Your e-newspaper, published by the
Great Britain-Cyprus Business Association

October 2022 Issue: 32

GB CY
BUSINESS ASSOCIATION

Upcoming international Business Conference: Business Orientation Cyprus 2022

Plus: An update on UK Economy and UK Investment Opportunities
The Great Britain-Cyprus Business Association Cyprus are organising an International Business Conference, on Monday, 14 November 2022 at London Marriott Hotel, Regents Park.
More than 20 speakers/panelists, from Cyprus and the UK, will participate. More than 120 delegates are expected to attend. A Minister from the government of the Republic of Cyprus will be the main speaker. The event is under the auspices of the government of the Republic of Cyprus. For more information and to REGISTER TO ATTEND, please visit www.gbcy.business/events (Page 5).

UK economy predicted to be weak till 2024 despite Truss growth agenda

Business confidence sinks to lowest level since depth of Covid pandemic as rising costs hit households and companies. Britain's economy is expected to take until 2024 to recover to pre-Covid levels amid a slowdown for hiring and business investment, as households and businesses struggle with soaring costs. (Page 12)

Moody's upgrades Cyprus banks, cites economy resilience

Ratings agency Moody's last Wednesday announced that it has upgraded the Bank of Cyprus and Hellenic Bank's long-term ratings, including their long-term bank deposit ratings to Ba2, from Ba3, and their Baseline Credit Assessments (BCAs) to b1, from b2.
The agency also said that the outlook on both banks' long-term deposit ratings remains positive. (Page 21).

Cost of living: 'Stealthy' tax and benefit freezes will outweigh tax cuts, say economists

The IFS claims £2 will be taken because of tax and benefit threshold pauses for every £1 gained through the government's personal tax cuts. "Stealthy" freezes to tax and welfare thresholds will outweigh any benefits people will get from the government's plan to cut taxes, according to economists. (Page 15).

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NOTES
1. The e-newspaper is also available on www.gbcy.business/e-newspaper
2. Presentations and articles are also available on www.gbcy.business/copy-of-e-newspaper in Digital Form

EDITORIAL

We are Rebranding

by Savvas Kyriakides, Founder & President, Great Britain-Cyprus Business Association

Two and a half years ago, we published the first edition of this e-newspaper, trying to update you about some important business and financial news, to post some of your articles and to present your companies as well as the events.
It was one of the main activities of the Great Britain-Cyprus Business Association.
This Association has managed within less than three years to grow, and we are now counting 143 members.
Our success story was a result of both our hard work but also your collaboration and support.

Now, we must improve and try to reach even higher standards and greater achievements. Based on the feedback we receive from you, our members and our business associates and subscribers, we are moving ahead with a rebranding.
New logo and new graphics of our e-newspaper and our posts on social media are the first steps, followed by the rebuilding of our website giving more emphasis on digitalisation.

Presenting today our new logo, I would like to thank all our sponsors and members as well as our business associates and followers for your trust, collaboration and support, and we promise you that the best are yet to come.

This is our new logo.

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present

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Plus: An update on UK Economy and UK Investment opportunities

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London 14 November 2022

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This event is under the auspices of the government of the Republic of Cyprus

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AREAS OF DISCUSSION

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1. **Technology and Start Ups**
2. **Blockchain and Cryptos – new regulations in Cyprus**
3. **Relocating your business in Cyprus**
   Updates based on the Government's action plan and Reforms for 2022
4. **Cyprus: An emerging Investment Fund Centre in Europe**
5. **Real Estate: Investment opportunities in Cyprus**
6. **London: A Global Financial Centre**
7. **UK Investment opportunities**

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AGENDA

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8.45 a.m. – 9.30 a.m.
Registration

9.30 a.m.
Opening speech by Savvas Kyriakides, Founder & President of the Great Britain-Cyprus Business Association
- **The benefits from Business Networking between UK and Cyprus**
- **How businesses from both countries can benefit.**

9.35 a.m.
Short welcome speech by a member of the High Commission of the Republic of Cyprus in the United Kingdom of Great Britain and Northern Ireland

9.40 a.m.
Speech by the Minister of Interior of the Republic of Cyprus, Mr. Nicos Nouris

10.05 a.m. – 10.50 a.m.
Panel 1: Legal and Tax updates based on the Government's action plan for 2022

10.50 a.m. – 11.05 a.m.
Coffee break

11.05 a.m. – 11.45 p.m.
Panel 2: Taking advantage of the technology and best startup hubs in Europe.
- **At the top of the list of top startup hubs in Europe is Cyprus.**
- **Digitalization**

11.45 a.m. – 12.30 p.m.
Panel 3: Funds & other investment opportunities in Cyprus

12.30 p.m. – 12.45 p.m.
Coffee break

12.45 p.m. – 1.30 p.m.
Panel 4: London
- **A Global Financial & Investment Centre**
- **London ranked second best startup hub in the world for tech**
- **Return on Property Investment in London, very attractive**

1.30 p.m. – 2.15 p.m.
Panel 5: Real Estate - Investment Opportunities in Cyprus

2.15 p.m. – 5.30 p.m.
Lunch and business networking opportunities

Upcoming International Conference

BUSINESS ORIENTATION CYPRUS 2022

London 14 November 2022

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Main Speaker

Nikos Nouris

Minister of Interior of the Republic of Cyprus

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SPEAKERS

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George Constant
Partner at
SPECTOR CONSTANT
& WILLIAMS

Andri Michael
Partner at
KINANIS LLC

Andrew Sanderson
Partner at
FIELDFISHER LLP

Philipos Raptopoulos
Head of
Tax Legall Services
at EY Cyprus

Giorgos Avraamides
Partner at
Pelaghias Christodoulou
Vrachas LLC

George Chrysochos
CEO at CYFIELD
Group of Companies

Axel Kalinowski
Head fo Central &
Southern Europe London
Stock Exchange Group

Panayiotis A. Koussis
Team Leader of Legal &
Financial Services at
Pelaghias Christodoulou
Vrachas LLC

Savvas Savvides
Partner and Director
of the Paphos office at
Michael Kyprianou
& Co LLC

Nick Nicolaou
Partner, Audit
services at
EY Cyprus

Andrea Ioakim
Counsel at
KINANIS LLC

Elena Andreou
SEO Specialist
Founder & CEO
Go Digital Globally

Stella Zenios
Executive Director
at EXSUS

Giovanis Kouzalis
Director at
TAILORMADE
SOLUTIONS

Elina Sfongali
Associate at
SPECTOR CONSTANT
& WILLIAMS

Alex Chrysaphiades
Partner at
Alder Shine LLP, UK

Xenia Neophytou
Director at
C.X. Financia

Esme Palas
Partner at Michael
Kyprianou & Co. LLC

Lucy Loizou
Managing Partner
at The International
Family Law Group LLP

Kyriakos Charalambous
COO at
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CYFIELD

UK ECONOMY

GBCY BUSINESS ASSOCIATION

UK economy predicted to be weak till 2024 despite Truss growth agenda

Business confidence sinks to lowest level since depth of Covid pandemic as rising costs hit households and companies

Britain's economy is expected to take until 2024 to recover to pre-Covid levels amid a slowdown for hiring and business investment, as households and businesses struggle with soaring costs.

Business leaders have said that there has been a significant decline of key economic indicators in recent weeks, with confidence among company bosses over the growth outlook collapsing to the lowest level since the depths of the Covid crisis.

In a downbeat assessment, analysts at Deutsche Bank said UK GDP was due to take until 2024 to return to the level of December 2019 before the pandemic struck, raising the prospect of limited economic progress being made by the time of the next election. Liz Truss used her speech to the Conservative party conference in Birmingham to argue her government would prioritise "growth, growth, growth" while attacking what she called an "anti-growth coalition" that could hold the country back.

The prime minister said she wanted to break a "high-tax, low-growth cycle" by offering lower taxes and scrapping regulations to encourage households to spend and companies to invest in the UK economy.

However, the promise to reboot growth comes at a difficult moment, with official figures showing the economy remained 0.2% smaller than pre-Covid levels at the end of June. With soaring energy prices and weaker global growth since Russia's war in Ukraine began, the Bank of England has said the economy is close to recession and on course for limited progress next year.

GBCY BUSINESS ASSOCIATION

UK economy predicted to be weak till 2024 despite Truss growth agenda

Highlighting the risks to the economy with inflation at a 40-year high, the British Chambers of Commerce (BCC) said more than three-quarters of companies in a survey of 5,200 firms had not increased investment in the last three months.

It said there had been a sharp drop in business confidence in the past quarter, in a study carried out before the government announced its energy support package and mini-budget plans. As many as four in 10 firms said they thought their profitability would fall in the next 12 months.

Shevaun Haviland, the director general of the BCC, said that, while the government's support measures were welcome, ministers urgently needed to present more detail on how their policies would support firms to expand.

"Our findings paint a worrying picture of the state of affairs at many UK firms. Almost every key business indicator is trending downwards – sounding alarm bells across all sectors and regions," she said.

Separate figures from the Recruitment and Employment Confederation and the accountancy firm KPMG showed a further slowdown in hiring activity among employers to the weakest rates since the final nationwide Covid lockdown in early 2021.

Claire Warnes, head of education, skills and productivity at KPMG UK, said: "Deepening economic uncertainty has also meant that workers are choosing to stay put in current roles, rather than apply for new roles, leading to a moderation in the overall rate of vacancy growth."

Deutsche Bank said the government's tax cuts and energy support scheme would help to add about 0.5 percentage points to UK GDP over the next year relative to its previous forecasts. However, higher interest rates from the Bank of England would shave off close to 0.8 percentage points from GDP relative to its previous estimates.

Sanjay Raja, a senior economist at Deutsche, said: "Tighter financial conditions ... will offset much of [the] gains in fiscal policy. Household spending and business investment are likely to track a little lower than we previously anticipated, especially with unemployment expected to rise from next year."

He said UK GDP growth was now forecast to slow to 3.5% this year, compared with a previous estimate of 4.5%. The economy is expected to shrink by 0.5% next year, compared with a previous estimate for zero progress, before a rebound to 1% growth in 2024.

Rather than Britain coming close to Truss's growth target of 2.5% a year, Deutsche Bank said the country's growth rate would settle at closer to 1.25% a year by the middle of the decade.

"Any tangible impact on the economy will take time to feed through," Raja added. "And any meaningful boost to supply (labour, capital, productivity) will likely only start to translate into stronger growth in the second half of the decade."

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Cost of living: 'Stealthy' tax and benefit freezes will outweigh tax cuts, say economists

The IFS claims £2 will be taken because of tax and benefit threshold pauses for every £1 gained through the government's personal tax cuts.

"Stealthy" freezes to tax and welfare thresholds will outweigh any benefits people will get from the government's plan to cut taxes, according to economists.

Chancellor Kwasi Kwarteng announced a raft of measures in his mini-budget last month, including cutting the basic rate of income tax by 1p and reversing the increase to National Insurance, brought in earlier this year to pay for health and social care. But the Institute for Fiscal Studies said the ongoing four-year pause on raising the amount people earn before they pay tax, as well as long term freezes on when people move to higher tax brackets, meant the government was "giving with one hand and taking with the other".

The group also warned a nine-year freeze on when the taper kicks in for child benefit was hitting households amid the cost-of-living crisis. The IFS concluded that by 2025-26, the freezes will take away £2 for every £1 given to households through the personal tax cuts outlined by the government. Tom Waters, a senior research economist at the IFS, said:

"Practically every part of the tax and benefit system contains allowances, amounts or thresholds that are frozen, often indefinitely.

Some are farcical - the Christmas bonus, paid to pensioners and disability benefit recipients, has been frozen at £10 since 1977, in which time prices have more than quintupled."

One of the group's research economists, Tom Wernham, said the freezes were "set to drag millions more into the tax system and into higher rates of tax".

NEWS

GB CY BUSINESS ASSOCIATION

Cost of living: 'Stealthy' tax and benefit freezes will outweigh tax cuts, say economists

He added: "Giving with one hand and taking with the other in this way is opaque and stealthy and when inflation is volatile the impact can vary hugely from what the government initially intended."

Alex Beer, welfare programme head at the Nuffield Foundation, supported the findings of the report, and said there was a real human cost to the freezes. She said the threshold freeze on the benefit cap "dramatically increases the numbers of families subject to the cap and reduces the amount of real support the benefit system offers".

She added: "Evidence shows that parents currently subject to the cap struggle to meet their children's basic needs, and that it increases maternal mental ill-health and risks affecting children's emotional and physical development."

