

The new 2014 Irish Companies Act makes Ireland probably the best location in the world in which to incorporate

The new act introduces attractive innovations which make the formation and maintenance of corporate entities in Ireland far more streamlined and cost effective.

DUBLIN, DUBLIN, IRELAND, March 26, 2015 /EINPresswire.com/ -- Assuring everyone that the changes in the new Companies Act are neither as widespread nor as sweeping as many might fear, the outgoing Registrar of Irish Companies once famously described these pending changes as 'old wine in a new bottle.'



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Séan Kavanagh, Company Formations International

Effectively, this means that the existing bank of knowledge and expertise in company law vested in solicitors, accountants and company secretarial practitioners under the current regime is certainly not lost. Rather, the new Act consolidates the existing 17 Companies Acts, which date from 1963 to 2013, into one single and more

comprehensible Act. Set out across 25 Parts, the Act contains 1,448 sections, and 17 Schedules. While this might seem enormous, the logical ordering of these parts makes access to the rules relating to different company types a lot more user-friendly.

The Act also brings with it a number of innovations which will make the formation and maintenance of corporate entities in Ireland both streamlined and cost effective. These include:

- * New form LTD Companies will require just one Director
- * LTD's will not be required to hold a "physical" AGM
- * LTD's will not be required to have an objects clause – the doctrine of 'Ultra Vires' will no longer apply
- * LTD's will be permitted to have a one-document constitution.
- * A new "summary approval procedure" will simplify previously onerous procedures such as transactions with directors, reductions in share capital, and declarations in Members Voluntary Liquidations
- * Private companies will now be able, to engage in Mergers and Divisions, a procedure previously reserved for PLC's and cross border mergers
- * Directors' duties have, at last, been codified in the Act thereby making the law in this area more transparent and accessible. Currently many of the legal and equitable duties of directors are set out over more than 150 years of case-law
- * Companies can now file their annual returns and accounts online
- * Companies Limited By Guarantee will be able to claim exemption from Audit
- * Small 'groups' of companies will also be able to claim exemption from Audits, as will dormant companies within larger groups.

Upon commencement of the Act there will be an 18 month transition period where existing companies

will have the opportunity to proactively convert to one of the new company types under the Act. However, there will be no specific compulsion to do so and they will be automatically converted at the end of the transition period.

Accordingly, it is anticipated that out of an existing population of 185k 'live' companies on [the company registration index](#) an estimated 140K of these companies will not take any action to convert to either of the new company forms (LTD or DAC) during the transition period.

"This will make life difficult for these non-converting companies" says [Sean Kavanagh](#) "because they will be unable to take advantage of some of the innovations such as single Director status.

"More importantly," says Kavanagh, "they, their advisors and possibly their bankers, will continue to rely on a governing document (their existing memorandum & articles of association) which will not have changed to the naked eye, but it's legal effect will be dependent not only its own content, previous rules which may still apply but also on deeming provisions contained in the new Act. It will be far more sensible to commission a 'bespoke' constitution which will avoid frustration and ambiguity."

There's much to consider in this new act, which is going to impact on anyone involved with corporate procedures in Ireland.

For further information about these changes as they occur contact Séan Kavanagh at [Company Formations International](#) at sean@formations.ie

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