

COVID-19 Ireland Update: Company Law Changes

The Companies (Miscellaneous Provisions (COVID-19) Act 2020 (the "Act") came into force on 21 August 2020. It recognises cash flow and practical difficulties being faced by Irish companies due to COVID-19 and makes temporary amendments to the Companies Act 2014.

The measures in the Act are operative for an 'interim period' until 31 December 2020, although they can be extended by the Government under the provisions of the Act.

Key Changes

The Act:

- Allows companies to postpone AGMs until any date up to 31 December 2020 and expressly permits conducting shareholder meetings by use of electronic communication, subject to certain conditions.
- Provides that both general and creditors' (including winding up and examinership) meetings may be held virtually in full or as hybrid meetings (where some of the members attend at the venue in the notice of the meeting while others participate electronically). Those entitled to attend must be given a reasonable opportunity to participate. Requirements for meeting notices, venue and timing are detailed in the Act.
- Allows documents that are required to be executed under seal to be executed in counterpart as separate documents which will be regarded as a single document under the Companies Act 2014.
- Allows directors to withdraw or amend a resolution to approve a dividend due to the actual or perceived consequences of COVID-19 on the affairs of the company, subject to the approval of the members.
- Increases the debt thresholds at which a company could be deemed to be insolvent and therefore at risk of being wound up by the High Court as a consequence of failure to meet statutory demands from €10,000 for an individual creditor (or €20,000 in respect of two or more creditors) to €50,000. This gives companies that are at risk of being wound up by creditors due to liquidity issues stemming from the pandemic some time in which to recover and / or restructure.
- Provides for the extension of the protection period in an examinership up to 150 days in exceptional circumstances (which includes the nature and impact of COVID-19 on the company). This extension may only be obtained by application to court where the examiner has already obtained an order extending the initial 70 day period up to 100 days.

The requirement to get leave of the High Court to bring proceedings in the Workplace Relations

Commission against a company in liquidation is also abolished by the Act. This change is permanent.

Welcome Developments

The Act clarifies a number of issues that have created challenges for Irish companies in recent months and is a welcome legislative initiative.

Further Information

For further information, please contact one of the below contacts or your usual Maples Group contact.

Dublin

Edward Miller

+353 1 619 2028

edward.miller@maples.com

Colm Rafferty

+353 1 619 2058

colm.rafferty@maples.com

Patrick Quinlan

+353 1 619 2059

patrick.quinlan@maples.com

Deirdre MacCarthy

+353 1 619 2754

deirdre.maccarthy@maples.com

Robin McDonnell

+353 1 619 2726

robin.mcdonnell@maples.com

Karen Killalea

+353 1 619 2037

karen.killalea@maples.com

August 2020

© MAPLES GROUP

This update is intended to provide only general information for the clients and professional contacts of the Maples Group. It does not purport to be comprehensive or to render legal advice. Published by Maples and Calder LLP.