A Treasury spokesperson said: "This government is committed to a high growth and low tax economy and helping people to keep more of their hard-earned money is a key priority, as seen by our commitments to cancel the rise in national insurance and reduce the basic rate of income tax.

"The income tax system is highly progressive. This year, the top 50% of income taxpayers are expected to pay around 92% of total income tax while the bottom 25% are expected to pay just 2%."

But Labour MP and shadow economic secretary to the Treasury, Tulip Siddiq, said: "The Tories' failed trickle-down economics is hitting people's pockets.

"Liz Truss must reverse her government's disastrous budget now."

Income Tax rates and bands

The table shows the tax rates you pay in each band if you have a standard Personal Allowance of £12,570.

Band	Taxable income	Tax rate
Personal Allowance	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £150,000	40%
Additional rate	over £150,000	45%

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UK PROPERTY

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U.K.'s property sales collapse at fastest rate since pandemic

Fall-throughs rise by 7pc as markets panic at prospect of higher inflation. Property sales are falling through at the fastest rate since the Covid-19 housing market shut down because of soaring mortgage rates.

The share of agreed sales collapsing before completion jumped to 29.3pc in September, up from 27pc in August, according to TwentyCi, a data company.

This was the highest level recorded since April and May 2020, during the first Covid lockdown, when home moves were effectively banned. Collapsing sales are 16pc higher than in September 2019, before the pandemic began.

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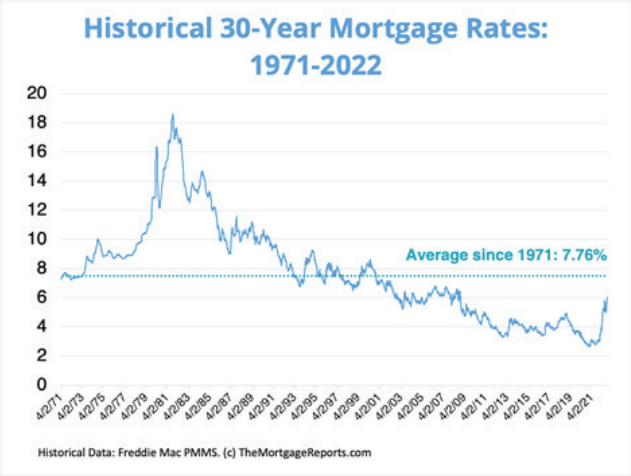

In the week ending October 2, fall-throughs jumped nationally by 7pc compared to the two weeks ending September 18, according to analysis by Lucian Cook, of Savills estate agents.

U.K.'s property sales collapse at fastest rate since pandemic

Fall throughs are now rising fast

The number of unsold properties which had changed asking price also jumped 14.1pc. These changes will almost certainly be price cuts, Mr Cook said.

Markets panicked at the prospect of higher inflation, which has sent expectations for interest rates soaring.

They are now bringing them back slowly at much higher prices. In the two weeks since the mini-Budget, the average rate on a two-year fix has jumped from 4.74pc to 6.11pc – a 14-year high.

Mr Cook said, despite the number of collapsing sales, buyers had remained committed to their purchases in most cases. This is because lenders are largely bound by contract to proceed with mortgage offers that are already in place.

It is only buyers who had agreed sales but did not have offers in place who would have suddenly been left in the lurch and facing higher rates.

Buyers who have mortgage offers are highly motivated to press ahead before rate rises price them out of the market.

Mr Cook said: "Buyers already locked into a mortgage deal have been keen to proceed at much lower mortgage rates than are now available."

But experts warned sellers are coming to terms with the fact that new buyers entering the market now will be paying much higher rates and will therefore have less money to spend.

"We have seen a much bigger increase in price adjustments to unsold stock. This reflects the fact that sellers have been ready to adjust their price expectations to reflect a higher interest rate environment and reduced buying power, irrespective of the stamp duty give-away," Mr Cook said.

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Moody's upgrades Cyprus banks, cites economy resilience

Ratings agency Moody's last Wednesday announced that it has upgraded the Bank of Cyprus and Hellenic Bank's long-term ratings, including their long-term bank deposit ratings to Ba2, from Ba3, and their Baseline Credit Assessments (BCAs) to b1, from b2.

The agency also said that the outlook on both banks' long-term deposit ratings remains positive.

"The main driver for today's rating upgrade is the resilience of the Cypriot economy, which is supporting the operating conditions of the banking system," the agency said, noting that this has led it to raise the macro profile of Cyprus to "Moderate-", from "Weak+".

In addition, the higher macro profile score also suggests lesser downside risks and severity of post-failure losses for Cypriot banks.

"The positive outlooks reflect Moody's expectations that the two banks will strengthen their profitability, in the context of the higher interest rate environment, and will continue to improve their asset quality, despite potential new nonperforming loans (NPL) formation," the agency explained.

"The positive outlook on the banks' long-term deposit ratings also reflects a potential higher buffer from more junior instruments, as the clarity and certainty around their future debt issuances improves," it added.

Moody's took into account the fact that Cyprus' economy has seen a stronger-than-expected resilience to Russia's invasion of Ukraine (Caa3 negative), and has recovered well from the pandemic shock, indicating no permanent damage, as non-tourism-related services and authorities' support measures stabilised the economy and mitigated the impact of the shock.

Moreover, the agency said that it expects growth for Cyprus this year, to the tune of 4.8 per cent, followed by a growth of 2 per cent in 2023.

These figures would be higher than the euro area average of 2.2 per cent in 2022 and 0.9 per cent in 2023.

Subsequently, Moody's said that Cyprus' growth outlook remains solid, with potential GDP growth estimated to be in the range of 2.5-3.0 per cent.

"Moody's notes that credit conditions have improved in recent years, with a significant drop in system nonperforming exposures (NPEs) to 11.2 per cent of total domestic loans and advances in June 2022, from a peak of 49.8 per cent as of May 2016." the agency said.

"The rating agency however notes that challenges remain as a result of still-high levels of indebtedness and the legal framework governing foreclosures that remain vulnerable to frequent political interference," it added.

For the Bank of Cyprus, Moody's explained that the positive outlook on the long-term deposit and senior unsecured debt ratings reflects its expectation that non-performing exposures and foreclosed real estate assets will continue their downwards trajectory. In addition, there is an expectation that profitability will strengthen further, supported by the higher interest rate environment and the bank's cost-cutting initiatives.

"Moody's expects Bank of Cyprus' profitability to benefit from the increases in the European Central Bank (ECB)'s policy rate, primarily as the bank's significant cash balances with the central bank (around €9.9 billion or 38 per cent of assets as of June 2022) reprice immediately," the agency said, noting that at the same time, deposits will reprice slower and by less, given the bank's excess liquidity.

As a result of the above, the bank expects to reach a return on tangible equity of over 10 per cent in 2023, two years ahead of schedule.

"The positive outlook on the long-term deposit rating also reflects a potential higher buffer by more junior instruments, as the clarity and certainty around the bank's potential future debt issuances improves," the agency stated.

In terms of Hellenic Bank, the agency explained that the positive outlook on the long-term deposit and senior unsecured debt ratings reflects Moody's expectation that NPEs will continue their downwards trajectory and profitability will strengthen, supported by the higher interest rate environment.

"Moody's expects Hellenic Bank's profitability will benefit from higher interest rates, given its large balances with the ECB of around €6.9 billion as of June 2022, equivalent to 36 per cent of total assets, that will reprice immediately following any rises in interest rates," the agency said.

"More gradually, the investment of its large portfolio of bonds, an additional 24 per cent of assets, will also increase net interest income as maturing bonds are invested in higher-yielding bonds with a similar credit quality," it added.

At the same time, Moody's noted that deposits will reprice slower and by less, given excess liquidity.

"Hellenic Bank estimates that net interest income will increase by more than €130 million (or around 0.7 per cent of assets before tax) by 2023 onwards," Moody's said.

"The positive outlook on the long-term deposit rating also reflects a potential higher buffer by more junior instruments, depending on the bank's potential future debt issuances," it concluded.

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CONTACT PERSON:

Afxentis Zemenides, Managing Partner, Limassol, Cyprus | Email: azemenides@zemenides.com.cy
Tel.(w): +357 35 745800 | Tel.(m): +357 99 668566 | Website: www.zemenides.com.cy

NEWS

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Property sales in Cyprus up across the board

Property sales in the first nine months of 2022 are up by 37.2 per cent, recording the most activity in the real estate market since 2008.

Limassol continues to lead the pack with 3,315 sales so far – compared to 2,221 last year –an increase of 49.3 per cent but Paphos roared ahead with a whopping 69 per cent rise in sales as it recorded 2,028 transactions in the first nine months – compared with 1,200 last year. The latest data from the land registry department, published on Tuesday, showed that Larnaca has the second highest rate of increase at 53 per cent, with 1,734 sales this year. Nicosia (3.8 per cent increase at 2,043 sales) and Famagusta (1.9 per cent and 490 sales) recorded the lowest rates.

Indeed, there have been 9,610 sales so far this year compared with 7,003 last year, an increase of 37.2 per cent. The increase compared to the first nine months of 2019 is at 24.2 per cent. August saw a considerable increase in sales at 34 per cent, while September saw 1,157 sales (compared with 914 last September) – an increase of 27 per cent.

Stockwatch cited experts in the real estate sector who see demand remaining strong despite the fallout following Russia's invasion of Ukraine and concerns over a looming financial slow-down.

After the previous report from the land registry, released in mid-July, sources from the department told media that the rise in sales was mainly due to domestic demand.

They said that people were investing in property due to the inflation crisis, while also hoping to get ahead of the increased lending rates.

The July report, however, showed that sales in Paphos were up 72 per cent which have since decreased slightly to 69 per cent. A similar trend is evident across the board: Larnaca was at 57.8 per cent (now 53 per cent) and Limassol was at 53.9 per cent (now 49.3 per cent). The same is true for Famagusta which as of July recorded an increase of three per cent but this has since dipped to 1.9 per cent.

Nicosia was an outlier as it notched a small rise from its 3.1 per cent in July to 3.8 per cent in October.

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SPEECH

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Speech by the Minister of Interior, Mr Nicos Nouris, at the VIII Business Conference in Cyprus

Ladies and Gentlemen,

It is an honour to welcome you all at the VIII Conference in Cyprus, which is organized by Best Legal Conference, under the auspices of the Cyprus Bar Association. I would like to extend my gratitude for inviting me as a speaker. This type of event brings together professionals from different countries and nationalities, aiming to invest in building contacts and a two-way exchange of views.

Over the next few minutes, I would like to give a brief overview on topics that fall under the competencies of the Ministry of Interior and have to do with laws and regulations on facilitating the employment of foreign nationals as well as incentives offered for foreign companies operating in Cyprus.

NEW STRATEGY FOR ATTRACTING BUSINESS AND TALENT

First of all, allow me to start with the Key incentives offered for foreign companies.

I can assure you that the Government's efforts to improve the economic and business environment are systematic and continuous. In 2020, the Council of Ministers decided to facilitate, among others, the transfer of Specialists to foreign companies operating in Cyprus through a Fast-track Activation Mechanism.

Since then, we have moved forward by modernizing our policies even more.

Hence, as of Jan 2022, the Council of Ministers set into force the New Strategy for attracting Businesses and Talent and, within its context, introduced additional key incentives for foreign companies, especially with the transformation of the Fast Track Business Activation Mechanism into a Business Facilitation Unit operated by the Ministry of Energy, Commerce and Industry.

In addition to the very attractive tax incentives, the New Strategy offers a revised immigration policy for international businesses, providing easy relocation of employees from non-EU countries, enhances family reunification and employment of family members and introduces the Digital Nomad Visa.
Particularly, as far as residence and employment is concerned, the New Strategy cancels quotas for highly skilled non-EU recruits. Until 31.12.2026, existing companies of foreign interests and companies that are registered as such by the Business Facilitation Unit can freely employ any number of highly skilled third country nationals, without undergoing a market test, given that some basic requirements are met.

