



TALIADOROS AUDIT FIRM

CHARTERED CERTIFIED ACCOUNTANTS

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DISSOLVING A CYPRUS COMPANY

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Dissolving of a Cyprus Company

Methods

There are two main methods of dissolving a Cyprus Company.

The simplest method is the strike-off method under Section 327 of the Companies Law Cap.113.

Alternatively, a company is voluntarily dissolved through a Members' Voluntary Winding Up under Sections 268 to 274 of the Companies Law, Cap.113.

Strike-off method

This is a simplified method and is normally used for international business companies that ceased activities and do not intend to carry on business in the future.

The financial statements of the company must be prepared until the date the company ceased activities.

These financial statements must be filed with the relevant income tax return to the Cyprus tax office and after the tax office examines and agrees these and any tax liability settled a tax clearance certificate will be issued.

The directors of the company should call a meeting for deciding on the strike off and the Minutes of such meeting are submitted with the Registrar's Office in order to initiate the process of strike off.

A company which is struck-off remains at the Registry of the Companies Registrar for 20 years at a "struck-off" status.

Members' Voluntary Liquidation

This is a more formal method and is used only if there is a need for a liquidator to be formally appointed in order to distribute certain assets, primarily for tax reasons.

In order to proceed with the voluntary liquidation, the liquidator must confirm that the company is solvent.

A statutory declaration needs to be made by the directors declaring that the company is able to pay its debts.

The declaration of solvency must be sent to the Registrar of Companies within 5 weeks of passing of the resolution to wind up the company.

All the debts of the company must be settled within 12 months from the commencement of the winding up of the company. A tax clearance certificate will also be obtained.

The liquidator will call a general meeting of the shareholders and the final accounts are then presented at the meeting.

After the meeting a copy of the final accounts and the report of the final meeting will be sent to the Registrar of Companies by the liquidator not later than one week after the meeting.

The Registrar of Companies will issue a Certificate of Dissolution within 3 months from this date of filing and the company is deemed to be dissolved.

The procedure for a simple Members' Voluntary Liquidation costs €5.000 - €8.000 + VAT and takes approximately one year for the liquidation to be completed.

Main Differences

Above the differences of the 2 methods outlined above, another important difference that needs to be addressed with regards to the strike off method is that if any member or creditor of the company has reasonable grounds, may file an application to the Court within a period of twenty years from the strike-off announcement to the Government Gazette, so that such Company is reregistered in order for the member/creditor claims to be examined.

In the case where a company has been dissolved, with members voluntary liquidation, the Court may at any time within two years of the date of dissolution on an application being made for the purpose by the liquidator of the company or by any other person who appears to the Court to be interested, make an order, upon such terms as the Court thinks fit, declaring the dissolution to have been void.