Recent Developments in Cyprus Companies Law

January 2019 / N-3/2019

A. Abolition of Capital Duty (ΚΔΠ 368/2018)

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 authorised capital at incorporation of a new company and (ii) on any subsequent increase of the authorised share capital.

B. Amendments to the Cyprus Companies Law Cap. 113 (Law 149/2018) – with aim to modernise and streamline the filings and registration processes with regard to the Registrar of Companies.

Introduction of Administrative Fines for late filings

The Registrar of Companies shall impose an administrative fine for the late filing of the following notifications which must be made by an overseas company to the Registrar in relation to matters arising in relation to the company’s place of business in Cyprus (Section 65):

- The notification in relation to the administrator(s) of the overseas company (Section 102).
- The notification in relation to changes in the administrator(s) (Section 102).
- The notification in relation to nominees (Section 192).
- The notification in relation to changes in the nominees (Section 192).
- The notification in relation to the particulars contained in the company’s register of directors and secretaries and any changes made thereto (Section 192).
- The notification in relation to a transfer of shares (Section 113A).
- The notification in relation to a change of the registered address (Section 102).
- The notification in relation to a change of the company’s name (Section 35).
- The notification in relation to the particulars contained in the company’s register of members and creditors and any changes made thereto (Section 365).

Any power to the Registrar in respect of insubstantial companies (now section 123A)

The Registrar of Companies is empowered to strike off the registration of an insubstantial company which is one that has not been carrying on a business or did not pay the annual levy. The Registrar of Companies in his discretion may strike off the registration of the company and any such strike-off shall be effective as of 18 December 2018.

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

(i) the striking-off application is submitted within 24 months of the strike-off and
(ii) the company is brought up to date with its filing requirements,
(iii) the company pays all fees, levies, penalties and fines due to the Registrar of Companies,
(iv) the fine of reinstatement is paid and
(v) that the Company pays any other costs incurred by the Registrar of Companies in relation to the restoration of the company - effective as of 18 December 2018.

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

Section 327(5) – Any member or creditor of a company may object to the striking-off of a company by filing an objection with the Court. The Court may order the Registrar to reinstate the company.

The 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 and (ii) that the company pays any costs and fees incurred.

Members and Creditors publications

Section 349 – requirement for additional information to be filed to the Registrar of Companies by the company shall be increased by €500 for each default - effective as of 18 December 2018.

Website publications (to replace Official Gazette)

Cap. 113 (Law 149(I)/2018) – with an aim to modernise and streamline the filings and registration processes with regard to the Registrar of Companies.

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

P. Duling of pledges over shares

On the basis of an application issued to the General Attorney of the Republic of Cyprus, the Registrar of Companies shall impose an administrative fine for the late filing of a notification in respect of any such event. It is expected that the Registrar of Companies will clarify that this applies only to pledge shares over Cyprus shares given that such pledges are not governed by the relevant legislation.

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 developments. Contact us for more information.

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