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STRIKING OFF COMPLIANCE COSTS

Cutting costs- strike off companies no longer required.



One of the legacies of the boom years has been an indulgence in complex corporate structures; some well intended at the time of need and others the result of poorly thought out strategies that never quite got implemented. Changed times have left these structures unwanted now in leaner and less profitable organisations and a clean up is wise now given the need to cut costs.

In light of the recent economic environment many businesses are now looking into every possible avenue for cash saving and cost cutting initiatives. The area of corporate compliance can also yield some savings. During the boom, many businesses set up companies to conduct certain business or carry out transactions, these transactions now may be historical but businesses can still incur the annual costs of compliance of these companies regardless of the fact they are no longer used or required.

Catherine Clarke, Corporate Compliance Manager with Russell Brennan Keane says "Not many are aware that, if a company has ceased trading or perhaps never traded before it can be voluntarily struck off the register of companies as part of a cost management initiative. By cleaning up your structures you may avoid compliance costs and this may be done by way of a formal request addressed to the Registrar of Companies".

When a company ceases trading it is a common misconception that it is no longer obliged to file any returns. However, this is not the case. The company is still in fact obliged to continue filing tax returns with Revenue and filing annual returns with the Companies Registration Office, unless of course the company has been de-registered. Failure to file timely returns can result in hefty fines up to €2000 and any late filing penalties will also apply.

"If the directors do not intend to trade through the company again, it is advisable to have it struck off the register. In striking your company off the Register of Companies, you will avoid the fees associated with the preparation and submission of the Annual Return and accounts, presently costing your company in the region of €700 per annum" says Catherine.

To have a company struck off, approval is required by the Revenue Commissioners who, issue a letter of no objection and a legal notice must then be inserted in the national media. Catherine continues "The process can be complex and time consuming for those not familiar with the compliance criteria and it is advisable to seek the advice of a professional when winding up".

If you would like to discuss in confidence any aspect of Corporate Compliance or the voluntary strike off process, please contact Catherine Clarke on Tel: 090 6480600 or 01 6440100 or by email on cclarke@rbk.ie, who would be happy to discuss in confidence.

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About RBK

Russell Brennan Keane is one of Irelands leading business advisory and accountancy firms. With 50 years experience providing professional advisory services to a range of clients in the mid to large corporate market in Ireland, from offices in Dublin, Athlone and Roscommon.

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