

Strike Off Period To Be Reduced

The Companies Registration Office (CRO) today, 7th June 2006, announced that the period between a missed annual return and the commencement of the strike off procedures against out-of-date companies is to be reduced. The current period of over 400 days will, over four months, be reduced to 300 days.

“Our goal here is to encourage compliance rather than strike off more companies quickly,” explained the Registrar of Companies, Paul Farrell. “Of course, most companies are now filing on time and for them this is not an issue. For a minority of companies it is only the final strike off warning letter that seems to have an effect. We have examined what those companies do during the entire period between the missed annual return and the scheduled strike off date and most simply do nothing until the last possible moment, despite reminders.”

There will, for the time being, be no shortening of the strike off procedure itself which lasts approximately six months and includes sending to the company two reminders to file outstanding returns and avoid being struck off and dissolved, followed by a statutory strike off notice, followed by a public notice of intention to strike off the company.

“Having a gap over a year long between an un-filed annual return and the start of the procedure is serving no-one’s interest and is allowing non-compliant companies to operate too long,” stated the Registrar.

The most recent complete figures available indicate that 7,459 “16-week letters” were issued between 1/01/2005 and 30/06/2005. These are the letters that warn companies to file a return within 16 weeks failing which enforcement action will commence. (This is now an “8-week letter” as the warning period has since been reduced from 16 weeks to 8 weeks.) Of those, 4,144 companies were dissolved and 3,315 filed. Over 40% of those companies issued with a letter eventually met with this obligation under company law.

ENDS

Editor's Note

The Strike Off Procedure consists of the following six steps and lasts no less than 23 weeks.

400 days after a missed ARD (Annual Return Date) the strike off process automatically commences.

1. Starts with the 1st warning letter where the company is called upon to ensure return is filed within eight weeks, failing which enforcement action will commence.
2. If the company has still not filed return, a further and starker warning letter is issued stating on expiry of five weeks from the date of the letter the strike off process will commence unless return is filed.
3. At the end of the five weeks and where the return is still not filed, a strike off notice is issued. The company's status is changed from "normal" to "strike off listed".
4. Five weeks later a notice of intention to strike off is issued. This is published in CRO Gazette and Iris Oifigiuil.
5. One month later the company is struck off (company status changes to "struck off").
6. One week later the company is dissolved on publication in CRO Gazette and Iris Oifigiuil.

CRO has allowed over 400 days to elapse after a company's missed ARD before initiating the strike off process. This, allied to a period of six months from the start to the end of the strike off process proper, represented a generous period of time for companies to remedy their filing default.

It had become apparent that defaulting companies were failing to avail of the generous time limits within which to act, opting instead to wait until the very end of the strike off process before bringing their statutory filings up to date.

For this reason, the gap between the issuing of the first and second warning letters at the start of the strike off process was reduced in October 2005 from 16 to 8 weeks, in effect beginning the strike off process eight weeks nearer to the scheduled strike-off date than was the case previously.

The second part of this truncation process will see, over the next four months, a graduated reduction in the gap between a missed ARD and the start of the strike off process from its present level to 300 days.