
THE FUTURE OF CLOSE CORPORATIONS

Under the Act, smaller businesses will no longer automatically be subject to strict financial reporting and auditing requirements. This allows companies with characteristics very similar to those of close corporations to be formed. In effect, it means there will be no further need for close corporations.

Once the Companies Act, 2008 comes into operation, it will not be possible to register any new close corporations, nor may companies be converted into close corporations.

Existing close corporations will be treated as follows:

- They will exist indefinitely.
- They will be treated as private companies, and the Close Corporations Act will be brought into line with legislation on private companies.