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File Your Annual Returns On Time

When a business contemplates incorporation there are many factors to be considered. One of the key differences between operating as a sole trader and a company is the annual filing requirement of a company with the Companies Registration Office (CRO).

A company must file an annual return every year. In the case of a new company, the first annual return is due six months after the date that the company was incorporated. The next annual return is due one year later unless the annual return date is changed by the directors. For example, the first annual return of a company incorporated on 1 January 2009 is due on 1 July 2009 and the second annual return is due on 1 July 2010.

Abridged financial statements of the company must be attached to the annual return in most cases. The financial statements of a company may be audited or audit exempt.

Audit exemption

An exemption from audit is optional. It must be permitted by the Memorandum and Articles of Association of the Company. The company must also satisfy a number of conditions:

- ❑ Turnover of less than €7.3 million in a financial year
- ❑ Gross assets of less than €3.65 million
- ❑ Less than fifty employees in the financial year
- ❑ The company is not a parent company or subsidiary company
- ❑ The company is not a bank, insurer or company listed in the Second Schedule to Companies (Amendment) (No.2) Act 1999
- ❑ The company is a private limited company
- ❑ Annual returns of the company are up to date
- ❑ The annual return of the company for the current and preceding year were filed on time

A new company can avail of the exemption if it satisfies the above criteria in its first year of trade. An existing company must satisfy the conditions in the current financial year and preceding financial year. When the company ceases to

meet any of the above criteria it will lose its exemption from audit.

Filing deadlines

The directors of the company are responsible for filing the annual return on time. This is within 28 days of the annual return date. The annual return date can be changed by the directors to a maximum of nine months after the company's financial period end, subject to certain requirements and limitations. The annual return dates of Irish incorporated companies are available on the CRO website – www.cro.ie. The financial statements and the annual return of each company can also be viewed by the public via the CRO website for payment of a fee.

Filing penalties

If the return is not filed on time, late filing fees are charged by the CRO. These fees accumulate each day to a maximum of €1,200. An audit exempt company will lose its exemption from audit if its annual return is not filed on time. The accounts of the company must then be audited. This will lead to substantial late filing fees and increased costs.

If the annual return is not filed, the CRO have the options to prosecute the company and its directors, seek a court injunction or have the company struck off.

The requirement of a company to file annual returns is one of a number of filing requirements that should be borne in mind when considering incorporation of the business as a company. It is important that the annual filing requirements of the company are met each year. The advantages of compliance can be significant cost savings and peace of mind.

If you require any further information or assistance on how this issue might affect you please contact us.



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