

The Company Law (Amending)(No 2) Law of 2011 (L117(I)/2011)

Under the provisions of the above law, which was published in the Official Gazette of the Republic of Cyprus on 31 August 2011, an annual levy of €350 is introduced for all Cyprus incorporated companies.

The levy is payable to the Registrar of Companies using a predetermined form. For the year 2011 the levy is payable by 31 December 2011. For each subsequent year the levy is payable by 30 June of that year. No levy is payable in the year of a company's incorporation and with regard to that year.

In case of a Group, ie a group of companies which comprises the holding company and its subsidiary or subsidiaries, the maximum levy is capped at €20.000 which is equally allocated to the companies concerned. In this respect a Director, Auditor or Lawyer of the Group must confirm the companies which form part of the Group. For this purpose the Registrar of Companies has issued specimen wording that can be used.

Companies which are dormant (ie do not have turnover for the relevant year) or do not have any assets, or if they possess such assets are located in areas not accessible due to the Turkish invasion, are exempted from the obligation to pay the fee. For this purpose, a Director, Auditor or Lawyer of the Company should confirm the exemption using a predetermined form.

If the levy is not paid within the prescribed period, a penalty of 10% is imposed if paid within a period of two months from the due date, increased to 30% if the levy is paid within a period of five months from the due date. If the levy is not paid within five months, the Registrar of Companies has the right to remove the company from the registry (something which is expected to restrict the company from filing documents or requesting certificates from the Registrar's office. The return of the company to the registry can be effected with the payment of a levy of €500, if such action is taken within two years from the date of removal of the company from the registry, increased to €750 if such action is taken after the lapse of two years.

Ernst & Young Cyprus Compliance & Reporting professionals would be glad to assist.

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