

How to Increase the Share Capital of a Private Limited Company in Ireland

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Practice notes | **Maintained** | Ireland

A Practice Note explaining how to increase the authorised and issued share capital of an Irish private limited company limited by shares (LTD) under the Companies Act 2014 (Ireland), including types of payment for shares on allotment and filings, registrations, and updating company records.

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This Practice Note sets out how to increase the authorised and issued share capital of an Irish private limited company limited by shares (LTD) under the *Companies Act 2014* (CA 2014) (Ireland). An LTD can have both authorised share capital and issued share capital.

The **authorised share capital** is the maximum amount of share capital a company can issue to its shareholders according to the company's constitution. The **issued share capital** is the total number of shares that have been allocated to shareholders. Unlike most European countries, Irish law does not require the issued share capital of a company to be paid. The shareholder's liability in the company will be limited to the amount that remains unpaid on the shares.

This Note explains:

- The meaning of an allotment and issue of shares and the consents required under the CA 2014.
- The procedure for allotting and issuing shares in accordance with the CA 2014.
- How to increase share capital.
- The types of payment for shares on allotment.
- Filings, registrations, and updating company records.

In this Note, unless otherwise stated:

- We have assumed a company with a board of directors.
- Only private share issues are considered. Public and listed share issues are outside the scope of this Note.

For more information on private companies and shareholders' rights in Ireland, see:

- [Practice Note, Main Characteristics of Private Limited Companies \(Ireland\)](#).
- [Country Q&A, Shareholders' Rights in Private and Public Companies in Ireland: Overview](#).

Process to Increase Authorised Capital

In Ireland, a company's constitution can either state an authorised share capital or remove the cap on the authorised share capital and have an unlimited number of shares (section 19(1)(d), CA 2014).

It is at the discretion of the company directors and shareholders whether or not they would like the company to have an authorised share capital. However most companies elect not to have an authorised share capital, to give the company as much flexibility as possible for future requirements.

Therefore, the need to increase the authorised capital only arises of companies that have designated a specific authorised capital.

Step-by-Step Procedure to Increase Authorised Capital

Members resolve by special resolution to increase the authorised capital of the company. A special resolution can be passed either:

- At a general meeting of the company of at least 75% of the voting shares (section 193, CA 2014).
- By majority written resolution (section 194, CA 2014).

For detailed information on general meetings and resolutions, see [Practice Notes, General Meetings in Ireland: Overview: Types of General Meeting](#) and [General Meetings in Ireland: Overview: Members Written Resolutions](#).

Within 30 days of the increase of authorised share capital, the company gives notice of the increase of authorised capital to the Registrar of Companies (section 93(3), CA 2014).

The following forms are filed with the *Companies Registration Office* (CRO):

- Form B4 (Notice of increase in authorised capital).
- Form G1 (Special resolution).
- Amended Constitution showing the new increased authorised capital.

(All CRO forms are available, with links to online forms where relevant, at *CRO: Forms*.)

As Form G1 can only be filed online through the *Companies online Registration Environment* (CORE), Form B4 and the amended constitution must be filed under the CORE system. This means registering at CORE or using the services of an agent who has a CORE account.

Increasing Issued Share Capital

Step-by-Step Procedure to Increase Authorised Capital provides a summary of how to increase the authorised capital of a company. Increasing the issued capital simply involves issuing or allotting more shares under the rules in the CA 2014.

Allotment and Issue of Shares Under CA 2014

Authority to Allot

No shares may be allotted by a company unless the allotment is authorised:

- Either specifically or under a general authority by ordinary resolution of its shareholders (either through holding a vote at a shareholder meeting or obtaining written consent from most shareholders).
- Under a general authority contained in the constitution of the company.

(Section 69(1), CA 2014.)

Shares are either allotted on the initial formation of the company or at a later date. The first subscribers to a company on incorporation are the parties to the constitution (section 17(1), CA 2014).

The allotment of shares requires payment of cash or non-cash consideration to the company in exchange for the issue of shares in the company.

Unless the constitution of the company provides otherwise:

- Shares of a company may only be allotted by the directors of the company.
- The directors of a company may allot, grant options over, or otherwise dispose of shares to such persons, on such terms and conditions and at such times as they consider to be in the best interests of the company and its shareholders.

(Section 69(2), CA 2014.)

Issuing at a Premium

Shares in the capital of the company have a nominal value (section 66(1), CA 2014). A share premium is the difference between the nominal value and the market value of those shares and is equal to the total amount of equity that a company receives for shares in excess of the nominal value.

