4		
CC	5	1	
OTHER	1		
TOTAL	109	7	13

CIPC Cases

INDEPENDENT REVIEW
REGULATION 29

	MAY	JUNE	JULY
Opening Balance	45	46	49
Allocated	9	12	7
Liability Exceeds Assets	7	3	1
Financial Assistance		5	2
VAT Tax Return Not Declared To SARS	1		1
Other		1	
Total Closed	8	9	4
Closing Balance	46	49	52

Discussion

Intellectual law and policy

the dti also administers policies relating to combating of counterfeit goods. This includes combating of financing syndicates. Proceeds are associated with money laundering, drugs and financing syndicates.

the dti also liaises with border management agencies when it comes preventing the inflow of counterfeit goods.

Gambling law and policy

the dti also maintains that online gambling in any form is illegal. This include any operating activities, payouts and proceeds thereof.

There is currently no Inspectorate in Cyber law. DOC has no infrastructure in place.

Discussion

The SARB needs to notify banks when money is proceeds of illegal activities. **the dti** also work with FICA to do same. Unlawful winnings are also declared and forfeited to the state. Banks themselves should suspect certain accounts whose transactions go beyond a certain limit.

the dti also liaises with the committee on bribery and anticorruption in the Organization on Economic Co-operation and Development (OECD).

Discussion

Parliament asked a question in the previous meeting about Trade Agreement that **the dti** has. The Trade Agreements are the following:

1. South African Custom Union (SACU)
2. South African Development Community (SADC)
3. Trade Development Cooperation (TDCA)
4. EFTA-SACU Free Trade
5. Partnership between SADC and EPA
6. SACU Southern Common Market
7. Zimbabwe South Africa Bilateral
8. Generalized System of preferences
9. Africa Growth opportunity Act (AGOA)
10. Trade and Investment Cooperation Agreement
11. Trade and Investment Framework Agreement



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THANK YOU