

INNOVATION: SIMPLIFIED LIQUIDATION PROCEDURE FOR SMEs

Dear Colleagues,

Earlier, we provided you with an overview of the current situation with the liquidation of LLCs in Russia.

In addition to the previous review, we would like to further draw your attention to this year's innovation: a [simplified liquidation procedure](#).

A simplified liquidation procedure is available for SMEs (for the latest information on the status of SMEs, see [here](#) and [here](#)) and allows you to reduce the time and cost of the liquidation procedure, as well as reduce possible risks of improper liquidation (for example, restrictions on participation and management in new companies within three years).

However, not all SMEs are eligible for simplified liquidation by default. To do this, the company must comply with a list of certain additional criteria.

What conditions must be met to be eligible for simplified liquidation?

1. All founders (members) of the company made a resolution to terminate activities unanimously.
2. The company is included in the unified register of small and medium enterprises (SMEs).
3. The company is not a VAT payer (it is on a simplified tax system) or is exempt from VAT.
4. The company does not have debts to creditors, including debts to employees and the state budget.
5. There are no marks in the Unified State Register of Legal Entities about the inaccuracy of data and about the initiation of bankruptcy proceedings.
6. The company has no real estate and vehicles in the property.
7. The organization is not in the process of liquidation, reorganization or in the process of forced exclusion from the Unified State Register of Legal Entities by decision of the Federal Tax Service.

How to implement simplified liquidation?

To start a simplified liquidation, you must submit an application to the tax service on form P19001. At the moment, the paper and electronic formats of this form have not yet been approved, at the current stage, you can familiarize yourself with the [draft form](#).

In the application, the founders (members) of the company confirm that:

- All financial obligations to counterparties have been fulfilled.
- All payments due to dismissed employees have been made.
- No later than one business day before exclusion from the Unified State Register of Legal Entities, all taxes have been paid and final tax reporting has been provided.

The application can be submitted electronically (using an enhanced qualified electronic signature of each participant), directly to the tax service on paper (notarization of signatures will be required) or through a notary public.

What is the time limit for simplified liquidation?

The tax service will check the application and within 5 business days will make a decision on the upcoming exclusion of the company from the Unified State Register of Legal Entities or refusal.

In case of a positive decision by the tax service, information about the upcoming exclusion of the company from the register will be published in the Unified State Register of Legal Entities and in the State Registration Bulletin.

14.09.2023

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Within 3 months from the date of publication in the bulletin, the creditors of the company will be able to send their objections, if any.
If there are no objections from creditors within 3 months, the liquidated company will be excluded from the register.

It is important to know:

The initial conditions for simplified liquidation must be met at the time of exclusion. If during this period the company accumulates debts or assets, or fails to submit reports, simplified liquidation will not take place.

We will be happy to answer your questions!

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