When a company allots shares for more than their nominal value, it is issuing shares at a premium. Anything received on the allotment of shares in excess of their nominal value is **undenominated share capital** and should be transferred to the share premium account (section 71(5), CA 2014).

Shares cannot be issued at a discount to their nominal value (section 71(2), CA 2014).

Issuing Shares with Special Rights and Characteristics

A company may allot shares with:

- Different nominal values.
- Different currencies.
- Different amounts payable on them.
- A combination of two or more of the characteristics listed above.

(Section 66(2), CA 2014.)

Shares may also be issued with such preferred, deferred, or other special rights or restrictions regarding dividend, voting, return of capital, or otherwise, as the company may determine from time to time by ordinary resolution (section 66(3), CA 2014).

In the case of a company whose constitution states an authorised share capital, no shares may be allotted by the company unless those shares are comprised in the authorised but unissued share capital of the company, as set out in section 69(2) of the CA 2014. See [Process to Increase Authorised Capital](#).

An authorisation to allot (whether conferred by an ordinary resolution or the constitution (see [Authority to Allot](#))) can be limited such that shares can only be allotted within a time period. Where such a restriction is provided for, allotments occurring outside that period are not authorised (section 69(3), CA 2014).

Unless the constitution of the company provides otherwise:

- Shares of a company may only be allotted by the directors of the company.
- The directors of a company may allot, grant options over, or otherwise dispose of shares to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the company and its shareholders.

(Section 69(2), CA 2014.)

Statutory Pre-emption on Allotment of Shares

Subject to certain exclusions, (see *Excluding Statutory Pre-Emption*), existing shareholders of an LTD hold a statutory right of pre-emption over any new shares issued (section 69(6), CA 2014). Pre-emption rights are commonly referred to as "anti-dilution rights". This is a right of first refusal and allows shareholders to preserve their percentage shareholding in the company.

A company proposing to allot any shares may not allot any of those shares, on any terms, to:

- Any non-member, unless it has made an offer to each person who holds relevant shares of the class concerned in the company to allot to that person, on the same or more favourable terms, a proportion of those relevant shares which is, as nearly as practicable, equal to the proportion in nominal value held by them of the aggregate of the shares of that class.
- Any person who holds shares in the company, unless it has made an offer to each person who holds relevant shares of the class concerned in the company to allot to that person, on the same terms, a proportion of those shares which is, as nearly as practicable, equal to the proportion in nominal value held by them of the aggregate of the relevant shares of that class.

(Section 69(6), CA 2014.)

Shareholders have a minimum 14-day period within which to accept or refuse any offer of pre-emption and the company is prohibited from issuing shares until the expiry of such notice period (section 69(6)(a)(b), CA 2014).

Excluding Statutory Pre-Emption

The statutory pre-emption rights contained in section 69(6) of CA 2014 (see *Statutory Pre-emption on Allotment of Shares*) can be and are commonly disapplied in standard constitutions, leaving the issue of shares at the discretion of the board of directors (section 69(12 (a)(i), CA 2014). In addition, shareholders can resolve by way of special resolution to disapply the statutory pre-emption rights to a particular allotment (section 69(12 (a)(ii), CA 2014).

Pre-emption also does not apply to allotments of:

- Shares for a consideration wholly or partly paid for otherwise than in cash.
- Shares to a subscriber or subscribers to the company's constitution on the company's incorporation.
- Shares to persons under the terms of an employees' share scheme established by the company.
- Bonus shares.

(Section 69(12)(b)-(e), CA 2014.)

Companies can also adopt a customised version of pre-emption rights to suit their requirements, either through their constitution or by agreement between the shareholders regulating their relationship as shareholders and setting out applicable governing terms for company business operations. Such customised pre-emption rights also commonly provide that they can be waived or disapplied with the consent of all or a specified proportion of the shareholders. This ability to waive or disapply the pre-emption rights is helpful when the company requires equity investment in excess of what can be provided by the existing shareholders, therefore avoiding the delay involved in complying with the pre-emption process.

Prohibition of an LTD Offering Shares to Public

Subject to certain exceptions, an LTD cannot offer shares to the public or have its shares admitted to trading or listed (section 68(1), CA 2014). It is important not to fall foul of this restriction. For more on this, see Practice Notes:

- [Private Placements and Other Exempt Offerings in Ireland: Overview](#).
- [Securities Regulatory Framework in Ireland: Overview](#).

