

Recent amendments to Companies Law Cap. 113



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A. INTRODUCTION

Within the framework of the modernization and reorganization of the Department of Registrar of Companies and Official Receiver (hereinafter the “**Registrar**”), on the 18th of December 2018, the Companies (Amending) (No. 3) Law of 2018 (ο περί Εταιρειών (Τροποποιητικός) (Αρ. 3) Νόμος του 2018) was published in the Official Gazette of the Republic of Cyprus. This amending law introduces both substantive and technical amendments to the Companies Law Cap. 113 (“**the Law**”).

B. SUMMARY OF THE MAIN AMENDMENTS

The following amendments have been implemented:

- The terms “Administrator” and “Charges Register” are added to the definitions section of the Law;
- On signing, a company’s Memorandum and Articles of Association must only be signed by each signatory in the presence of at least one witness who must certify that signature and stamp duty is no longer payable;
- On changing its name, a Cyprus company, must now give 15 (fifteen) days’ notice from the day of adoption of the relevant resolution to the Registrar;
- Following an application to the Council of Ministers, the word “limited” may now be omitted from a company’s name supplemented by a special resolution;
- Introduction of a deadline for the submission of any changes to the details of overseas companies: An overseas company has now the obligation to submit within 15 (fifteen) days to the Registrar a written report of any changes effected in its memorandum or articles of association, director(s), secretary or registered address, containing the particulars of such change.



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- Introduction of fines for late filings:

A new provision was implemented introducing the imposition of an administrative fine for late filing, applicable as from the 18th of December 2019, applying to the below mentioned notifications with the Registrar. This administrative fine shall amount to €50 plus €1 every day onwards counting from the day the deadline was exceeded and shall not exceed €250 for each default. The fine will be imposed on late filings of the below notifications:

- Notification in relation to the allotment of shares;

It is further clarified that, in the event that the approval of the court is required granting its relief in case of non-submission of the required documents for the allocation of share within the specified deadline, the above fine shall be imposed until the day of filing the requested relief from the court.

- Notification in relation to the change of the company's registered office;

- Notification in relation to the transfer of shares;

- Notification in relation to the change of the company's directors and or their details.

In the event of late filing of the company's annual return, the Registrar shall impose an administrative fine amounting to €50 plus €1 for every day onwards counting, up to 6 months from the day that the deadline was exceeded. Following the 6 months, the Registrar shall impose an extra fine of €2 for every day onwards counting. This fine however, will not exceed the amount of €500 for each default.

- Amendment to the appointment of a company's secretary:

Effective as of the 18th of December 2018, the Law explicitly states that Cyprus companies must have only one secretary appointed at any time. Consequently, a company (including a foreign company) may not have jointly appointed secretaries.

- Amendment to the procedure of registration for the allotment of shares payable in kind:

Private companies no longer have the obligation to deliver to the Registrar a contract for the registration for the allotment of shares which are fully or partly paid up in kind.

- Amendments relating to struck-off companies and their re-instatement:

Any person, who has suffered a loss or damages from the company's operations and activities prior to its dissolution, can now request for the company to be reinstated by applying to court. Prior to this amendment, only a company, or a member or a creditor could request for the reinstatement of the company.

If the court is satisfied that the company was carrying out operation at the time it was struck off, the court can order that the company is re-instated as it has never been struck off.

In light of the above, the court has the power to:

- Give such instructions and make such provisions as it considers fair to re-instate the company and all other persons to the same position as it has never been struck-off;



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- Order the submission to the Registrar of all documents required for the re-instatement of the company and updating of the company's file maintained by the Registrar;
- Order the payment of all fees due to the Registrar;
- Order the company to pay all registration expenses in relation to the re-instatement of the company.