At the beginning of 2027, the percentage of third country personnel will be monitored. The maximum percentage of third country employees is set at 70% of the business employees. Of course, in case this quota is not met, each case will be evaluated based on its own merits.
Also, within the New Strategy, the examination time for residence and employment applications is reduced and limited to one month. This increases the feeling of security both for the employer and its human resources.
The adoption of the New Strategy has led to an impressive increase of interest from foreign companies in relocating to Cyprus. The number of submitted applications has more than doubled within the first eight months since the adoption of the New Strategy. Specifically, in the whole of 2021, 5475 applications were submitted, while till the end of August 2022, the competent Department has already received 7883 applications.
In addition to facilitating the employment of third country nationals, the new Strategy is further encouraging family reunification. Spouses of highly skilled third country employees can now benefit free and direct access to paid employment under family reunification, without having to undergo a market test. In 2021, 4242 applications were submitted for permits under family reunification. In just the first eight (8) months of this year, already 4524 applications were submitted.
Another aspect of the New Strategy is the creation of a new category of stay, that of the Digital Nomad Visa. This new category of stay is set into force at a critical time, specifically taking into account all the special circumstances created by the pandemic, and the war in Ukraine. Third-country nationals that are either self-employed or salaried employees abroad, and are working remotely from Cyprus, have the right to a Digital Nomad residence permit for up to one year, which can be renewed for an additional two year-period. Digital Nomads can be accompanied by their family members in Cyprus. Originally the quota for such permits was set to 100, but has been increased to 500, due to the popularity of the Scheme. By the end of August 2022, 127 non-EU nationals have applied for and have been granted a Digital Nomad Visa.

Ladies and Gentlemen,

NEW DEVELOPMENT LICENSING POLICY
To better serve the citizen, the government has also proceeded to simplify building licensing procedures. This reform intervention of urban planning and building permitting, came into force for the first time in October 2020, introducing through the possibility of electronic submission of applications, a faster, more effective, and more transparent procedure for granting planning and building permits for residential developments in the form of detached and semi-detached houses. This fast-track process allows for the issuing of building permits within 10 days for applications that include one or two residential units allocated in approved plots. Also, since last June all applications are submitted and issued in an electronic format using electronic signatures, through the new Platform of the Ministry of Interior and the Town Planning Department.

The results from the implementation of this fast-track procedure are very encouraging. 4080 (four thousand eighty) applications were submitted to the 5 Planning Authorities of the Town Planning Department and 3327 (three thousand tree hundred twenty-seven) planning permits were granted (which is equivalent to 82%).
Since 15th of September, we have extended this fast-track procedure, by including larger and more complex developments, such as:

- Three or four residential units,
- Up to twelve residential units in a row,
- Multi storey residential buildings with up to twenty apartments, and
- Mixed-use developments that consist of commercial/ office/ residential uses, with a maximum building surface of 1000 square meters.

NEW LICENSING POLICY

The third and final step of facilitating the licensing procedures concerns the so-called strategic developments with a cost more than 20 million euros which will come into force hopefully before the end of the year and as soon as the House of Representative will vote the respective bill. This law simplifies the procedures and aims to turn out our country to a truly attractive investment destination for sustainable and long-term development.

REVISION OF LOCAL PLANS

Within this context, in addition to the planning incentives and simplified licensing procedures, which undoubtedly act as a catalyst in promoting land development, the government's policy is the rational intervention through the forthcoming revision of Development Plans in both the major urban areas and the countryside. Finally, I would like to point out that the reform of Local Government, which is being promoted for implementation in summer of 2024, is completely intertwined with the development of local society. This reform, along with the intensification of digital transformation will transfer the management and the development licensing framework to a District level, limiting bureaucracy.

Dear friends,
In this new era of realities created by the pandemic and with the consequences of the recent economic crisis still fresh, we are confident that these initiatives and reforms will create new opportunities for both existing and new businesses which intend to transfer their operations in Cyprus. Once again, I would like to thank the organizers for the invitation to attend this very important conference. Special thanks and congratulations to Natalia Kardash, founder and chairwoman of the BEST LEGAL Conference, whom I have to say I know for over a decade, and I follow her efforts to promote Cyprus, as an international business center and to assist the international business community of Cyprus.

My personal congratulations to Dr. Christos Clerides and the Cyprus Bar Association, who placed this conference under its auspices.
Once again, thank you for giving me this opportunity and I wish you all an interesting and fruitful conference.

PRESS RELEASE

GB CY
BUSINESS ASSOCIATION

Grant Thornton Cyprus
launches Business Consulting services
by Grant Thornton, Cyprus

Grant Thornton Cyprus launches Business Consulting services, responding to the growing needs of organisations in key sectors of the economy for business and digital transformation.

Sakis Moyseos has been appointed as Business Consulting Leader. Mr. Moyseos is a professional with 25 years of experience in the areas of operational, financial, project and human resource management in large organizations in both the Private and the Public Sector. He has successfully managed the business and digital transformation of numerous organizations from his various roles as a Top Management Executive and a Consultant. Before joining Grant Thornton Cyprus as Partner and Business Consulting Leader he held the position of Associate Partner in the Consulting Service Line at EY Cyprus. He also held the position of the Project Manager for the Public Financial Management reform in the Ministry of Finance, and he has worked as Finance and Operations Director for multinational organisations in the retail and express logistics sectors.

Mr. Stavros Ioannou, CEO of Grant Thornton Cyprus, stated: "We are delighted to be launching the business consulting services. It is a direct response to the growing needs of our clients. The combined expertise of the local Business Consulting team led by Sakis Moyseos, and Grant Thornton International network provides the ability to Grant Thornton Cyprus to help organisations effectively and efficiently through their transformation journey."

T.P. Alfa Services

...where knowledge and experience come together to offer valued services

Diagnosis on Transfer Pricing risks

Our team can review your company's procedures and transactions to identify areas with embedded transfer pricing risk. Being proactive, will save time and money further down the road.

Design of Transfer Pricing policy

Our team can prepare the transfer pricing policy of your group which will provide guidelines on how prices will be set for transactions between related parties.

Transfer Pricing Documentation

Our team can assist in preparing a properly documented transfer pricing study enabling your company to meet its transfer pricing documentation obligations.

Advance Pricing Arrangements (APA's)

Our team can assist in the preparation and filing of an APA for your company or group and assist in the discussions with the Tax Authorities that may follow.

Dispute Resolution

Our team of experts can represent your company before the Tax Authorities aiming to resolve any disputes on transfer pricing.

Scan to contact us

Cyprus Office
Akamantis Business Center, Office 214
10, Egypt Street,
1097 Nicosia, Cyprus
Tel: + 357 22 55 88 73
Email: tp@tpalfa.com

Malta Office
Suite 20, The Penthouse, 4th Floor,
Ewropa Business Centre, Dun Karm Street,
Birkirkara, BKR 9034, Malta
Tel: + 356 27 54 00 24
Email: tp@tpalfa.com

SC&W SPECTOR CONSTANT & WILLIAMS

SC&W is a multi-disciplinary law firm which was formed by bringing together a group of technically accomplished and client focused lawyers each with a similar ethos and outlook. We created a firm that is future facing, dynamic, innovative and that offers a complete client service. With a particular focus on real estate, finance, litigation and corporate areas, SC&W offers a well-rounded and exceptional service to clients old and new.

We approach our clients' businesses and legal needs as if they were our own and make our clients feel that we are their own in-house legal team. Dedicated to providing entrepreneurial and commercially minded solutions, our experienced lawyers are leading experts in their fields. Our clients include FTSE-rated companies, property professionals, offshore investors, private developers, SMEs, and high-net-worth individuals.

As a new generation of law firm, SC&W is dynamic and commercially-minded, formed out of a desire to go above and beyond for our clients. Our highly skilled solicitors came together through a shared ethos and expertise in Real Estate, Dispute Resolution, Banking & Finance and Company & Commercial.

London's Dynamic Law Firm

With more than 50 partner offices across the world, our location in Wells Street is nestled in Fitzrovia between the thriving core of London's West End real estate market and the Royal Courts of Justice.

Spector Constant & Williams Limited
4th Floor, 75 Wells Street, London W1T 3QH
Telephone +44 (0)20 7269 5120 Fax +44 (0)20 7269 5121
DX 138877 Mayfair scwlegal.co.uk

The Partners

George Constant

Paul Crumplin

Sofia Loizidou

James Robertson

Gary Scott

Marion Silvey

Richard Spector

Scot Tsang

Alun Williams

REAL ESTATE

Commercial Property, Residential Property, Construction, Development & Planning, Enfranchisement & Lease Extensions.

DISPUTE RESOLUTION

Mediation & Arbitration, Property Disputes, Banking & Insolvency, Asset Recovery & Fraud, Libel & Defamation, Professional Negligence, Group Actions, Leasehold Enfranchisement.

BANKING & FINANCE

Secured Lending & Banking, Islamic Finance, Bridging Finance, Mezzanine Finance, Private Equity Finance, Private Lending, Property Finance, Re-scheduling & Re-structuring Facilities, Specialist Structured Finance.

COMPANY & COMMERCIAL

Private Company Share, Asset Acquisitions & Disposals, Structuring Start-up Companies, Shareholders Agreements, Corporate Advisory, Enterprise Investment Schemes, Joint Ventures, Private Equity & Venture Capital Transactions, Corporate Restructuring, Capital Reductions & Share Buy-backs, Film Financing & Receivables Financing, Structured Finance & Security Agreements, Corporate Finance, Commercial Legal Contracts, Trade Finance.

Real Estate

Uniquely positioned on Wells Street between the dynamic West End and the City's legal sector, our clients include the UK's most active property professionals.

Today's property market requires investment in a diversified portfolio. SC&W's expertise can assist in maximising a yield from a tenanted asset, a break-up of a multi-tenanted property, or adding value through a planning gain. SC&W's proven ability to deal with the most complex property transactions means that we can offer strategic advice to clients, including indirect investment structures, complex site assemblies and regeneration schemes.

Our team of residential property solicitors provide expert advice to landlords and individuals at every stage of the conveyancing process. We advise on all types of property including freehold and leasehold properties, new builds, listed buildings, development sites, renovations and conversions, and buy-to-let investments.

SC&W specialises in prime London residential property transactions. Our clients include private individuals, banks, corporates and investment funds, based all across the world. We work with key players in the property industry such as agents, private estates and developers, and work towards tight deadlines and complicated structures.

The partners at SC&W have a wealth of experience in all aspects of development and planning. We can advise at each stage of the development process including site acquisition, planning and section 106 agreements, viability and affordable housing issues, and disposal or refinancing on practical completion.

SC&W also advises its clients on the most appropriate structure for each client's individual requirements including options, conditional agreements, development management agreements, land promotion agreements, overages and joint venture agreements.

Our team has extensive experience and knowledge of construction procurement and contracts and can draft and negotiate bespoke construction contracts. We provide advice on development agreements, construction contracts, consultants' appointments, agreements for lease, landlord's licence agreements, parent guarantees, bonds, collateral warrantees, third party rights and novation agreements.

We work with expert professionals to achieve our clients' requirements professionally and quickly.

Secured Lending & Banking

Spector Constant & Williams have extensive experience acting for lenders in both the residential and commercial property sector. We act for lenders on high value and complex transactions. We help identify the risks and secure their lending to facilitate a smooth but safe transaction for all parties, but at the same time we apply our usual pragmatic and expedient approach.

We act for clearing and private banks, bridging lenders, mezzanine finance providers, private funds, commercial banks and other lenders. We advise lenders on all banking and funding facilities, debt and debt security.

Our team has extensive experience in all forms of security over all types of assets, working together with our property teams to provide a comprehensive service.

George Constant

PARTNER

george.constant@scwlegal.co.uk
D +44 (0)20 7143 4467
M +44 (0)7956 100659

REAL ESTATE, BANKING & FINANCE

George has developed a significant reputation over the last 15 years in the Real Estate and Investment world. He has acted in many high value and well publicised transactions for his clients. George has built up his team over the course of his career to work with him to meet the demands and needs of SC&W's clients by adopting modern methods, and working effectively and expeditiously with a significant degree of commerciality.

George also has extensive experience in acting for a number of the Banks and other Lending Institutions in their Secured Lending transactions. For many years George has been one of the main solicitors for a number of well-known commercial banks. George and his team apply the same commercial and modern methods that they use in their Investment transactions to process the Banking & Finance transactions which is fairly unusual in the market.

George and his team have developed a particular expertise in Islamic Finance acting for a number of financial institutions who offer Islamic Finance products.

George's clients include many clients in the hospitality and leisure sector acting for various restaurant and bar operators, night club operators and hotel owners and operators.

Sofia Loizidou

PARTNER

sofia.loizidou@scwlegal.co.uk
D +44 (0)20 7143 4462
M +44 (0)7399 699220

REAL ESTATE, BANKING & FINANCE

Sofia deals with a wide variety of work, with a focus on residential-led development projects. Her practice includes the acquisition and disposal of investment properties, advising on commercial and residential developments including negotiating planning agreements and unilateral undertakings with planning authorities, landlord and tenant matters, secured lending and site assembly. Since graduating from Cambridge University, Sofia has spent the last 10 years expanding her breadth of experience within the real estate sector. Sofia works closely with her clients who appreciate her pro-active and personalised service.

