

Cyprus Company Dissolution

There are two main methods of dissolving a Cyprus Company:

- The easiest method is the strike off under Section 327 of the Companies Law Cap.113
- The more formal method which is Members voluntary winding up under Sections 268 to 274 of the Cyprus Companies Law, Cap.113

The above methods are analysed below:

1. Strike-off procedure

Under the strike off procedure, it is worthwhile to mention that this method effectively puts the company on a shelf for **20 years** before it is finally considered 'dead'. During those years, any person who has a claim against the company (for example the tax authorities) may re-instate it and the directors remain liable.

It is important that *the affairs of the company are up to date, including tax returns*. Therefore, the audited *financial statements* along with the *income tax returns* of the Company must be brought up to date and be filed with the relevant authorities (Companies Registrar and Income Tax office).

For the strike off, we will require the following:

- an instruction from the company shareholder
- Board Resolution
- EGM resolution
- Letter to the Registrar
- Tax clearance certificate from the Income Tax Office

2. Liquidation (voluntary by the members)

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.

The documents related to the voluntary liquidation process are as follows:

- a. Audited financial statements and Income Tax returns as close as possible to the liquidation date. Tax clearance certificate is also required.
- b. The directors should prepare and sign a statement of solvency

- c. The directors must prepare a statement of the company's assets and liabilities as at the latest practicable date before the making of the declaration, showing values at the statement date amounts estimated to realize

Items **a** to **c** must be presented to the Registrar to the Court for stamping and signature by the Registrar and the relevant fees should be paid.

- d. The secretary of the company must prepare a special resolution of an extraordinary general meeting, resolving that the company be wound up voluntarily and appointing liquidator
- e. The secretary or the lawyers of the company then complete and file forms E43 (appointment of a liquidator) E41 (acceptance by the liquidator) with the Registrar of Companies.
- f. The liquidator must, within fourteen days after his appointment, publish in the Gazette and deliver to the Registrar of Companies for registration a notice of his appointment.
- g. The liquidator will make the necessary steps and liaise with the relevant authorities (Companies Registrar and Income Tax Office)

Under the liquidation process 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.

CONTACT

NZ Audit Limited will be at your disposal should you require an independent advice.

1, Agias Zonis & Thesallonikis
Nicolaou Pentadromos Centre
Block A | Office 908 F
3025 Limassol | Cyprus

T:+357 25 336844 | **T:** +357 25 250759 | **T:** +357 25 343421
E: vasilis@nzaudit.com | **E:** demetris@nzaudit.com | **W:** www.nzaudit.com

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