OPTIONS FOR COMPANY CESSATION

Options	Voluntary liquidation	Voluntary strike off
Steps involved	The liquidation of a company involves the appointment of an independent liquidator. This results in a reduced likelihood of the cessation being challenged. Liquidations can be for companies that are unable to pay all of their debts (insolvent), or where all debts are settled (solvent). A solvent liquidation process is as follows; Within 20 working days prior to the liquidation, the directors sign a certificate stating that the company will be able to pay its debts, and the grounds for that opinion. The shareholders pass a resolution (usually a 75% majority is needed) to appoint a liquidator. The liquidator is then required to advertise his appointment and contact any parties who owe or are owed by the company. Formal tax clearance is sought from the IRD as part of the process. Surplus assets can be distributed to shareholders following the appointment after any debts are cleared. The liquidator reports to shareholders, creditors and the Registrar of Companies during the liquidation, then a final report is sent out when the liquidation is complete. The Registrar then removes the company from the Companies Register, meaning it no longer exists.	The company does not need to be able to pay all of its debts, but it must have ceased business, have no surplus assets, and have no creditors who have applied to the Court to appoint a liquidator. The shareholders must resolve by special resolution that the company should be struck off, and the grounds for the strike off. Written IRD permission must be obtained. The IRD's permission and shareholders resolution are filed with the Registrar of Companies who then provides notice to creditors for an opportunity to object to the company's removal. Once the timeframe for creditors to object to the company's removal has expired, the Registrar will remove the company from the register, thus ceasing its existence.
Key differences	A solvent liquidation is considered more final as it involves the appointment of an external, independent liquidator to administer the process. More certainty of cessation is provided to shareholders due to notices being issued to all known creditors and the liquidation being publicly advertised. Creditors then have a set time to lodge their claims, after which they may be excluded from any payouts. The independent liquidator calculates and makes any final distributions to shareholders, thus helping to reduce shareholder disputes.	Due to the lack of an independent liquidator, this process may provide a lower level of comfort to shareholders. A strike off is more appropriate for companies with little risk of any creditors wanting an independent party to investigate any past activity.
Timeframe	A simple liquidation can take as little as three months, but the timing will be dependent on receiving tax clearance from the IRD.	From two months, but this depends on obtaining the IRD's permission.
Other services required	Tax services are typically required to complete the company's tax returns and advice may be needed if any tax issues are identified.	All tax returns must be completed and submitted before the IRD's permission will be provided.
Estimated cost	From $3,500 (excl. GST) for a straightforward solvent liquidation or less per company if multiple companies are liquidated at once.	From $1,000 (excl. GST) or less per company if multiple companies are struck off at once.
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