She acts for a variety of clients including developers, high net-worth individuals and commercial occupiers, among a mixture of asset types including retail parks, offices and mixed-use developments.

Sofia's development experience compliments her practice dealing with real estate finance matters where she regularly acts for borrowers and lenders with development finance, investment finance or short-term bridging finance.

Quantuma

Leading advisory services

An overview of what we do and who we are

We serve the needs of corporate companies, their stakeholders and professional advisers from our 20 offices across the UK, Cyprus and Mauritius. Our multi-disciplinary team of experts provides a comprehensive set of advisory services including:

- Corporate Finance
- Forensic Accounting and Investigations
- Insolvency
- Restructuring

We operate across borders, advising on a wide range of complex special situations, working together to offer practical solutions to businesses of all sizes.

OUR EXPERIENCE

- Amassed significant experience in the Hotel Industry, having been appointed in various Hotel Receiverships, mainly in the Paphos Region.
- Acted as an appointed restructuring consultant for firms and individuals in the Cyprus market.
- Advised various consulting and advisory projects in the restructuring and insolvency fields.
- Receivership of FBME Bank Limited, a Cypriot Bank where an in-depth investigation of the Company's affairs was undertaken.
- Various insolvency appointments include the Receiverships of a private school in Paphos, a number of CVL's across various property companies all over Cyprus and the liquidation of a CYSEC approved investment fund.

www.quantumacyprus.com info@quantumacyprus.com + 357 22 668 021

CONTACT US

If you or a client are facing financial challenges or forecasting an impending problem, please give us a call and we'll be happy to work with you or your client to turn those challenges in to opportunities, and work towards the best outcome for all concerned.

Constantinos Ioannou
Partner, Restructuring & Insolvency
+357 22 668021
constantinos@quantumacyprus.com

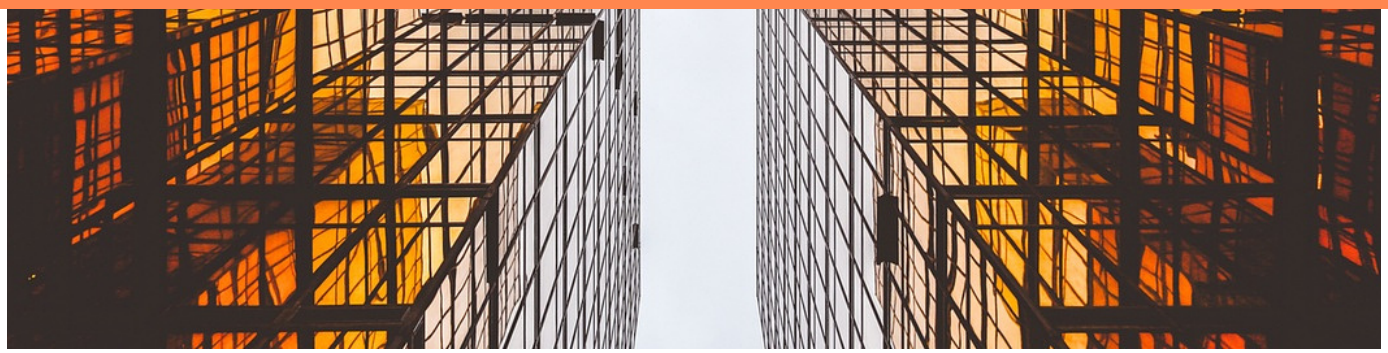
Andrew Andronikou
Partner, Restructuring & Insolvency
+357 22 668021
andrew.andronikou@quantumacyprus.com

Constantinos Georgiou
Senior Manager, Restructuring & Insolvency
+357 22 668021
c.georgiou@quantumacyprus.com

Kyriacos Kyriacou
Senior Manager, Restructuring & Insolvency
+357 22 668021
kyriacos@quantumacyprus.com

Quantuma

MICHAEL KYPRIANOU & CO LLC



Michael Kyprianou & Co LLC was founded in 1991 in Nicosia. Throughout its growth, the law firm has managed to develop a strong international presence with 9 offices in 6 countries – Nicosia, Limassol and Paphos in Cyprus, Athens and Thessaloniki in Greece, Dubai in the United Arab Emirates, Kiev in Ukraine, Birkirkara in Malta and, more recently, in London in the United Kingdom.

The firm has a total of 119 employees, 69 of whom are well qualified and experienced lawyers with each person focusing on their area of expertise and providing quality services that have gained the firm an enviable reputation.

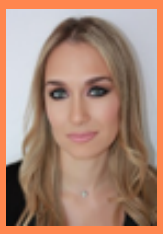
THE PARTNERS

MENELAOS KYPRIANOU
MANAGING PARTNER

TONIA ANTONIOU

LAMBROS SOTERIOU

SAVVAS SAVVIDES



MARINA
HADJISOTERIOU

IOANNA SOLOMOU

ESME PALAS

LORENA
CHARALAMBOUS

The Managing Partner of the firm is Menelaos Kyprianou who leads the team of Dispute Resolution and Arbitration in Nicosia.

The other partners are Tonia Antoniou, who leads the Banking and Finance Team, Lambros Soteriou who is the Head of the Corporate Department and they are based in the Limassol Office. Savvas Savvides, heads the team of Real Estate and Construction and Immigration, as well as managing the Paphos Office.

Marina Hadjisoteriou is in charge of the Dispute Resolution team in the Limassol Office and Ioanna Solomou, as well a partner, belongs in the Corporate and Commercial team.

Esme Palas has extensive experience in relation to Property, Construction and Immigration Law, as well as in Commercial Law. Lorena Charalambous, is a partner and is part of the Banking and Finance team.

The firm offers a broad range of legal services including Banking and Finance, Corporate and Commercial, Data Protection & Privacy, European and Competition Law, Immigration Law Immovable Property Law, Information Technology and Electronic Commerce, Intellectual Property, International Tax Planning, Private Client, Shipping, Energy & Transport.

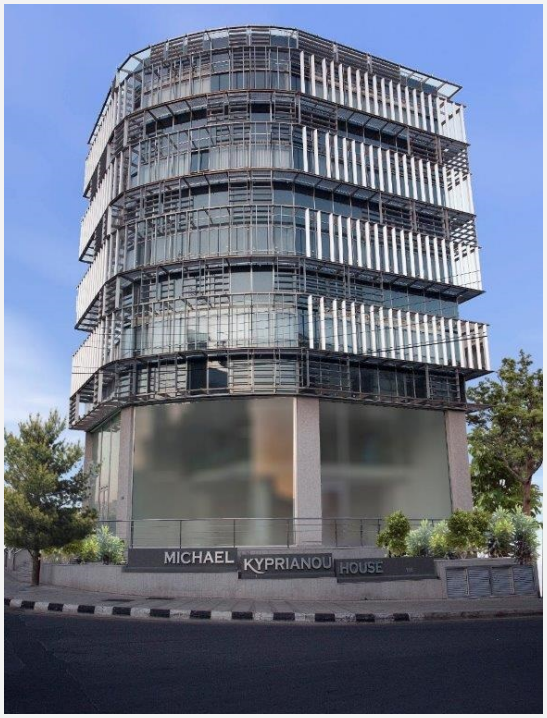
In addition, the offices in Cyprus have a great deal of expertise in the areas of IT and Technology Companies as well as Fintech, investment companies and International Tax Planning. Our offices in Malta, in addition to the above, offer excellent services to gaming companies, fintech as well as giving legal advice in matters related to cryptocurrency (e.g. bitcoin).

THE PRACTICE HAS AN IMPECCABLE REPUTATION AND ALTHOUGH IT IS A VERY BUSY FIRM, THE TEAM REMAINS READILY ACCESSIBLE.

LEGAL 500, 2019 EDITION

The quality services of the firm are recognised and often praised by global legal networks such as 'Chambers and 'Legal 500'. This year our firm was ranked Top Tier in the area of Dispute Resolution and Real Estate while it was ranked as the 3rd largest law firm in Cyprus. Moreover, the Legal500 had ten of the lawyers of the firm highly recommended as leaders in their areas of practice with five of them being the Partners of the firm.

The offices in Greece deal with Banking and Finance, Corporate Law as well as Dispute Resolution, Arbitration and International Tax Planning. The firm has a broad range of clients including HNWs, local businesses and international organisations which are active in diverse industries. The law firm is trusted by a variety of insurance and banking institutes of global calibre as well as local banks. The expertise of the firm is well received by Forex companies.



Cyprus Export Awards

In March 2019, the law firm received the prestigious Cyprus Exports Award for the export of its services globally for the year 2017 organised by the Cyprus Chamber of Commerce and Industry (CCCI) and the Ministry of Energy, Commerce and Industry. The award was delivered to Mr Savvas Savvides, Partner, by His Excellency the President of the Republic of Cyprus, Mr Nicos Anastasiades, at a special ceremony which took place at the Presidential Palace.

International Synergies

The firm has developed strong bonds and synergies with specialists in all areas of practice through the expertise of its lawyers internally and internationally. The firm is also the solid representative of Cyprus in Multilaw, as well as in the World Link for Lawyers, which are the two top global law networks.

In addition, Michael Kyprianou & Co LLC is an official member of the International Fraud Group, which is a specialised and selected group of international legal firms that focus on the areas of cross-border commercial fraud and asset detection.

Moreover, the firm is a member of the International Tax Planning Association, the Association of International Property Professionals, the International Trademark Association, the Chartered Institute of Patent Attorneys, the International Association for the Protection of Intellectual Property and the International Association of Commercial Collectors.

NEOSERVE
AUDIT LIMITED

Audit • Tax • Consulting

ICAEW CHARTERED ACCOUNTANTS

Neoserve is a firm of qualified professionals offering a wide range of client-focused business services to both international and local clients aiming to meet their requirements. We are specialised in providing audit and assurance services, accounting and administration, corporate and personal taxation services. We also offer company formation and representation services as well as banking support.

The founder and Managing Director of the firm is Neoclis Nicolaides. Mr Nicolaides is a Fellow member of the Institute of Chartered Accountants in England and Wales and a Member of the Institute of Certified Accountants of Cyprus since 1987. He has many years experience in his field which he practices for over 20 years.

The firm's Director specialising in Tax matters is Michalis Elpidorou. Mr. Elpidorou is a Fellow member of The Chartered Association of Certified Accountants in the United Kingdom and a Member of The Institute of Certified Public Accountants of the Cyprus for over 25 years.

SERVICES

- **Audit and Assurance**
- **Business Advice**
- **Accounting and Administration**
- **Taxation**
- **Company Formation**
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16, Evaggelistrias Street,
Malema Court, Office 11,
3031 Limassol, Cyprus
P.O.Box 70585, 3800 Limassol

tel 357 25 572211, 357 99 612430
fax 357 25 572213
e-mail info@neoserve.net
www.neoserve.net

Why Cyprus

General

Cyprus is a member of the EU and a modern international business and financial centre, with excellent infrastructure, situated at a strategic geographical location and time zone. English is the most widely used business language and the Cyprus Legal System is based on English Common Law.

Cyprus has a favourable tax system with very beneficial double tax treaties with over 40 countries and has established itself as a tax-incentive country and not a "tax heaven".

Cyprus has a mature professional services sector with highly educated and multilingual professionals. As an indication Cyprus was the first country outside the UK that has been approved by The Institute of Chartered Accountants in England and Wales to qualify Chartered Accountants locally, without the need to work in the UK.

Fees for professional services provided in Cyprus are very low compared to other EU jurisdictions.

Cyprus also has excellent telecommunications infrastructure and air connections.

Overview of the Corporate Tax System in Cyprus

Cyprus Corporate Income Tax is at a very competitive flat rate.

Business activities which are ideally suited to the Cyprus tax environment include:
Holding Companies • Foreign sourced dividends are exempt from tax under easily met conditions. Disposals of shares and other qualifying titles, such as corporate bonds, are exempt from tax provided the disposed company does not own any real estate in Cyprus. Generally there are no withholding taxes on payments from Cyprus.

Intellectual property Companies • 80% exemption of the net royalty income which gives an effective tax rate of 2.5%.

Investment Funds • Trading in securities is essentially a tax-exempt activity.

Shipping companies • are fully exempt from all direct taxes and are subject to taxation under the tonnage tax regime.

