

CRO Figures Show Increase In Compliance, Strike-offs and Penalties

According to figures released by the Companies Registration Office (CRO) today, 18 July 2006, compliance figures have continued to increase over the last 4 years and have reached 84% for the year of 2005 rising from 79% in 2003 and 70% in 2002.

“We are very pleased to see compliance continuing to rise,” said Paul Farrell, Companies Registrar. “Our goal remains 100% of companies filing their annual returns on time and our policy of encouragement allied with a rigorous checking process is pushing us in the right direction.”

The introduction of the Integrated Enforcement Environment (IEE) has produced higher levels of late filing penalties and strikes offs in 2005 than 2004, highlighting the effectiveness of the new system at penalising those who fail to comply.

The late filing penalties decreased from €7.8m in 2003 to €18.2m in 2004 but rose once again in 2005 to €1.4m. The number of involuntary strike-offs has fluctuated from 14,836 in 2003 to 3,000 in 2004 with the figure multiplying in 2005 to 10,308.

“The improved position has continued through 2006,” explained the Registrar, “and the CRO expects that the target of over 87% of companies being up to date at the end of the year will be met. 65,223 companies filed an annual return by mid-year but some of those were for previous periods. 63,155 companies had a due-date for filing in the first half of 2006 and 54,310 of those filed during that period giving a figure of 86%.”

The figures illustrate that enforcement/penalisation of non-compliance is still necessary but, overall, the CRO’s continuous drive towards compliance and constructive cooperation is working. They are also another stark warning to companies that if they repeatedly fail to file annual returns on time, they are liable to be penalised heavily, or even struck off the register and dissolved.

The Registrar reminded company directors that on dissolution, any assets will vest in the Minister for Finance by operation of law, and the protection of limited liability is lost from the date of publication of strike off. In addition, application may be made to the High Court by the Director of Corporate Enforcement for an order pursuant to section 160 Companies Act 1990, as amended, disqualifying the company’s directors from acting as director or having any involvement in the management of any company, together with an Order for the legal costs incurred by the Director in bringing such an application and the costs incurred by him in investigating the matter.

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