

ANNUAL RENEWAL FEE OF €350 ON EACH COMPANY

In line with other jurisdictions, Cyprus Registrar of Companies has introduced a fixed annual levy of €350 on each company registered in Cyprus by way of a renewal fee.

The levy is payable by 31 December 2011 in relation to this year and by 30 June in respect of each subsequent year. The registrar has introduced an application for paying the levy giving the details of the company, its registration number, the year the levy is paid, and the applicant's details.

Late payment of the levy will give rise to the following penalties:

- ❖ in case of up to a 2-month delay – a 10% penalty;
- ❖ in case of a delay between 2 and 5 months – a 30% penalty.
- ❖ It's clarified that companies are **NOT** obliged to pay the above levy on the first year of their registration and regards to such year. Thus companies registered in 2011 should not pay for 2011 and companies registered for 2012 should not pay for 2012 and so on.

If the levy is not paid within the prescribed period the Registrar of companies will remove the company from the registry. Removal from the registry will restrict the company from filing documents or requesting certificates from the Registrar office.

A company can be re-instated to the registry within a 2-year period from its removal by paying a fixed penalty of €500 (in addition to the outstanding amount of the levy). The penalty will be increased up to €750 where a company is re-instated after the 2-year period.

The levy is capped at €20.000 for Companies of the same group (as such term is defined in the Companies Law). A confirmation must be filed by the lawyer or auditor or director of one of the group companies to limit the levy to a maximum of 20,000 per group.

The above-mentioned levy will not apply to dormant companies. A Dormant company has been defined as follows:

- has no turnover/sales/income in the specific year. If the company has interest income, dividend income, commissions, rent and royalty income it is NOT considered as dormant and the levy is payable or
- has no assets or
- The only assets it has is immovable property located in the Turkish occupied area of Cyprus.



Furthermore, from 2012 onwards, for companies that are dormant up to 30/6, and cease to be dormant after 30/6 they have no obligation to pay the levy in the current year. However there is an obligation to pay the levy the following year. If the company satisfies the above conditions a confirmation must be filed with the registrar signed by one of the lawyer, auditor or director of the company.

Please take serious note of the above and inform our mutual clients accordingly.