Cyprus Legal System

The Republic of Cyprus is a Member State of the European Union and a member of the Eurozone. Cyprus is an independent, sovereign Republic with a presidential system of government and a written constitution which safeguards the rule of law, political stability, human rights and the ownership of property. Cyprus is a member of the British commonwealth, Council of Europe, IMF, UN, World Bank and WTO and is signatory to many international conventions and treaties.

Cyprus´ close links to Great Britain as part of the British Empire (it was a British Crown Colony until achieving independence in 1960) mean that its legal and judicial system is very much aligned with that of the United Kingdom. As such, Cyprus´ primary corporate statutes are based on and derived from English company legislation and its legal system is modeled on the English common law system. Cyprus legislation is fully compliant with European Union Legislation. European Union Directives are fully implement into local legislation and European Union Regulations have direct effect and application in Cyprus.

Setting up in Cyprus? • We help you find your way

The procedures for registering a company with the relevant authorities in Cyprus can be completed within a few days, for a fairly standard operating model. In the case of using an already existing company, this timeframe can be reduced even further. We provide a one-stop-shop that aims to fulfill the needs of firms and individuals during their first months in Cyprus and thereafter.

Reporting framework for Cyprus entities

International Financial Reporting Standards as adopted by the European Union ("EU IFRS")
constitutes local Generally Accepted Accounting Principles ("GAAP") in Cyprus and also forms the basis for the computation of taxable income for all Cyprus tax resident entities. Therefore, Cyprus registered entities need only maintain one set of financial information for financial reporting and tax purposes alike, based on a reporting framework widely accepted by investors, financiers and analysts across the globe.

BLEVINS FRANKS

Why Blevins Franks?

The leading international tax and wealth management advisers to UK nationals living in Europe

People who encounter Blevins Franks for the first time are not always aware of our heritage and what sets us apart in providing financial peace of mind to UK nationals in Continental Europe and the UK.

- We have been advising UK nationals in Europe and the UK for 45 years.
- Partners and Private Client Managers are based locally in the same areas as clients.
- Offices across Europe in Spain, France, Monaco, Portugal, Cyprus, Malta and the UK.
- In-depth understanding of each country's tax regime and the cross-border implications for expatriates.
- Committed to maintaining personal and long-term relationships with our clients and their families.
- Our UK office advises clients living in the UK, returning to the UK or moving abroad.
- Holistic advice and solutions covering cross-border estate planning, tax, investments, trusts and pensions.
- Estate planning service helps our clients ensure the right money goes to the right hands at the right time.
- Residency and domicile determination service.
- Advisers are professionally qualified to at least Level 4 as recognised by the UK Financial Conduct Authority.
- In-house team of technical tax experts monitor tax and legal changes in each country and the UK.
- Over 100 experienced support staff based in our client care centre in Malta.
- English-speaking local offices can assist clients when liaising with local tax departments.
- Support with local practical issues (e.g. finding a lawyer, accountant, plumber, dentist, etc).
- Integrated tax and wealth management strategies tailored to each client's aims and needs, regularly reviewed by a dedicated Private Client Manager.
- In-house, UK-regulated pensions specialists with detailed understanding of UK and offshore pension schemes, such as SIPPs, QROPS and QNUPS.
- Pension consolidation and cross-border evaluation service.
- Investment portfolio review and risk evaluation service.
- Access to world-class investment managers.

Contact your local office

+357 26 023 100 (Cyprus) **+44 (0)207 389 8133 (UK)** cypaphos@blevinsfranks.com

D45.BF.Aug2022

BLEVINS FRANKS

Biographies

Nick Cairns Partner

Nick joined the financial services industry in 1993, initially with Liverpool Victoria Friendly Society, before moving on to establish his own Independent Financial Advisory business in the North-West of England, advising on all aspects of wealth management, capital preservation and lending. He joined Blevins Franks in 2012 as a Partner in Cyprus. Nick is fully qualified, holding the Diploma for Financial Advisers (DipFA), the UK Financial Planning Certificate and the CySEC Advanced Exam.

Telephone +357 26 023 100 Email nick.cairns@blevinsfranks.com

Jason Porter Business Development Director

Jason has a Joint Honours Degree in History and Politics, from Leicester University. He is also a Chartered Tax Adviser, having worked for Ernst & Young. He spent over five years with Coutts Private Bank, dealing with some of the most wealthy and interesting people in the UK. At Coutts he realised the considerable overlap between tax and financial planning meant clients were crying out for 'joined-up' advice, and so in addition, Jason became a financial planner in 1999. After an interesting sideways move for five years into media, Jason put his combined skills to work in 2007 as a Director at Credit Suisse Private Bank, providing wealth planning advice to ultra-high net worth clients. He joined Blevins Franks Financial Management Limited in February 2014, as a Director in the UK.

Telephone +44 (0) 207 389 8133 Email jason.porter@blevinsfranks.com

Lorraine Thomson Business Development Manager

Lorraine joined Blevins Franks in Cyprus in 2013 and has over 30 years' experience in sales, business development and client relationship management roles. She has worked in a variety of sectors, including financial services and general insurance, and has a strong focus on client experience.

Lorraine is responsible for supporting our advisers in Cyprus through managing marketing, events, client feedback and continuous improvement processes.

Telephone +357 26 023 100 Email lorraine.thomson@blevinsfranks.com

The Great Britain – Cyprus Business Association would like to welcome 7 new members who joined the association during September 2022

GB CY
BUSINESS ASSOCIATION

D. ZAVOS GROUP
LAND & BUILDING DEVELOPERS
SINCE 1980

MKL
Marinos L. Karydas Audits Limited
Chartered Certified Accountants

GO Digital
CYPRUS

Excel Shipping Limited
Excel Est. 1987

PRODROMOU.
ADVISORY-TAX-AUDIT

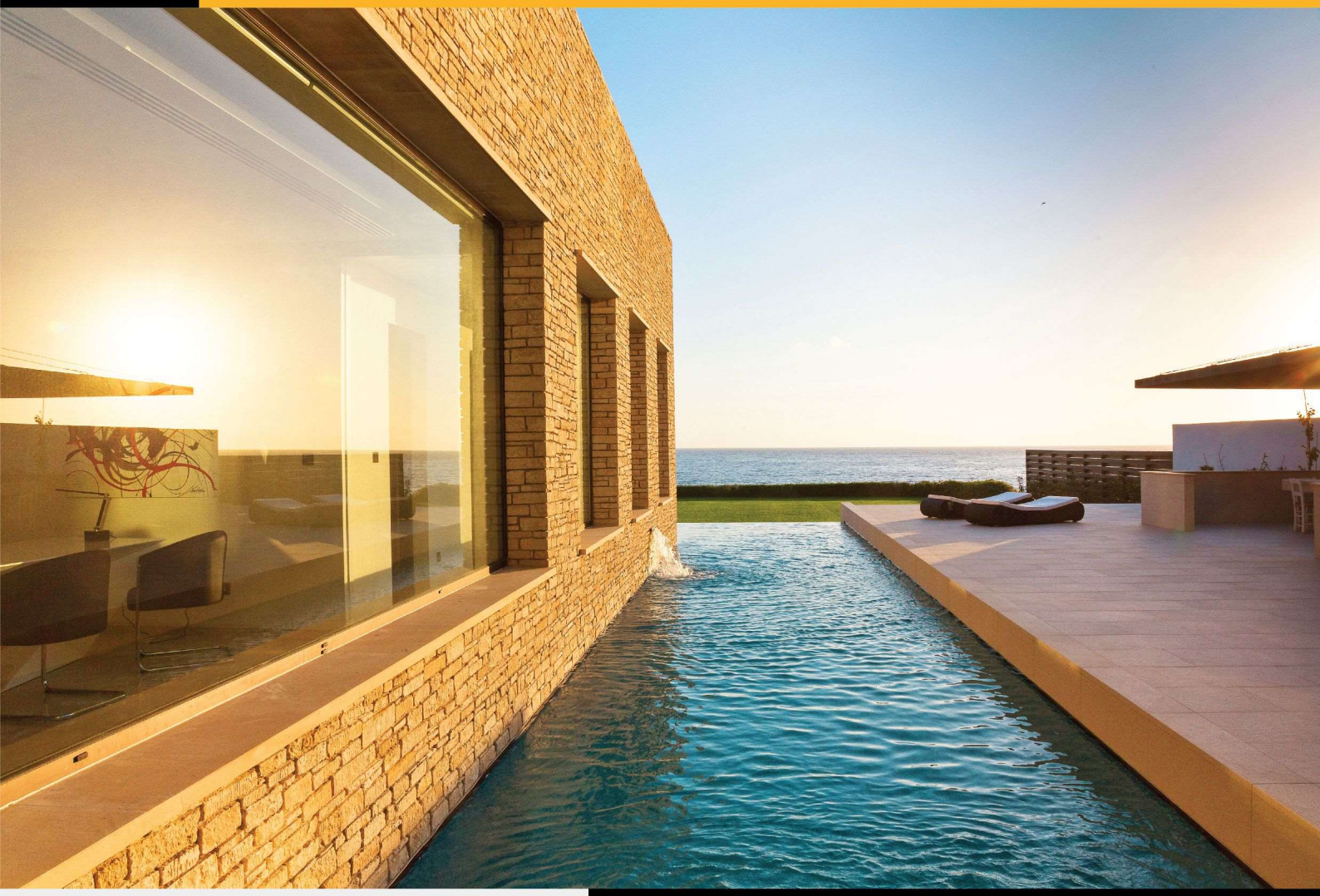
taxcom.

adp

If you would like to become a member of the GB-CY Business Association
Visit: www.gbcy.business
or send us an email to savvas@gbcy.business

www.gbcy.business

KORANTINA HOMES



Korantina Homes
is one of the largest developers in Cyprus primarily building on the west coast of the island with a huge presence in the land development and real estate sector in Cyprus since the 80's.

32 Trikomou Street,
Pegeia, Paphos 8560, Cyprus
+357 8000 7030

info@korantinahomes.com
www.korantinahomes.com
+357 26623536

KORANTINA HOMES

Its rich portfolio, award-winning projects and international recognition have set the company apart from the competition, while its impressive and high-quality constructions make it an ideal choice for eclectic customers with demands.

Korantina Homes believes in quality constructions that offer something different, raising the bar higher, surpassing expectations and avoiding tried, cliché recipes.

The company may be active in Cyprus, but its design spirit breaks through the Cypriot borders and takes inspiration from every corner of the world.

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08.22

CASE C 247/21 - LUXURY TRUST AUTOMOBIL GMBH - OPINION OF ADVOCATE GENERAL KOKOTT DELIVERED ON 14 JULY 2022

Demetra Constantinou

Partner - Accounting Department

This case refers to the use of the simplified scheme of Triangular Trade and examines whether the reference to the Reverse Charge (RC) in the invoice of the intermediate seller is a substantive requirement or just a formality for the scheme to apply.

In particular, whether the narrative 'Exempt Intra-Community triangular transaction' on the invoice of the intermediate seller is sufficient to pass on to the last undertaking of the chain the liability to pay vat on the acquisition of goods in the destination country and if this narrative is not sufficient whether the intermediate seller could issue an invoice with the RC narrative subsequently.

The opinion of Advocate General Kokott specifically states the following:

(1) The person to whom the supply is made is to be regarded as having been designated as liable for payment of VAT within the meaning of Article 197 of Council Directive 2006/112/EC on the common system of value added tax ***only if the invoice concerned referred to a reverse charge to the recipient of the supply****. The indication 'Exempt Intra-Community triangular transaction' is not sufficient in that regard.*

(2) An invoice that contains the required indication 'Reverse charge' can still be issued subsequently, ***but only with ex nunc effect****. In that respect, it is necessary that that invoice be received by the recipient of the supply.*

A. Introduction

The Triangular Trade Special Scheme allows the intermediate seller to avoid registration in the country of destination of the goods and the existence of an intra-Community acquisition by the last undertaking in the chain by transferring the tax liability for its supply to the last undertaking in the chain (and thus also to the country of destination).

However, in order that the latter undertaking is aware of this and pays, in the country of destination, the appropriate tax on the acquisition of the goods, the scheme is tied to, inter alia, the issuing of an invoice which refers to that transfer of the tax liability.

B. Facts

Luxury Trust Automobil GmbH is an Austrian limited liability company with its registered office in Austria ('the applicant'). Its business includes cross-border brokering and cross-border sales of luxury vehicles.

