



# What do I do with a company I registered but no longer wish to use?

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Sometimes the reasons for incorporating a company are achieved by other means or fail altogether leading the founder of a company to want to dispose of it so as to avoid recurring statutory obligations. The statutory obligations relating to a company include the filing of tax returns, filing of annual returns with the Registrar of Companies and having to convene mandatory annual general meetings. If left unattended these statutory obligations result in financial penalties to the directors of a dormant company which over time may rise to significant sums.

One way of disposing of a company that one no longer has use for is by making an on-line application to the Registrar of Companies to strike the company off the register of companies. An application for voluntary striking of a company from the register can be initiated through the Attorney Generals portal by the director(s) of a company or a majority of them.

The Director(s) who make an application for striking the company out of the register are required to have filed all annual returns relating to the company. Initiating the process entails preparing a company resolution on the matter together with statutory forms CR18 and CR 19. After acceptance by the Registrar of companies of the resolution and the statutory forms required the process culminating in the striking off of the company from the register takes another 3 months during which time the Registrar makes a publication in the Kenya Gazette notifying members of the public about the striking off of the company from the companies register. During the period of the publication in the Kenya Gazette the Registrar invites any person who has reason to show cause why the company should not be struck off the register.

Should the period pass without an objection to the notice, the Registrar may strike out the company and is required to, as soon as is practical and thereafter publish in the Kenya Gazette a notice that the company has been struck off the register. Where there is property that was immediately before the striking out of a company vested in the company and has not been distributed, the same shall be held in trust by the Attorney general after the dissolution. Any person entitled to a share of such property may apply to court for such property.

There are situations under which a company is not allowed to make an application to be struck off the register. These include where the company has in the preceding three months carried on business or changed its name. Other situations which preclude a company from making an application for striking it off the register include when a company is undergoing reconstruction, when a company is under a voluntary arrangement in relation to insolvency laws, a company under administration and a company under liquidation.