

# Legal update

AMENDMENTS TO THE COMPANY LAW CAP 113  
DECEMBER 2018

JANUARY 2019



**MICHAEL DAMIANOS & CO LLC**  
ADVOCATES & LEGAL CONSULTANTS

If you have any related questions/queries please do not hesitate to contact us.

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Michael Damianos & Co LLC is a Cyprus law firm, whose practice is highly international with a strong corporate, banking, energy and private client focus. Although a full service Cyprus law firm, its main areas of practice are international (and local) mergers and acquisitions, general corporate advice, insolvency/corporate recovery, capital markets, banking, energy, general commercial work, fiduciary services, real estate, and immigration to Cyprus for non-EU high-net-worth individuals.

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## AMENDMENTS TO THE COMPANY LAW CAP 113

- **INTRODUCTION**

The Cyprus Company Law Cap 113 (the "**Law**") has been amended so as to encourage the submission of information on companies to the Companies Registry within certain time limits, by introducing late filing penalties.

At the same time, incorporation of companies and injecting funds into existing companies is being encouraged by decreasing incorporation expenses and increase of share capital expenses, by removing the payment of capital duty on a company's share capital.

- **NO CAPITAL DUTY**

Under the new legislation, the 0.6% capital duty on a company's capital (both on incorporation and on increases of share capital), has been abolished which reduces the cost of doing business in Cyprus.

- **PENALTIES**

The Companies Registry will impose on a company that fails to submit the necessary filings within the relevant time limits prescribed by law the penalties provided below:

- a. allotment of new shares;
- b. change of registered office;
- c. transfer of shares; and
- d. change of the company's officers or their details,

a penalty of:

- €50; and
- an additional €1.00 for each day of continuation of the delay with a maximum of a total penalty of €250 for each delay.

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Further, the Companies Registry will impose on a company that fails to submit an annual return within the time limit prescribed by law a penalty of:

- €50;
- an additional charge of €1.00 for each day of continuation of the delay in the first 6 months; and
- a further financial charge of €2.00 for each day of continuation of the delay with a maximum total penalty of €500 for each delay.

## • STRIKE OFF OF A COMPANY ON REQUEST

A clarification has been added in the case of a company's deletion on request (i.e. what is commonly called a strike off), "that the company has fulfilled its obligations under the law" before being able to be struck off, including that:

1. it doesn't carry out any work or operations;
2. all its annual returns have been submitted;
3. all relevant fees regarding keeping the company on the register have been paid up to the date of submission of the request for strike off; and
4. all charges and/or default fines that had arisen and/or imposed, prior to the date of submission of the request for strike off, have been paid.