

Cyprus Companies: Obligation to file Annual Returns – penalties for non-compliance

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As per Companies Law, Cap. 113, all Cyprus companies are obliged to file an annual return with the Registrar of Companies and Intellectual Property. This is a particularly important statutory obligation, as outlined below.

Information contained in annual returns:

Annual returns include essential information about a company, including the registered office, director, secretary, share capital and shareholder particulars of the company, as at the date they are drawn up.

Timing of filing annual returns:

The first annual return ought to be drawn up within 18 months from the date of incorporation of a company and must then be filed with the Registrar of Companies and Intellectual Property within 28 days from the time it is drawn up. The date the return is drawn up on is the 'reference date'.

Every subsequent annual return ought to be drawn up within 12 months from the reference date of the previous annual return and must then be filed within 28 days from the reference date.

The 12-month deadline for drawing up an annual return may be extended by three months in case the Registrar of Companies and Intellectual Property is notified in relation to this before the reference date, however, the annual return reference date cannot extend beyond the last day of the calendar year.

Accompanying documents:

An annual return must be accompanied by any documents presented before any general meeting that took place after the reference date of the previous annual return, or from the date of incorporation, when it comes to the first annual return.

Failure to file annual returns:

Failure to file annual returns is a criminal offence and the company and every one of its officers can be imposed a fine of up to EUR 42, if they are found liable for the omission.

Notwithstanding any conviction as per the above, an administrative fine of up to EUR 8.543 can be imposed on a company in case of failure to file annual returns.

Failure to file annual returns can also potentially lead to the involuntary strike off and subsequent dissolution of a company by the Registrar of Companies.

According to Article 328 of the Cyprus Companies Law, Cap. 113, following the strike off and subsequent dissolution, any assets held by the company are considered bona vacantia and pass to the Republic of Cyprus, while the liability, if any, of the directors, officers and members of the company remains as if the company was never dissolved.

Late filing fees:

Up to 31/05/2021, there was a flat fee of EUR 20 in case of late filing of annual returns.

As of 01/06/2021, in addition to the EUR 20 late filing fee, more late filing fees are applicable as follows:

- EUR 50 - charged upon the first day of delay;
- EUR 1 – charged for every day of delay for the first six months;
- EUR 2 – charged thereafter with a cap at EUR 500.

A grace period until 31/12/2024, capping additional late filing fees to EUR 150 for annual returns with reference dates between 01/06/2021 and 31/12/2022, was introduced.

Below is a table with the maximum late filing penalties categorized by reference date:

	Category 1 - Annual return with reference date up to 31/05/2021	Category 2 - Annual return with reference date from 01/06/2021 up to 31/12/2022	Category 3 - Annual return with reference date from 01/01/2023 onwards
Maximum applicable penalty	EUR 20	EUR 170, if filed up to 31/12/2024. EUR 520, if filed after 31/12/2024	EUR 520

Conclusion:

It is evident from the above that the preparation and audit of financial statements and the filing of annual returns with the Registrar of Companies is necessary, not only for maintaining a company in good standing, but also to avoid withstanding criminal prosecution and incurring unnecessary expenses, inconvenience and loss of property.

In case you have any questions at all on this matter, please, do not hesitate to contact us.

Contact us



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