

Information Sheet No. 33

Liquidation of a Cyprus Company

Methods

There are two main methods of dissolving a Cyprus Company.

The easiest and cheapest method is the strike off method under Section 327 of the Companies Law Cap.113.

The second method is 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.

The 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.

All the directors of the company must sign a declaration of solvency (affidavit). This statement must be sworn before a notary public. The affidavit is a confirmation that the company has no assets or liabilities whatsoever, is no longer carrying on business, and does not intend to carry on business in the future.

The statement of affairs to be prepared must show that the company has sufficient funds to discharge its debts including the fees for the strike-off.

The procedure for the strike-off the Register costs €2,023 (i.e. €1.700 + 19% VAT) and normally takes approximately 12 months to be completed.

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 send 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.



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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 €4.165 (i.e. €3.500 + 19% VAT) and takes approximately one year for the liquidation to be completed.

Main Differences

The main differences between the two methods have been covered above i.e. the procedure, the costs and timing.

However, the most important difference that needs to be addressed with regards to the strike off method is that if a company or any member or creditor of the company feels aggrieved by the company having been struck off the register, the Court on an application made before the expiration of **twenty years** from the publication in the Gazette of the notice for the strike-off, if satisfied that the company was at the time of the striking off carrying on business, or in operation, that the company be restored to the register and the company shall be deemed to have continued in existence as if its name had not been struck off.

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.

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. P.G. Economides & Co Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.

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