

Recent Developments in Cyprus Companies Law

Newsletter - Legal Practice

January 2019 / N-1-2019



A. Abolition of Capital Duty (ΚΑΠ 364/2018)

The Council of Ministers abolished the obligation to pay capital duty of 0.6% on the authorised share capital or any increase thereof. As a result, effective as of 18 December 2018, no capital duty shall arise (i) on the initial authorized capital at incorporation of a new company and (ii) on any subsequent increase of the authorized share capital.

B. Recent Amendments to the Cyprus Companies Law Cap. 113 (Law 149(I)/2018) – with an aim to modernise and streamline the filing and registration requirements and processes with the Registrar of Companies.

Introduction of Administrative Fines for late filings

The Registrar of Companies shall impose an administrative fine for late filing of the below notifications to the Registrar of Companies. The fine shall amount to €50 plus €1 for every day for which the default continues, such fine not to exceed the amount of €250 for each default - effective as of 18 December 2019:

- the notification in relation to the allotment of shares (Section 51).
- the notification in relation to a change of the registered address (Section 102).
- the notification in relation to a transfer of shares (Section 113A).
- the notification(s) in relation to the particulars contained in the company's register of directors and secretaries and any changes made thereto (Section 192).
- the notification(s) which must be made by an overseas company to the Registrar in relation to inter-alia, changes made to its directors and secretary, details of authorized representatives and the address of the overseas company's place of business within the Republic (Section 349).

The Registrar of Companies shall impose an administrative fine for late filing of the annual return. The fine shall amount to €50 plus €1 for every day for which the default continues within the first 6 months plus €2 for every day thereafter for which the default continues, such fine not to exceed the amount of €500 for each default (Section 120) - effective as of 18 December 2019.

Amendment relating to the appointment of a secretary

Section 171 of the Law has been amended to explicitly provide that every company shall have one secretary - effective as of 18 December 2018.

Amendments relating to the strike-off of a company

Members and Creditors protection

Section 327(5) - Any member or creditor of a company may object to the striking-off of a company within the period of 3 months from the relevant publication in the Gazette - effective as of 18 December 2018.

Court Order to bring the company up to date upon re-instatement

Section 327(7) - The Court is given the power to order (i) that documents and returns be filed to the Registrar of Companies to bring the company's **filing requirements up to date**, (ii) that **all fees** due by the company are paid and (iii) that the Company pays **all costs** of the Registrar of Companies in relation to the restoration of the company - effective as of 18 December 2018.

New power to the Registrar to reinstate struck-off companies (new section 327A)

A member or director can apply to the Registrar of Companies to re-instate a company which was struck-off on the basis that it was not carrying on a business or did not pay the annual levy. The Registrar of Companies has the power to re-instate the company **without the involvement of the Court**.

Such application must be made within 24 months of the strike-off provided that

- the relevant company was carrying business at the time of strike-off,
- the company is brought up to date with its filing requirements,
- the company pays all fees, levies, penalties and fines due to the Registrar of Companies,
- the fee of reinstatement is paid and
- the Registrar of Companies has good reason to believe that the strike-off has caused a disadvantage to the applicant.

The Registrar of Companies will publish in the Gazette the date upon which section 327A shall become effective.

Particulars of overseas companies having a place of business within the Republic

Section 349 – requirement for additional information to be filed to the Registrar of Companies by overseas companies. Such information includes (i) changes to the names or addresses of the persons authorized to represent the overseas company and their place of business, in third party transactions, in Court and towards competent authorities; and (ii) changes to the address of the place of business of the overseas company - effective as of 18 December 2018.

Website publications (to replace Official Gazette)

Introduction of an "electronic official Gazette" (via the Registrar's website) which aims to replace publications in the Official Gazette of the Republic – (section 365A) effective as of 18 December 2018.

C. Recent amendments to the Cyprus Companies Regulations (ΚΑΠ 368/2018)

New modern and precise forms replace all statutory forms of the Registrar of Companies. The new forms will come into effect upon notification to be issued by the Registrar of Companies.

D. Filing of pledges over Cyprus shares

On the basis of an opinion issued by the General Attorney of the Republic of Cyprus, the Registrar of Companies no longer accepts applications for registration of share pledges. We expect that the Registrar of Companies will soon clarify that this applies only to pledges over Cyprus shares given that such pledges are exempted from the requirement for registration.

Way forward: How can the Legal Practice help you

Our team is ready to discuss the above developments with you in more detail and offer support in view of the above developments.



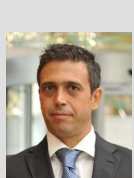
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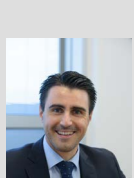
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