Procedure for Allotment of Shares

Typically, the procedural steps required to issues allot and issue shares in an LTD are as follows:

The board will consider whether:

it has authority to allot and issue shares pursuant to the constitution or whether authority must be obtained in the first instance; see [Allotment and Issue of Shares Under CA 2014](#) and [Authority to Allot](#) and;

if any waiver of pre-emption rights is required; See [Statutory Pre-emption on Allotment of Shares](#).

Upon receipt of the relevant consents and subscription monies (if relevant); see [Payment for New Issue of Shares](#), the board will hold the required meeting, pursuant to which the board will approve the allotment of the shares and the company secretary attends to filing of the B5 at the CRO and the company's register of members and register of allotments are updated; see [Filings, Registrations, and Updating Company Records](#).

Share certificates are issued to shareholders; see [Filings, Registrations, and Updating Company Records](#).

Preliminary Issues

Before carrying out an allotment and issue of shares capital, the board of directors of the company must consider:

- Whether the proposed allotment is in the best interests of the company (section 288(1)(a), CA 2014).
- Whether the constitution contains an authorised share capital, and if so, whether the proposed increase is within the authorised limit.
- Whether the constitution contains any pre-emption rights relating to an increase in share capital.
- Whether any shareholders' agreements are in place which contain any consent or pre-emption rights relating to an increase in allotment and issue of share capital.
- Whether the new shares are the same as an existing class of share or whether the rights attaching to such shares are different, so that an amended constitution is required.
- Whether any other contractual consents are required about the issuance.
- The necessary number of required shares to be issued.
- The price to be paid for such shares and how payment will be satisfied.

Having considered their duties as directors, if the board sees fit, it will resolve to allot the new shares at a meeting of the directors of the company.

Where the constitution specifically excludes the directors' authority to allot shares, the shareholders may pass an ordinary resolution to allot any necessary shares in the capital of the company, either through a vote at a shareholders' meeting or by obtaining written consent from most shareholders.

Payment for New Issue of Shares

Simultaneously with the allotment and issue of the new shares (see *Procedure for Allotment of Shares*), shareholders must pay the agreed consideration for the newly issued shares.

The consideration can be in:

- Cash.
- Non-cash (including goodwill and expertise).

(Section 714(1), CA 2014.)

A share is deemed paid up (as to its nominal value or any premium on it) in cash, or allotted for cash, if the consideration received for the allotment or payment up is cash consideration (section 64(3), CA 2014).

"Cash" includes:

- Funds in any currency or currencies (section 64(1), CA 2014).
- Cash received by the company.
- A cheque received by the company in good faith that the directors have no reason to suspect will not be paid.
- The release of a liability of the company for a liquidated sum.
- An undertaking to pay cash to the company on demand or at an identified or identifiable future date which the directors have no reason to suspect will not be complied.

(Section 64(3), CA 2014.)

Bonus Issue of Shares

Except where the company's constitution provides otherwise, a company can issue additional shares to an existing shareholder for no cost through a bonus issue of shares (section 126, CA 2014). A bonus (or scrip or capitalisation) issue is one in which a company's reserves are capitalised and each shareholder of a particular class (or classes) is given shares in proportion to their holding without the shareholder making any payment.

A bonus capital increase does not increase the net worth of the company since it is carried out by allocating to capital existing funds. It increases the amount of resources which cannot be returned to shareholders until the company is dissolved and liquidated, and thus strengthens the company's economic position.

At a general meeting, the company may, on the recommendation of the directors, resolve that it is desirable to capitalise any part of a "relevant sum" which is not available for distribution, by applying such sum in paying up in full unissued shares to be allotted as fully paid bonus shares to those members of the company who would have been entitled to that sum if it were distributed by way of dividend (and in the same proportions) (section 126(4), CA 2014).

A "relevant sum" is defined as:

- Any sum for the time being standing to the credit of the company's un-denominated capital.
- Any of the company's profits available for distribution.
- Any sum representing unrealised revaluation reserves.

(Section 126(2), CA 2014.)

Filings, Registrations, and Updating Company Records

Where a company allots shares, the shares will be taken to be allotted when a person acquires the unconditional right to be included in the company's register of members relating to those shares (section 70(6), CA 2014).

Once the new shares are issued, the procedures set out in the following sections should be carried out.

Update the Register of Members

A company must keep an up-to-date register of its shareholders containing:

- The names and addresses of the shareholders.
- A statement of the shares held by each member, distinguishing each share by its number (where applicable).
- The amount paid or agreed to be considered as paid on the shares of each member.
- The date on which each person was entered in the register as a member.
- The date on which any person ceased to be a member.

(Section 169(1), CA 2014.)