On multiple occasions in 2014, the applicant purchased vehicles from a supplier in the United Kingdom and sold them on to a company with its registered office in the Czech Republic ('M s. r. o.'). The three undertakings involved each acted under the VAT identification number ('the VAT ID') of their State of establishment. The vehicles arrived directly from the supplier in the United Kingdom to the recipient in the Czech Republic; the transport of the vehicles had been arranged by the applicant.

The applicant's three invoices (each from March 2014) stated the Czech VAT ID of the recipient, the Austrian VAT ID of the applicant and the United Kingdom VAT ID of the supplier. Each of the invoices included the reference **'Exempt Intra-Community triangular transaction'**. VAT was not mentioned on the invoices (only the 'net amount of the invoice' in each case).

In the recapitulative statement for the month of March 2014, the applicant reported these supplies of goods in relation to the VAT ID of the Czech recipient and reported the existence of triangular transactions.

The Czech company M s. r. o. is classified by the Czech tax authorities as a 'missing trader'. The company could not be contacted by the Czech tax authorities and it did not declare or pay VAT in the Czech Republic on the triangular transactions. However, during the period in which the supplies at issue were made, M s. r. o. was registered for VAT purposes in the Czech Republic.

In its decision dated 25 April 2016, the Finanzamt (Tax Office, Austria) assessed the applicant's VAT liability for the year 2014.

In the grounds of its decision, the Tax Office stated that the three invoices issued by the applicant to the Czech company M s. r. o. **did not contain any reference to the transfer of the tax liability.**

The Bundesfinanzgericht (Federal Finance Court, Austria) dismissed the action brought by the applicant against that decision, as the provisions relating to triangular transactions are not mandatorily applicable in a set of circumstances, rather, the acquirer (the intermediate undertaking in a triangular transaction) **has the right to choose whether or not to apply the triangular transaction regime with respect to a particular supply**.

If the acquirer wishes to obtain tax exemption for its intra-Community acquisition in the Member State of destination and to transfer the tax liability relating to its supply to the recipient, it must include in the invoice the details stipulated in Article 25(4) of the UStG.

The applicant brought an appeal against that judgment before the Verwaltungsgerichtshof (Supreme Administrative Court, Austria). That court stayed the proceedings and referred questions to the Court for a preliminary ruling.

C. Questions referred to the Court

1. Whether, despite the 'formally' incorrect invoice, there is nevertheless an intra-Community triangular transaction (from a substantive point of view), with the result that the applicant's Intra-Community acquisition is to be deemed as taxed in Austria.
2. If question 1. is answered in the negative, the referring court asks whether it is at least permissible for the incorrect invoice to be corrected with retroactive effect and whether the corrected invoice must be received by the recipient of the supply.
3. In addition, the referring court seeks to ascertain according to which invoicing rules of which Member State (country of destination or country of the identification number used by the supplier) the invoice is to be corrected.

D. Considerations made

In order to determine whether such a reference is a **mandatory requirement** of an intra-Community triangular transaction, the purpose of the scheme for intra-Community triangular transactions must first be established and then, the importance of the reference – which is required in that respect – to the transfer of the tax liability to the recipient of the supply must be clarified.

D1. Purpose - Simplification

The purpose of the special scheme for intra-Community triangular transactions is to simplify matters for the parties involved. That simplification is twofold.

1. No need to register in the country of destination provided that the last undertaking of the chain becomes the person liable for payment of the VAT.

Article 141 of the VAT Directive allows the intermediate trader (in the present case, the applicant) to avoid having to register in the country of destination (in the present case, the Czech Republic).

Article 197 prescribes that the recipient of that (second) supply (in the present case, M s. r. o.) becomes the person liable for payment of the VAT (reverse charge to the recipient of the supply).

Article 141(e) the last undertaking in the chain is vat registered in the MS of destination and has been 'designated in accordance with Article 197 as liable for payment of the VAT due on the supply'.

2. Article 42: Article 41 shall not apply if the intermediate seller acquired the goods for the purposes of a subsequent supply within the MS of destination to a person VAT registered there and submits a recapitulative statement. In particular, the applicant must establish that the recipient of the supply (in the present case, M s. r. o.) 'has been designated in accordance with Article 197 as liable for payment of VAT'.

Both simplifications are based on the fact that the recipient of the applicant's supply has been designated in accordance with Article 197 of the VAT Directive as liable for payment of VAT. In order for that to be the case, the

invoice for the applicant's supply to M s. r. o. contains a reference to the reverse charge to M s. r. o. in accordance with Article 226(11a) of that directive – which is in Section 4 of Chapter 3.

D2. Importance of the reference

It is clear from the above considerations that the simplification measure **is available** to the intermediate trader (in the present case, the applicant). **That trader can avail itself of the simplifications, but is not obliged to do so.**

Therefore, he needs to evidence his decision through the content of the invoice to its own customer.

To avail himself the simplification, the invoice detail referred to in Article 226(11a) of the VAT Directive is necessary so as the recipient of the supply can be said to have been 'designated in accordance with Article 197 as liable for payment of VAT' (Article 42(a) and Article 141(e)).

The aim of that is to inform the recipient of the supply (addressee of the invoice)Art and to ensure that the latter pays the VAT in the country of destination.
For that reason, the wording 'Exempt Intra-Community triangular transaction' used by the applicant in the present case may indeed satisfy the requirements of Article 226(11) of the VAT Directive, but it does not satisfy the requirements of Article 226(11a) thereof.

If the legislature expressly distinguishes between the reference to exemption and the reference to a reverse charge in Articles 226(11) and (11a), that legislative intention must also be taken into account.

Without such an invoice, it must therefore be assumed that the intermediate trader (in the present case, the applicant) has not exercised its right of option and that the recipient of the supply (in the present case, M s. r. o.) has not been designated in accordance with Article 197 of the VAT Directive as liable for payment of VAT.

Consequently, the intra-Community acquisition will not be deemed to be taxed and Article 41 will continue to apply. Therefore, the applicant must pay tax on an intra-Community acquisition in Austria as long as it does not establish that it has paid tax on the acquisition in the Czech Republic. If the conditions for non-application of the 'normal' taxation scheme to an intra-Community acquisition that are set out in Article 42(a) of the VAT Directive are not met, use cannot be made of the simplification scheme.

Consequently, without an invoice referring to a reverse charge to the recipient of the supply, the normal treatment of chain transactions applies. Therefore, the applicant is required to pay tax on an intra-Community acquisition in the Czech Republic (Article 40 of the VAT Directive) and, until it has established that it has done so, it is required to pay tax on an intra-Community acquisition in Austria (Article 41 of the VAT Directive). Likewise, tax on the supply made to M s. r. o. must be paid in the Czech Republic.

As the VAT Directive does not set a time limit within which use can be made of the simplification scheme, this can still be done subsequently. Therefore, a corresponding invoice can be issued at a later point. Possible time limits result, at best, from national procedural law, but not from the VAT Directive.

However, it also follows from the purpose of an invoice as explained above that – if it triggers legal consequences for the recipient of the supply, as in the present case – the recipient of the supply must necessarily receive it. How is the recipient of the supply supposed to know that the supplier has exercised its right of option to make use of the simplification scheme and has designated it as liable for payment of VAT in accordance with Article 197 of the VAT Directive if it is never informed of this?

For the same reason, the question as to retroactive effect can be answered quite clearly. Such an issuance of an invoice (for the first time) cannot have retroactive effect. Once such an invoice has been issued, and is received by the recipient, the legal consequences of the administrative simplification scheme are triggered *ex nunc*.

E. Conclusion

As the Triangular Trade Scheme is not obligatory, the intermediate seller needs to make sure that it is clear to the last undertaking that the obligation to pay the relevant acquisition VAT has been delegated to it. This is achieved with the reference

to the Reverse Charge (RC) in the invoice of the intermediate seller, thus the reference to the Reverse Charge is a substantive requirement for the scheme to apply.

Contact

Tax Department
tax@kinanis.com

Appendix A

Relevant Articles of the Principal VAT Directive (COUNCIL DIRECTIVE 2006/112/EC)

Article 197
1. VAT shall be payable by the person to whom the goods are supplied when the following conditions are met:
(a) the taxable transaction is a supply of goods carried out in accordance with the conditions laid down in Article 141;
(b) the person to whom the goods are supplied is another taxable person, or a non-taxable legal person, identified for VAT purposes in the Member State in which the supply is carried out;
(c) the invoice issued by the taxable person not established in the Member State of the person to whom the goods are supplied is drawn up in accordance with Sections 3 to 5 of Chapter 3.

Article 141
Each Member State shall take specific measures to ensure that VAT is not charged on the intra-Community acquisition of goods within its territory, made in accordance with Article 40, where the following conditions are met:
(a) the acquisition of goods is made by a taxable person who is not established in the Member State concerned but is identified for VAT purposes in another Member State;
(b) the acquisition of goods is made for the purposes of the subsequent supply of those goods, in the Member State concerned, by the taxable person referred to in point (a);
(c) the goods thus acquired by the taxable person referred to in point (a) are directly dispatched or transported, from a Member State other than that in which he is identified for VAT purposes, to the person for whom he is to carry out the subsequent supply;
(d) the person to whom the subsequent supply is to be made is another taxable person, or a non-taxable legal person, who is identified for VAT purposes in the Member State concerned;
(e) the person referred to in point (d) has been designated in accordance with Article 197 as liable for payment of the VAT due on the supply carried out by the taxable person who is not established in the Member State in which the tax is due.

Article 40
The place of an intra-Community acquisition of goods shall be deemed to be the place where dispatch or transport of the goods to the person acquiring them ends.

Article 41
Without prejudice to Article 40, the place of an intra-Community acquisition of goods as referred to in Article 2(1)(b)(i) shall be deemed to be within the territory of the Member State which issued the VAT identification number under which the person acquiring the goods made the acquisition, unless the person acquiring the goods establishes that VAT has been applied to that acquisition in accordance with Article 40.
If VAT is applied to the acquisition in accordance with the first paragraph and subsequently applied, pursuant to Article 40, to the acquisition in the Member State in which dispatch or transport of the goods ends, the taxable amount shall be reduced accordingly in the Member State which issued the VAT identification number under which the person acquiring the goods made the acquisition.

Article 42
The first paragraph of Article 41 shall not apply and VAT shall be deemed to have been applied to the intra-Community acquisition of goods in accordance with Article 40 where the following conditions are met:

(a) the person acquiring the goods establishes that he has made the intra-Community acquisition for the purposes of a subsequent supply, within the territory of the Member State identified in accordance with Article 40, **for which the person to whom the supply is made has been designated in accordance with Article 197 as liable for payment of VAT**;
(b) the person acquiring the goods has satisfied the obligations laid down in Article 265 relating to submission of the recapitulative statement.

Article 226
Without prejudice to the particular provisions laid down in this Directive, only the following details are required for VAT purposes on invoices issued pursuant to Articles 220 and 221:
……
(11) in the case of an exemption, reference to the applicable provision of this Directive, or to the corresponding national provision, or any other reference indicating that the supply of goods or services is exempt;
(11a) where the customer is liable for the payment of the VAT, the mention 'Reverse charge';…...

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Cryptoasset Service Provider (CASP) in the Republic of Cyprus

On the 25th of June 2021, the Cyprus Securities and Exchange Commission (CySEC) issued the Directive for the Registration of Cryptoasset Service Providers (CASPs) in accordance with section 61E of the Law 188(I)/2007 (the "Law"), the national Law transposing the Anti-Money Laundering and Counter Terrorist Financing Directive 2018/843 (the "AMLD5") in Cyprus. According to the Law, providers carrying out activities in relation to cryptoassets must comply with the AMLD5 and register as CASPs, in the designated Register maintained by CySEC.

The Directive regulates the registration and withdrawal of any registration, any material changes to each registration, the organisational and operational requirements for the CASPs as well as the applicable fees.

What is a Cryptoasset Service Provider?

A Crypto Assets Service Provider is defined as a legal person who provides or exercises, one or more of the following services or activities to another person or on behalf of another person:

i. Cryptocurrency exchanges (crypto-to-crypto, fiat-to-crypto and vice versa)

ii. Management, administration, transmission, transfer, retention, custodianship and safekeeping of crypto-assets or cryptographic keys or means which allow for the exercise control in cryptoassets

iii. Offering and/or sale of cryptoassets, including the initial coin offering

iv. Participation and/or provision of ***financial services*** related to the distribution, offering and/or sale of cryptoassets, including the initial offering

The definition of ***'Financial Services related to the distribution, offering and/or sale of cryptoassets'*** under the AMLD5 includes the following services and activities:

i. Reception and transmission of orders
ii. Execution of orders on behalf of clients
iii. Dealing on own account
iv. Portfolio management
v. Provision of investment advice
vi. Underwriting and/or placing of cryptoassets on a firm commitment basis
vii. Placing of crypto assets without a firm commitment basis
viii. Operation of a multilateral system where multiple third-party buying and selling
ix. trading interests in cryptoassets are able to interact in the system in a way that results in a transaction.

