



ANNUAL DUTY FOR COMPANIES (YEAR 2012)

Legal Background

On 31 August 2011 the government of the Republic of Cyprus has introduced certain amendments to the Companies Law (Companies Amending Law No.2 of 2011 – 117(I) of 2011) under which Cyprus Companies are required to pay an Annual duty of €350 to the Registrar of Companies. For groups of companies the maximum duty is €20.000.

Exemptions:

- The duty does not apply to companies during their year of registration/incorporation.
- If a company meets **1 of the following 3 conditions** then it does not have to pay duty:
 1. Dormant company: has been clarified as a company that does not have revenue during the particular year. Depending on the nature of activities of each company revenue may consist of receipts from sale of products, income from provision of services, dividends-royalties-interest-rent-commission income, etc. In case where a company is dormant during the first half of the year, then as at 30 June (due date for payment of duty during each year) the Company will be considered as dormant for the full year and no duty will be paid by the Company for that particular year. If during the period from 1 July to 31 December the Company commences activities then there will be an obligation to pay duty up to 30 June of the next year.
 2. Does not have any assets: the term asset includes any item that appears on the positive side of the Balance Sheet of the company (that is held to have positive economic value) at any amount (value).
 3. Holds assets located in an area that is not controlled by the Republic of Cyprus: this condition refers to assets located in Northern Cyprus (Turkish occupied part), which is not controlled by Cyprus Republic and does not refer to assets held overseas. So companies holding assets located overseas cannot be exempted from duty under this condition.

Penalties

Financial penalty of 10% is applicable if the duty is paid within 2 months from the due date and 30% if the duty is paid within 5 months from the due date. If the duty is not paid within five months, the Registrar of Companies will 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 within two years with the payment of a levy of €500 and thereafter with the payment of a levy of €750.

Due dates

The deadline date for the year 2012 is by 30 June 2012. By this date a Company must either pay the duty or provide a declaration signed by its Directors regarding its exemption status as described above.

Offcy Consultants Ltd will fulfil **(at no cost)** your Companies obligations in regards to the Annual Duty for year 2012 provided that you perform either of the following by **18 June 2012**:

- Transfer €350 to the following bank account so that we may pay the Annual Duty to the Registrar of Companies on your behalf:
OFFCY CONSULTANTS LTD
Marfin Popular Bank Public Company Ltd
Account Number: 070-11-020136
Makarios Avenue Branch (070)
Nicosia, Cyprus
IBAN: CY42 0030 0070 0000 0070 1102 0136
BIC: LIKICY2N
IT IS IMPORTANT THAT YOU STATE THE FOLLOWING DETAILS ON THE TRANSFER: ANNUAL DUTY 2012 FORLTD
- State at least 1 of the 3 exemptions as described above that is being satisfied by the Company during the year 2012