

**COMPANY LAW**

**Types of companies registrable in Zimbabwe**

* Private Limited Company - A private limited company is the most common company structure for entrepreneurs in Zimbabwe. It is preferred the most because it offers limited liability to the shareholders. This means that if a company incurs any debt, the shareholders are not liable to pay off the debts using their personal assets.
* Private Business Corporation - A Private Business Company (PBC) has limited liability the same as a Private Limited Company. It can sue and be sued and is accepted by most institutions and organisations however it is not as popular as a Private Limited Company.

A PBC is liable for tax including income tax and value added tax (VAT) if it meets the minimum VAT threshold and can participate in government and private tenders just like a Private Limited Company.

* Cooperative

This type of company is not always ideal for investment purposes given the high number of members that are required amongst other relevant factors.

**Can you acquire an already registered Company?**

**Shelf Companies**

* Yes, instead of going through the process for registering a company outlined below, an investor can simply purchase an already existing company.
* One can acquire a company that has been registered already but is inactive (a Shelf Company).
* These companies are beneficial because there is no delay in the company becoming functional. Registration of a company from scratch can take a week or more
* There is need to change ownership details after acquiring it as well as the directors’ names.

**Purchasing a going concern**

* Investors can purchase already functioning companies. All they have to do is change shareholding details upon purchase of the company. This requires obtaining a share certificate. How this is done is detailed below.

**SHAREHOLDING**

**How to obtain shares in a company**

**Transfer of shares**

* An agreement to purchase shares is entered into between the seller and the investor. An instrument (document) of share transfer is then completed and delivered to the company for such shares to be transferred.
* The company then transfers the shares and enters the new shareholder in its records.

Nb: when an already existing company is sold, the shareholders of that company should sign share transfer forms in favor of the new shareholders. The new shareholders should obtain share certificates which is proof of their shareholding in the company. At the same time, the directors should resign and the investor should appoint new directors and file a new CR6 showing the changes.

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**Sale of shares agreement**

* It is an agreement whereby an existing shareholder sells their shares for an agreed price and this process includes:
* Stating the company whose issued shares are being sold
* Stating the parties to agreement
* Stating the number of shares being sold
* Stating the purchase price
* Timing of the transfer of shares, whether before or after full payment of the purchase price
* Return of allotment (CR11)
* CR2

**Who qualifies to be a shareholder in a Zimbabwean company?**

* Anybody can be a shareholder in a Zimbabwean company
* There is no requirement that foreign shareholders must partner with locals. The companies and other business entities Act [Chapter 24:31] only requires that one of the directors can ordinarily be resident in Zimbabwe.

**Other ways an investor can become a shareholder of a company?**

* By buying shares from the stock market.
* By buying shares from public companies which requires help of a blockage firm.

**What do you have to consider when acquiring shares?**

* Successful track records of the company
* Companies’ favourable revenue and profit forecasts
* Tips and advice from expert analysts

**Nominee shareholding**

* An investor can appoint a nominee to hold shares on their behalf, provided that those shares shall not be more than 20% of the shares in the company
* The Nominee shareholder therefore, is the owner in name only and it is his name that is entered in the register of the members.
* This relationship is governed by a nominee shareholder agreement which outlines the nominee’s duties.

**Why nominee shareholding is beneficial**

* It assists shareholders who are too busy to tend to their business daily and regulates what is done with their shares in their absence.
* It affords investors a level of secrecy because it is the name of the Nominee that will be entered on the company’s books and not that of the investor.

**DIRECTORSHIP**

The list of directors and secretaries used to be submitted to the Registrar of companies using in the required form (CR6).

**Who appoints directors?**

* Shareholders of a company appoints directors by way of voting on their election, for an indefinite term or as the Memorandum of Association stipulates.
* A director of a company can be Zimbabwean or a foreign national.

**Appointment or removal of a director**

* Decision must be done by a board of directors
* Special notice must be filled
* A receipt and copy of resolution to remove the director shall immediately be send to the concerned director
* A shareholder can also be a director of the same company.

**Virtual meetings of directors are permitted**

* Meetings of boards of directors held online are valid. Directors do not need to be in the same room for board resolutions to be passed.