Registration Procedure

For the registration, interested CASPs must submit the relevant CySec application which includes the following:

(a) the name, trade name, legal status, and legal identifier (LEI)
(b) the physical address
(c) website
(d) services offered and/or activities performed as prescribed by the Law

The information above will be made publicly available in the designated CASPs Register.

Registration Requirements

CySEC will approve the registration of a CASP provided that it complies with the following:

i. The applicant must submit all the information, documents required in the application form as well as the addresses of all cryptoassets that will be maintained in the platform. Please note that CySEC may request further information during the application review

ii. The members of the Board of Directors as well as any other individual that holds a managerial position must pass the *fit and proper test* of CySEC, which is satisfied by showing honesty, capability, good repute, knowledge, skills, expertise, and dedication of adequate time for the performance of their duties

iii. The Board of Directors must have at least four (4) members, out of which at least two (2) must be executive directors whereas the other two (2) non – executive directors

iv. The beneficial owners of the CASP must also pass the *fit and proper* test of CySEC evidencing good repute and skills to maintain the appropriate financial structure of the CASP

v. An exclusive website is necessary in the event that the CASP will be operating online without giving access to any other person to operate through their website

vi. The applicant must establish appropriate policies and procedures in order to comply with the Law and this Directive

vii. The applicant must establish appropriate systems and control mechanisms in order to ensure the prudent operation of the CASP including inter alia minimisation of the risk of appropriation or any loss of the CASP's clients cryptoassets

viii. The CASP must ensure that the remuneration terms of the staff do not conflict with the duty of care that the staff must show in order to act in the best interest of the clients. The CASP must not make any adjustments in the remunerations and targets of sales where they will act as a motivation for the staff to implement aggressive marketing techniques

ix. The CASP must establish robust corporate governance arrangements with explicit, transparent, and clear identifiable reference lines

x. The CASP must take all reasonable measures establishing a continuity plan and having in place proper policies for the retrieval of data and timely continuance of operations where despite the reasonable measures that are in place, the operations of the CASP have been ceased

xi. The CASP must take all reasonable steps to arrange the outsourcing of essential functions in order to avoid any undue deterioration of the operational risk of the CASP

xii. The CASP must establish proper administrative and accounting policies, internal control mechanisms, risk assessment policies as well as security and control mechanisms for the electronic data processing systems

xiii. Based on the scope, nature, scale, and complexity of its activities, the CASP must establish an internal control function which is independent from the other functions and/or operations

xiv. The CASP must establish proper security mechanisms, for the purpose of ensuring and verifying the authenticity of the data used for the transmission of information, minimise the risk of destruction of data, the risk of unauthorised access as well as the prevention of leaked information in order to ensure that confidentiality is maintained at all times

xv. The CASP must ensure that records are kept in relation to its performed activities including the relevant correspondences in order to enable CySEC to perform its duties and to take such measures to ensure the CASP's compliance with its obligations

xvi. The CASP must ensure that the staff is not involved in multiple duties and where some of the staff is involved in multiple duties, the CASP must ensure that this does not affect the performance of its duties diligently, professionally and with honesty

xvii. The CASP must establish proper complaints policies and procedures in order to ensure that the complaints of the clients are duly addressed

xviii. The CASP must ensure that its staff is honest and act in a professional manner with the required knowledge according to its duties.

Capital Requirements

The applicant must maintain at all times own funds equal to the higher of the following:

i. €125,000 initial share capital for the provision of the following services:

(a) Reception and transmission of orders
(b) Execution of orders on behalf of clients
(c) Exchange between cryptoassets and fiat currencies
(d) Exchange between cryptoassets
(e) Participation and/or provision of financial services regarding the distribution, offer and/or sale of cryptoassets including the initial coin offering (ICO) placing of cryptoassets with a firm commitment basis
(f) Portfolio management

ii. €150,000 initial share capital for the provision of the following services:

(a) Management, transfer, holding and/or safekeeping including the custody of cryptoassets or cryptographic keys or any means that allow the exercise of control on cryptoassets
(b) Underwriting and/or placing of cryptoassets on a firm commitment basis
(c) Operation of Multilateral Trading Facility (MTF) for buying and selling cryptoassets

iii. One Quarter (1/4) of the CASP's fixed expenses calculated on the basis of the previous year that needs to be revised annually.

Withdrawal of CASP's License from the Register

CySEC may delete a CASP from the designated register if any of the following applies:

i. The CASP has ceased to offer the services related to cryptoassets for a period of six (6) months.

ii. The CASP has been registered pursuant to false representations.

iii. The CASP has ceased all its services and activities that fall under the definition of the CASP pursuant

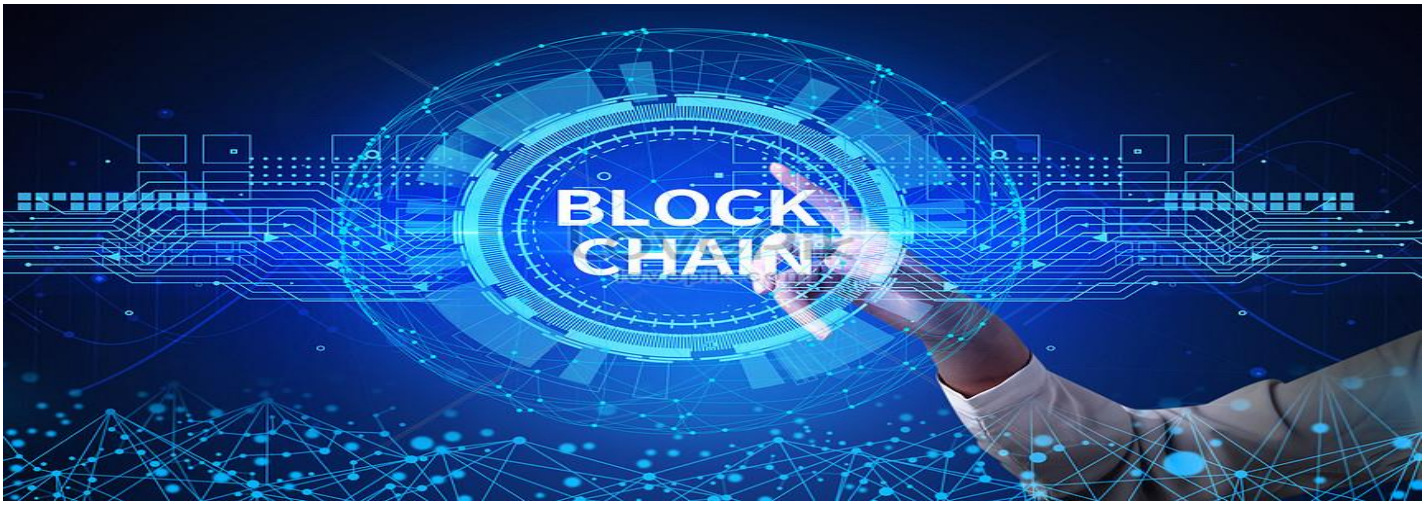
Applicable Fees

i. For the purpose of examining the application, the CASP must pay €10,000 to CySEC. This amount is not refundable in the event that the application is rejected by CySEC. Please note that when the CASP received its authorisation then there is no need to pay any other fee to CySEC for the first year of its authorisation.

ii. The annual renewal fee will be €5,000 payable to CySEC.

iii. For the submission of substantial changes to CySEC, the following fees applies:

(a) €1,000 per activity or service
(b) €2,000 for the notification of any change in the Board of Directors
(c) €5,000 for the notification of any change of the Beneficial Owner of the CASP
(d) €1,000 for the notification of any material change on the website of the CASP



How Pelaghias, Christodoulou, Vrachas LLC can help you?

i. CASP Licensing Services

- Consultng and advising on the optimal structure of the business based on client needs
- Preparation and coordination of the CySEC application including, inter alia, the drafting and reviewing of all the documents required for the CASP license
- Liaising and following up with CySEC and other competent authorities until successful completion of the licensing procedure and authorisation
- Ongoing legal support in relation to the CASP's regulatory obligations as well as its day-to-day operations

CX FINANCIA
Corporate & Compliance Services

A look into Cyprus' growing trends for 2023

Mrs. Xenia Neophytou,
Managing Director of CX Financia Ltd

"With 2022 coming to an end, it's a great time to reflect on everything that has happened in the past year and start thinking about the business trends about to take off in 2023."

A few words about Cyprus

Cyprus (Greek: Kípros) is the third largest island in the Mediterranean and has historically been an attractive destination to live and work. Our beautiful Mediterranean island boasts more than 60 blue flag beaches and enjoys more than 300 days of sunshine. The welcoming people and the laid-back lifestyle make living in Cyprus an absolute dream.

Strategically located at the crossroads of three continents — Europe, the Middle East, and Africa —Cyprus is a key destination for businesses of all types. On the same note, Cyprus has been an EU member state since 2004, offering access to European markets and EU trade agreements. Apart from its strategic location and EU access, the island also offers an advantageous tax regime, a robust regulatory legal framework, and a highly skilled workforce.

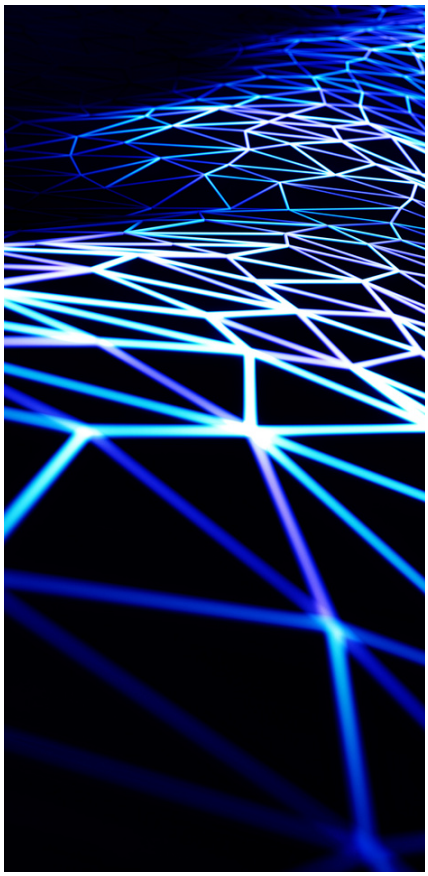
Growing trends for 2023
The booming investment fund industry

Cyprus is one of the fastest-growing fund management destinations, with Assets under Management reaching €11.1 billion in Q1 2022. The success of the Cyprus fund industry lies in its ecosystem. The legislative framework, the high-calibre service providers, and the double tax treaty network give massive impetus to the investment fund industry in Cyprus. Moreover, the low costs compared to other European markets make the island an attractive destination for foreign investors and asset managers.

But what does the future hold for the Cyprus fund industry? Based on what we've seen so far, it seems that the fund industry shows no signs of slowing down. Even during the turbulent times of the COVID-19 crisis, the Cyprus fund industry remained resilient, with assets under management growing with double-digit numbers.

Moreover, the recent agreement between Cyprus and the European Investment Fund sets out another significant milestone for the nascent venture capital market. Under this agreement, the European Investment Fund will manage the Cyprus Equity Fund — the first equity fund in Cyprus to be supported by public resources — raising our expectations for the fund industry even further for 2023.

The rise of blockchain technology



Over the past decade, we've seen a growing interest in blockchain technology across different sectors and industries, and it's not without reason. Based on a shared infrastructure, blockchain can provide tools for increased transparency and traceability of transactions. At the same time, blockchain can also improve the efficiency of cross-border payments while facilitating market-wide access.

Cyprus has already started to understand the implications of blockchain technology. Back in 2015, Cyprus was the first country in the world to offer a Master's degree in Blockchain and Digital Currency, showing its strong interest in pioneering digital technologies.

Moreover, a private hospital in Cyprus has also introduced blockchain technology to store vaccination records and provide vaccination certificates through the E-HCert application and the VeChainThor public blockchain. The Cyprus government has taken a positive stance toward this pioneering technology by investigating the technical, legal, and managerial applications of DLT technologies. On this note, Cyprus has also signed the 'European Blockchain Partnership' and the 'Declaration of the Southern Mediterranean Countries on Distributed Ledger Technologies'.