The information listed above must be added to the shareholders' register:

- Within 28 days after the date of conclusion of an agreement with the company to become a member (that is, the date the subscription monies are paid and the shares allotted).
- Within 28 days after the date of registration of the company in the case of a subscriber of the constitution.

(Section 169(3), CA 2014.)

For more information on the Register of Members, see *Practice Note, Company Registers and Minute Books (Ireland): Register of Members*.

Issue Share Certificate(s)

The company must:

- Issue share certificate(s) for the new shares allotted (section 99(2), CA 2014).
- Within two months after the date of allotment of any of its shares, complete and have ready for delivery the certificates of all shares allotted, unless the conditions of issue provide otherwise (section 99(2), CA, 2014).

A certificate under the common seal of the company (companies in Ireland still must have a common seal) specifying any shares held by any member is prima facie evidence of the title of the member to the shares (section 99(1), CA, 2014).

Filings at Companies Registration Office (CRO)

To record the allotment of share at the CRO, the company must deliver the particulars of the allotment in the prescribed Form B5 to the Registrar within 30 days after the date of allotment (section 70 (7), CA 2014). (All CRO forms are available, with links to online forms where relevant (see [CRO: Forms](#).) If a company fails to comply, the company and any officer in default will be guilty of a category 4 offence under the CA 2014.

Make Appropriate Changes to Register of Beneficial Ownership

A company is required to gather adequate, accurate, and current information on its beneficial owner(s) and to establish and maintain a beneficial ownership register under *European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019 (EU (Beneficial Ownership) Regulations 2019) (Ireland)* which established a Central Register of Beneficial Ownership of Companies and Industrial and Provident Societies (RBO) (see [RBO](#)) in Ireland, in compliance with Article 30(1) of the EU's *Fourth Anti-Money Laundering Directive ((EU) 2015/849) (MLD4)*.

A "beneficial owner" refers to the natural person(s) who ultimately own or control a legal entity through direct or indirect ownership of a sufficient percentage of the shares, voting rights, or ownership interest in that company. Any person who holds 25% or more of the company's shares (whether directly or indirectly) is a beneficial owner, and anyone with more than 25% must be entered on to the RBO by the company.

Information on beneficial ownership must be held in a central register in each *member state* of the EU (Article 30(3), MLD4). In Ireland, the CRO has been appointed as the statutory body responsible for establishment and maintenance of the RBO.

Filing of beneficial ownership data can only be made online through a portal at the RBO website (see [RBO: How do I register a beneficial owner?](#)). No paper forms or filing fees are involved.

Every relevant entity must deliver the following information to the Registrar about each beneficial owner of the entity:

- First and last name.
- Last name.
- Date of Birth.
- Personal Public Service Number (PPSN) (see [RBO: PPSN: Why it's required and what to do if you don't have one](#)).

- Nationality.
- Residential address and country of residence.
- Statement of the nature and extent of interest held.
- Statement of the nature and extent of control exercised.
- Company name as it appears in the CRO's Register of Companies.
- Company number as it appears in the CRO's Register of Companies.
- Date of entry as beneficial owner.
- Date of cessation as beneficial owner.
- Presenter (person making the filing to the Registrar for example, company secretary, director, or law firm) and the following details:
 - name of presenter;
 - address of presenter;
 - phone number of presenter;
 - email address of presenter;
 - capacity in which the presenter is acting (for example, as an officer or employee of the company, or a person acting on behalf of the company); and
 - if the presenter is not a natural person, the name, address, phone number, and email address of a natural person for correspondence purposes.
- The names and details of the one or more natural person(s) who hold the position(s) of senior managing official(s) of the company must be entered in the company's internal register as its beneficial owners where either:
 - after having exhausted all possible means and provided there are no grounds for suspicion, no natural person is identified; or
 - there is any doubt that any natural person so identified is a beneficial owner of the relevant entity.

(Regulations 5 and 21, *European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019 (EU (Beneficial Ownership) Regulations 2019) (Ireland).*)

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Practice notes

[Company Registers and Minute Books \(Ireland\)](#) • Maintained

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[Shareholders' Rights in Private and Public Companies in Ireland: Overview](#) • Law stated as at 01-Oct-2022

Glossary

[Companies Act 2014 \(CA 2014\) \(Ireland\)](#) • Maintained

[European Union \(Anti-Money Laundering: Beneficial Ownership of Corporate Entities\) Regulations 2019 \(EU \(Beneficial Ownership\) Regulations 2019\) \(Ireland\)](#) • Maintained

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