

IMPORTANT CHANGES RELATED TO THE BENEFICIAL OWNERS' REGISTER

ARTICLE BY

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Just a couple of weeks before this year comes to an end, the Cyprus Parliament made a very important decision to amend the Prevention and Suppression of Money Laundering and Terrorist Financing Laws of 2007 (Law 188(I)/2007), as amended until 2024 (the "Law").

In practice, the amendments relate to the filings made with the Beneficial Owners' register (the "BO Register"). Specifically, the amending law provides for the following:

1) The monetary fines will now only be imposed on the company or any other legal entity which refuses to or omits or neglects to comply with the obligations for the filing of the details of their beneficial owner(s) with the BO Register, as provided by the Law;

Thus, no monetary fines will also be imposed on each director and/or the secretary of the company;

2) Notwithstanding the deletion of the provisions related to the imposition of additional monetary fines on each director of the defaulting company, the amending law provides that a director or managing director of a company, which refuses or omits or neglects to fulfil the obligations for the filing of the details of their beneficial owners with the BO Register, is jointly and/or severally liable with the company for the repayment of the monetary fines imposed on the company.

3) The monetary fines have been revised. Specifically, a monetary fine of one hundred euros (€100) will be imposed on the first day of the violation of the Law, in relation to the filings with the BO Register, and a further monetary fine of fifty euros (€50) for each day the violation continues, reaching a maximum capped fine of five thousand euros (€5,000) per company or other legal entity.

4) A new provision has been added to the Law giving the authority to the Registrar of Companies (the "ROC"), as the competent authority to maintain the BO Register, the to issue directions (Regulatory Administrative Act) providing for the procedure of administrative review and/or submission and examination of an objection against a decision to impose a monetary fine.

5) A new provision has been added to the Law empowering the ROC to delete from the business register it maintains, a company or other legal entity which refuses or omits or neglects to fulfil its obligations to update the details of the beneficial owners, pro rata to the striking off procedure imposed by virtue of section 327 of the Companies Law or subsection (5) of section 57 of the General and Limited Partnership and Business Names Law.

6) A new provision has been added to the Law giving the authority to the ROC to apply to the Court for the issuance of an injunction ordering the compliance of any person with the obligations arising from section 61A of the Law and any directions issued pursuant thereto. Section 61A of the Law, is the section providing, inter alia, for the provision to the obliged entities and maintenance by them of up-to-date information about the beneficial owner(s) of the company and for the necessary filings with the BO register.

7) Additionally, it has been decided by the executive power and the Cyprus Parliament that an additional extension of the prescribed timeframe for the filing of the details of beneficial owners for all companies and other legal entities will be granted and therefore such filings can be made until January 31, 2025. An extension has also been granted in relation to the process of confirmation of the already filed details of the beneficial owner(s) until March 31, 2025.

8) To be in line with all the aforementioned amendments, the Department of the ROC decided to withdraw all monetary fines that have been imposed from 01/04/2024 onwards, and the return of the relevant amounts that have already been paid. Refunds will be made as follows:

a. For online payments made through JCC, the amount will be refunded directly to the card used to make the payment without any further action on the part of the affected persons.

b. For refunds related to payments made physically through the cashier at the ROC's premises, the interested person shall file with the ROC the KE1 form[1], accompanied by the authorization form for payments from the Financial Information and Management Accounting System (FIMAS) (the "FIMAS Authorization Form")[2] and a copy of the proof of the payment made, as well as the International Bank Account Number (IBAN) which will be credited, as described in the FIMAS Authorization Form.

The amendments to the Law mark a very important step and a more business-oriented approach taken by the Cyprus Parliament to enhance the practical implementation of the Law, while ensuring that Cyprus remains a thriving business hub.

[1] The KE1 form can be accessed through the following link:

<https://www.companies.gov.cy/assets/modules/wgp/articles/202412/2207/docs/ke1filable.pdf>

[2] The FIMAS Authorization Form can be accessed through the following link:

[https://www.moh.gov.cy/moh/cbh/cbh.nsf/AEF2F356D9F953CDC2257B5C002787EE/\\$file/E%CE%BE%CE%BF%CF%85%CF%83%CE%B9%CE%BF%CE%B4%CF%8C%CF%84%CE%B7%CF%83%CE%B7%20fimas%20el.pdf](https://www.moh.gov.cy/moh/cbh/cbh.nsf/AEF2F356D9F953CDC2257B5C002787EE/$file/E%CE%BE%CE%BF%CF%85%CF%83%CE%B9%CE%BF%CE%B4%CF%8C%CF%84%CE%B7%CF%83%CE%B7%20fimas%20el.pdf)



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