



DEFAULT COMPANIES GIVEN ULTIMATUM

Companies who have outstanding Annual Returns have been given until June 30th 2017 to submit them online to take advantage of the waived penalty fees.

This is in preparation for the deregistration exercise which is planned to take place towards the end of the year.

By the end of 2017, companies that do not submit their Annual Returns will be removed from the registry automatically by the system. This is one of the features of the Online Registry System which has not gone live yet and is called the Automated Compliance Program (ACP).

The ACP allows the system to monitor companies' compliance issues and automatically notifies them whenever they are due to file their Annual Returns with the Office of the Registrar of Companies. In the event that companies do not comply after the notifications have been released, the system will automatically de-register these companies. Pursuant to Section 366 of the Companies Act, a company can be removed from the register of registered companies if its annual return is at least six months late. Refer Companies (Amendment) Act 2014.

Before the Registrar switches on the ACP, it is crucial that genuinely operating companies are not de-registered. The effective way the Registrar can tell whether a company is operating or otherwise is to ensure whether or not that company is up to date with filing of annual returns.

Due to the importance of the exercise, the office will be waiving the usual penalty fees of K1, 000 for any annual return which is filed online by 30 June 2017. The waiver of the late penalty fee will cease on 1 July 2017. This is an incentive for companies to comply before the actual deregistration exercise begins.

Please note that this does not apply to annual returns that are filed offline or physically over the counter at the IPA head office or its regional offices. The full filing and late penalty fees will still be applicable.

Currently the number of companies in default is quite shocking and consequences of breaching the Companies Act by both directors and companies are serious where they can result in the companies getting de-registered or face severe penalties in fines. On the other hand some of these companies may not be operating anymore but exist as "registered" thereby giving a misconception on the total number of defaulting registered companies. To ensure that information on the registry is accurate and reliable, the Registrar will be conducting a De-registration Exercise to identify these companies and remove them from the register and simultaneously waking companies into compliance and inducing new companies into compliance mode. This will take place towards the end of the year.

The Registrar therefore is embarking on a mission to reach out to the genuinely operating companies to file their outstanding annual returns and bring their companies' records up to date. We urge directors and company agents to take this reminder seriously. In the coming months we will be out on a campaign through available platforms to educate companies on this issue and also confirm dates of when the de-registration exercise will commence. So keep watching this space.

A list of defaulting companies has been generated and is now accessible online here at www.ipa.gov.pg. Refer to List of defaulting companies. The list should allow you to conduct a quick search on your company to find out if it is in default or not. Please note that this is not an official list for de-registration and will be updated on a monthly basis until the De-registration exercise commences. Companies which fail to comply will be listed in the "Notice of Intention to De-register". Directors and agents of these companies should make sure outstanding annual returns are filed as soon as possible. We encourage companies to file online as your records will be updated automatically in particular for exempt companies.

Please do contact us immediately should you have any queries or require assistance at ggonline@ipa.gov.pg or call us on phone numbers **3084443, 3084494, 3084495 and 3084496**.

AUTHORISED FOR RELEASE BY:

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