A new Section 327A has been introduced which states that, notwithstanding the provisions of Section 327 of the Law, the Registrar may, following the application of the company's members and/or directors, re-instate a company without the court's involvement, provided that such company fulfils the following requirements:

- The application has been made within 24 (twenty four) months from the day of struck-off;
- The subject company was carrying out business at the time it was struck-off;
- The company is up to date with all its filing requirements in accordance with the Law (all relevant forms, reports, financial statements and documents have been delivered or attached to that application);
- All fees required have been paid or paid with this application (charges and/or default fines that had arisen);
- The administrative reinstatement fee has been paid;
- The Registrar has reasonable cause to believe that the deletion of the company has put the applicant in a disadvantaged position.

C. MAJOR LEGISLATIVE REFORMS THAT WILL ENTER INTO FORCE GRADUALLY

All the forms to be submitted to the Registrar will be re-designed to simplify the procedures of submission. This will be effected by the implementation of explanatory notes and checklists to make the forms more comprehensive and easy to read with the aim to reduce the error rate and further delays in the submission of such forms.

The Official Gazette of the Republic shall be replaced with an electronic newspaper called "electronic official Gazette" that will be maintained by the Registrar, which will allow the public to access and browse the published information electronically. This replacement aims to provide to the public faster and easier access to public and/or legal notices.



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D. OTHER AMENDING LAWS AND REGULATIONS TO BE READ TOGETHER WITH THE COMPANIES (AMENDING) (NO. 3) LAW OF 2018 (Ο ΠΕΡΙ ΕΤΑΙΡΕΙΩΝ (ΤΡΟΠΟΠΟΙΗΤΙΚΟΣ) (ΑΡ. 3) ΝΟΜΟΣ ΤΟΥ 2018)

It must also be stressed that one of the most important modifications that comes into force **immediately** is the abolition of the 0.6% capital duty. The Companies (Fees and Rights) (Amendment) Regulations of 2018 (Ο περί Εταιρειών (Τέλη και Δικαιώματα) (Τροποποιητικοί) Κανονισμοί του 2018) was also published on the 18th of December 2018 which brought material changes in relation to the share capital of a Cyprus company.

- **Abolition of Capital Duty on the initial authorized capital at incorporation:**
This new amendment abolished the capital duty (0.6%) payable on the nominal capital at the registration of the company. With this amendment the costs to register a Cyprus company are decreased which improves the competitiveness of Cyprus as an international business centre.
- **Abolition of Capital Duty on any subsequent increase of the authorized share capital:**
The capital duty of 0.6% payable on the difference after an increase in the share capital of a company is now abolished, aiming to contribute to the recovery of investments and further the development of businesses.

E. OTHER AMENDING LAWS AND REGULATIONS PUBLISHED ON THE 18TH OF DECEMBER 2018

- The Uniform and Hereditary Cooperatives and Commercial Names (Amendment) Law of 2018 (Ο περί Ομορρύθμων και Ετερορρύθμων Συνεταιρισμών και Εμπορικών Επωνυμιών (Τροποποιητικός) Νόμος του 2018);
- The Companies' (Amendment) Regulations of 2018 (Οι περί Εταιρειών (Τροποποιητικοί) Κανονισμοί του 2018);
- The Uniform and Hereditary Cooperatives and Trade Names (Amending) Regulations of 2018 (Οι περί Ομορρύθμων και Ετερορρύθμων Συνεταιρισμών και Εμπορικών Επωνυμιών (Τροποποιητικοί) Κανονισμοί του 2018);
- The Transfer of Registered Office of Companies within and outside the Republic (Amendment) Regulations of 2018 (Οι περί της Μεταφοράς Εγγεγραμμένου Γραφείου Εταιρειών εντός και εκτός της Δημοκρατίας (Τροποποιητικοί) Κανονισμοί του 2018);
- The European Public Limited Company (SE) (Amendment) Regulations of 2018 (Οι περί Ευρωπαϊκής Δημόσιας Εταιρείας Περιορισμένης Ευθύνης (SE) (Τροποποιητικοί) Κανονισμοί του 2018).

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