



Guide on the DSD de-registration campaign for NPOs

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1. Glossary

AG	Auditor General
AML/CFT	Anti-Money Laundering/Counter-Terrorist Financing
CIBA	Chartered Institute for Business Accountants, formerly known as the Southern African Institute for Business Accountants
DSD	Department of Social Development, previously called the Department of Welfare
FATF	Financial Action Task Force
NPO	Non-profit Organisation
NPO Act	Nonprofit Organisations Act, Act 71 of 1997
SAIBA	Southern African Institute for Business Accountants (The name was officially changed to Chartered Institute for Business Accountants)

2. The Legislative Framework of NPOs

Non-Profit Organisations are governed by the Nonprofit Organisations Act, Act 71 of 1997 (NPO Act). The NPO Act includes detailed requirements on record keeping and reporting responsibilities.

The General Laws Amendment Act was promulgated at the beginning of January 2023, bringing in some amendments to the NPO Act, including requirements in section 12 for certain NPOs to register with the Department of Social Development (DSD).

3. The mandate of the Department of Social Development

The DSD in South Africa is mandated to monitor and supervise NPOs under the NPO Act. The department is responsible for ensuring that NPOs comply with the law and deregistering those who are not compliant.

In 2022 out of the 256,212 registered NPOs, over 58% were found to be non-compliant. The vast majority of these NPOs are voluntary associations. Most registered NPOs are in Gauteng and Western Cape, with the highest number of non-compliant NPOs falling in the social services and the development and housing sectors.

4. Reporting requirements for registered NPOs

According to par. 18(1) of the NPO Act, Act No. 71, 1997, every registered NPO must, within nine months after the end of its financial year in writing, provide the following:

- a narrative report of its activities in the prescribed manner,
- financial statements, which must include at least:
 - a statement of income and expenditure for that financial year; and
 - a balance sheet showing its assets, liabilities and financial position as at the end of that financial year.
- an accounting officer's report, as contemplated in par. 17(1) and (2), that state whether or not:
 - the financial statements of the organisation are consistent with its accounting records;
 - the accounting policies of the organisation are appropriate and have been appropriately applied in the preparation of the financial statements; and
 - the organisation has complied with the provisions of this Act and of its constitution which relate to financial matters.
- the names and physical, business, and residential addresses of its office-bearers within one month after any appointment or election of its office-bearers, even if their appointment or election did not result in any changes,
- a physical address in the Republic for the service of documents as contemplated in section 16(2),
- notice of any change of address,
- other information as may be prescribed,
- in instances where the NPO changed its constitution or name, it must send the NPO Directorate:
 - a copy of the resolution and a certificate signed by a duly authorised office-bearer confirming that the resolution complies with its constitutions and all relevant laws,
 - where the NPO has resolved to change its name, the original of its current certificate of registration.

5. The impact of NPO non-compliance

The DSD maintains a register of NPOs and requires them to submit financial and narrative reports to the department. Non-compliance by an NPO means that financial transactions are not disclosed or registered anywhere, having various adverse effects, namely:

- Undermines the rule of law and international standards, as the DSD cannot fulfil its monitoring responsibilities, undermining good governance practices and not complying with FATF standards.
- Undermines data integrity as unreachable and possibly non-operational NPOs are registered, which discourages funding.
- Poses a national security risk as NPOs active in terrorist financing remain on the register, fraud, money laundering and tax evasion.
- Leads to Auditor General (AG) findings as the DSD is not complying with the mandate to de-register non-compliant NPOs.

6. The phased-in approach in de-registration

DSD will embark on a phased-in approach to de-register non-compliant NPOs to minimise potential service disruptions. This will happen in three phases:

Phase	NPOs registered from	Effective from	Notes
Phase 1	1998 - 2012	1 April 2023	<ul style="list-style-type: none">NPOs that never submitted documents.NPOs that submitted some, but not all documents.
Phase 2	2013 - 2015	1 July 2023	<ul style="list-style-type: none">NPOs that submitted some documents, but some are still outstanding.
Phase 3	2016 - 2019	1 October 2023	<ul style="list-style-type: none">A mix of NPOs that never submitted documents and those that have submitted some.

7. What should NPOs do?

- 7.1. Registered NPOs should confirm that their reports are duly submitted and up to date.
- 7.2. When there are outstanding reports, NPOs may request an extension to submit reports and avoid de-registration.
- 7.3. Ensure that the email supplied to the DSD and other contact details are updated and correct. This is important as DSD will send out notices of non-compliance to those affected.
- 7.4. Dormant or non-operating NPOs may opt for voluntary deregistration. In this case, the assets of the NPO need to be handed over or donated to another NPO with similar objectives. This should be done in line with the requirements of the NPO Act. The receiving NPO needs to sign an acknowledgement when receiving the assets.
- 7.5. NPOs have recourse against the de-registration in line with Par. 22 of the NPO Act. The NPO may appeal the decision to the Minister of Social Development within 30 days of receiving notice of the deregistration. If the Minister upholds the decision, the NPO may further appeal to an **independent arbitration tribunal** within 30 days of receiving notification of the Minister's decision. If the tribunal upholds the deregistration, the NPO may seek legal recourse in a court of law.

8. Responsibilities of Provincial Departments

Provincial Departments play a vital part in ensuring that NPOs are informed and assisted in complying through the following initiatives:

- Identifying and mobilising non-compliant NPOs.
- Organising outreach campaigns and providing a list of provincial service centers.
- Assisting with uploading annual reports.
- Receiving and capturing information on the new NPO system.
- Processing reports and issuing a letter of good standing.
- Responding to NPOs to confirm that the submitted information was captured and the date of approval of the submission.
- Guiding NPOs on processes and providing forms such as the Voluntary De-registration form.

9. Responsibilities of the National DSD

The National DSD is responsible to:

- Send out notices of non-compliance and de-registration notices to relevant NPOs.
- Train officials working in provinces starting the second week of April and representatives from all local municipalities.
- Deploy coordinators responsible for allocated provinces.

10. Contact details

Reports can be submitted to: nporeports1@dsd.gov.za

Telephone (012) 312 7555

NPOs can also go to the nearest DSD office to check compliance status.

You can find more information on registering an NPO, updating details of office holders and more on the npo.gov.za website [here](#).

NPO forms can be downloaded [here](#).

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