As we move into 2023, I expect businesses across various industries to start materialising the benefits of blockchain technology and taking advantage of the opportunities at an operational level.

Becoming a headquartering base for tech giants

Over the past two decades, more and more global organisations specialising in Information Technology Communication (IT) have been choosing Cyprus as home for their operations. Cyprus offers an advantageous tax regime with a corporate tax rate as low as 12.5%. Moreover, dividends, profits from trading, and royalty payments are exempt from withholding tax, which propounds a strong incentive for companies to move their headquarters to our beautiful Mediterranean island.

Considering the post-pandemic crisis and the high turbulence resulting from the world situation, particularly during the current tumultuous economic environment, I expect Cyprus to continue growing as a headquartering base in the next year.

In response to the rising interest from investors, the Cyprus government has already implemented a new Business Facilitation Unit (BFU) which aims for faster and more effective registration processes such as company name approvals, VAT and Direct Taxation registrations.

Our team at CX Financia has extensive experience in helping international businesses set their headquarters in Cyprus while managing legal and compliance risks.

Digital transformation and growth of e-commerce

Given that the Cyprus e-commerce market is expected to grow around 13.87% during the period 2022-2027, e-commerce growth and digital transformation are significant trends to consider for the following year. Without a doubt, the COVID-19 outbreak has accelerated the adoption of digital technologies, with businesses of all sizes looking at various digital tools to improve their processes and expand their operations at an international level through the internet.

The Cyprus government is also taking steps towards digitisation. More specifically, the National Digital Strategy, sets forth the aspirational vision of Cyprus to become a fit-for-the-future society and a knowledge-based economy. This includes the digitisation of government services, cyber security, and the introduction of digital IDs and online signatures.

Based on the above, I believe that digital transformation will be prevalent in 2023, with both private and public sectors adopting new digital technologies to optimise processes and improve the efficiency of operations.

Remote work

Since the pandemic hit the world, remote work has been gaining increasing attention, with the number of global remote job listings soaring.

More and more international companies are adopting remote work policies, in which they allow their employees to work from around the world. Thanks to technology and communication tools, this is possible to the point that many businesses thrive with remote-only teams.

But what does this mean for Cyprus? Cyprus is undeniably a key destination when it comes to quality of life, and it's undoubtedly a top relocation destination for remote employees. In fact, Cyprus ranks 36th in the Numbeo Cost of Living Index, offering an attractive destination at an affordable cost for education, leisure, healthcare, and housing.

In response to the increase of remote workers on the island, the Cyprus government has introduced a Digital Nomad Visa to accommodate the location-independent lifestyle. With this new type of residence permit, third-country nationals can stay in the country with their family members while working for a company abroad.

Based on our insights so far, I expect the remote work trend to continue to grow in 2023. That's why our experienced team of advisors at CX Financia remains constantly updated on the legislative updates and requirements in order to help our clients around the world acquire and renew their Digital Nomad Visa.

A rise in women's entrepreneurship

Women entrepreneurship is on the rise globally. After two years of disruption caused by the coronavirus outbreak, Women in business 2022: Global and regional findings show an increase in the proportion of mid-market senior management positions held by women globally. This worldwide trend is also evident in Cyprus, with more and more female professionals entering the entrepreneurial world.

As a female Managing Director of CX Financia, I am happy to see this positive trend, and I strongly believe that female entrepreneurship will continue to grow in 2023.

Recently, I had the opportunity to participate in the Blockchain Fest 2022 through a panel discussion on women in crypto and blockchain. It was a great opportunity to show that the crypto market is no longer a men-only business, and the same is true for many other industries. I am excited to see what the future holds for female entrepreneurs in Cyprus.

The future is bright for Cyprus

Situated at the heart of the Mediterranean, Cyprus is undeniably a key destination for life and business.
Despite the difficulties that the pandemic has brought to the world, the island has enjoyed significant growth over the past years, with key sectors enjoying double-digit growth — investment funds, real estate, and e-commerce, just to name a few.

The significant increase in foreign investments (FDI), particularly those concerning new projects, is of great importance to the Cypriot economy. This performance is also reflected in the economy's strong recovery in 2021, with a GDP growth rate of 5.5 per cent. In addition, FDI Intelligence included Cyprus in the top 10 countries for its recovery of investments after the pandemic and ranked the island in 18th place in the seventh edition of the Greenfield FDI Performance Index, climbing 50 places compared to the previous year.

On the same note, there have been exciting projects and developments on the island, such as the City of Dreams, Larnaca Marina, and Trilogy, which open up even more business opportunities for the future.

Looking into 2023, I believe these trends will continue to drive sustainable growth for the island. At the same time, though, digital transformation and new technologies are expected to accelerate the business landscape, even more, attracting more and more companies to set their headquarters in Cyprus.

The above article was published in September's edition of The Corporate Investment Times, a leading publication with more than 1M monthly readers.

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Business-Continuity-as-a-Services launches Business Consulting services

by Theodosis Theodosiou,
Business Development Manager, Cloudlayer8 Limited

CLOUDLAYER cl8.com

Business Disruption with Downtime Risk

We are experiencing the fourth industrial revolution. Technology runs our lives these days. Smartphones, tablets and computers; we really can't function without them. In a very short amount of time, technology has exploded in the market and now, many people cannot imagine a life without it.

Our industry is transforming. IT is no longer a department and a cost center. It is much closer to the business, or it is the business for many. The evolution over the years transformed IT from reactive, to proactive, to automated and now, finally it's a business tool that will determine the success or survival of your business.

Having said that, what is the impact of downtime? How much money will you lose for every minute that your ecommerce site or website will be offline? How about back-office systems, inability to invoice, employees not working? And how about mission critical systems, or systems that run your production? And it is not only the cost of losing sales and production disruption, how about bad reputation, dissatisfied customers and potential legal cases you may have?

CHALLENGES

Plan, Design and Deploy

One of the most frequent asked question I get is what is the difference between disaster recovery and business continuity? Disaster recovery is more focused and specific on IT systems, data, applications and being able to recover the servers, the applications and the data quickly. It is also a regulatory obligation for some industries.

Business continuity on the other hand is how we are going to have our business up and running in the event of a disaster. It covers more areas, and it is not that focus to specific IT systems. For example, how are we going to continue serving our customers and remain operational in the event of a catastrophe? It also involves how we interact with our suppliers and partners. How are we going to respond in the event of a disaster? Who does what, where and how? Business continuity covers the processes and procedures that your business should follow and not only having your applications and data up and running.

This means that careful and detailed planning must be done based on two main objectives:

- Recovery point objective (RPO): how much data am I willing to loose until recovery?
- Recovery time objective (RTO): how much downtime can your business afford?

The higher the objectives the more expensive the solution is. Usually, our customers compromise to critical systems, with average RTO and RPO objectives, according to an affordable budget and their industry's regulatory framework.

Another frequent asked question I get, and yes I get a lot ☒, is can we automate Disaster Recovery? In other words, can we failover to another datacenter without human interaction? The answer is yes, however is it a good idea to do so? The answer is no. We don't want to failover to another datacenter when not needed, without human interaction, just because a system triggered the failover alert for some reason.

Disaster Recovery projects are usually very expensive, need expensive equipment, connection lines and careful planning and design. We need to evaluate every application and every application has its own high availability and Disaster Recovery architecture, which makes thinks even more complex and time consuming. After successful deployment, quarterly Disaster Recovery tests are a must, to ensure everything is working. We don't want regular server and application patching or new customizations to affect our failover process, do we?

CI8 Business-Continuity-as-a-Services

Our proposed solution is based on Microsoft Azure Site Recovery, a purposed build service aiming to simplify and bring down the cost of Disaster Recovery projects. Our solution is affordable and now Disaster Recovery is not only for the huge enterprises and the banks.

After careful planning and design by our experts, in short, we replicate every VM on Azure. All VMs are switched off to save costs, except some databases or directory services that must be on, if available and pay only the storage cost. The network is setup correctly, so that in the

event of failure users will be able to connect to the Disaster Recovery location, which is in Azure, without interruption, after we "press the failover button". This solution also offers the option to have Disaster Recovery outside your country of residence and covers business continuity in the event of political crisis, war and other country wide catastrophic events.

Service includes

1 Planning & architecture workshop

- Define the customer's business RTO and RPO requirements
- Capacity planning using ASR tools to assess current environment
- Define Azure, cl8 and customer on-prem infrastructure requirements
- Estimated total DR cost to Azure: compute, storage, network, and Azure Site Recovery license cost, as well as **cl8** hosting cost if required
- Estimate deployment services cost

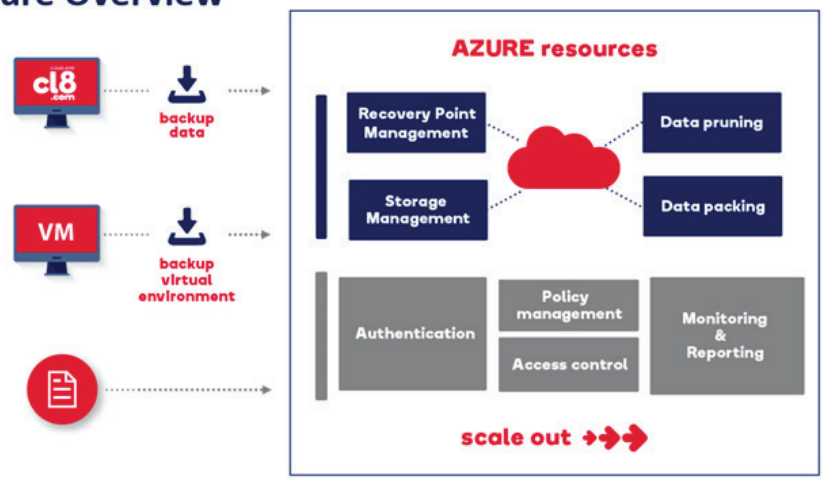
2 Solution architecture & environment readiness verification

3 Solution deployment in a POC environment

- Protection of customer Infrastructure
- Azure services cost will be estimated at planning phase, not included in deployment services costs

Disaster Recovery tests are much easier and simpler. We can do it in parallel, i.e., we don't have to failover to the Disaster Recovery location and then fail back to our primary datacenter. We don't have the stress of business disruption and data loss at every quarterly test! This means that production continues to work from the primary site as usual and we start the Azure VMs, test them, test connectivity and our predetermined scenarios, without affecting production. For more information please see:
PowerPoint Presentation (cl8.com)

Architecture Overview



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Who are we?

Cloudlayer8 (CL8) is the only carrier neutral, state of the art Tier III Data Center in Cyprus offering cutting-edge Data Center Services, Cloud and Managed Services. The company's mission is to provide secure, scalable and highly available Data Center services to business whose Information Technology is critical to their business success.

Why CL8?

CL8 can be the business strategic partner in Digital Transformation. Our unique capabilities to offer technology as-a-service elevate our deliverable to the top. We offer the technology transformation building block at a reasonable cost justifying the investment. The CL8 Cloud can enable you to support your business 24-hour and engage with your customers, adapt to demand and unexpected circumstances in real time. CL8 Unified Public Cloud Architecture enables businesses to utilize Office 365 and Azure offerings like IoT, Big Data from a single provider. Work from home, mobility, collaboration and teamwork are the building foundations of digital transformation and CL8 is in the unique position to offer them being located in Cyprus, avoiding the need to use international internet, when not needed.

Our challenger mindset drives our customer transformation engagements. We actively listen, study the business needs, and "challenge" the decision makers to evaluate new ideas, from different points of view, because we understand their business and technology.

Cloud computing is a service, not a tangible item; so we guarantee our services and support with money back guaranteed Service Level Agreements (SLAs) to ensure our customers of our dedicated services.

Conclusion

In my opinion every business is unique and has its own optimum architecture. Relying 100% on technology hosted in-house or cloud only may not be ideal. Engaging a local Private data center can bring the advantages of all worlds together and be the local hub to multi-cloud and hybrid, while at the same time offer the flexibility, cloud economics, OPEX and IT as-a service. Having clarified the importance of a Private Data Center, you should choose very carefully with whom to cooperate with.

Certifications show the quality verified by third party authorities. A Tier III facility guaranties uptime, ISO 9001 quality management of internal business processes and ISO 27001 the information security standard. Payment Card Industry Data Security Standard (PCI DSS) is necessary if you are handling credit cards.

There should be Service Level agreements in place and 24x7x365 support operations are a must have to minimize risk and speed up recovery.

Feel free to contact me any time to discuss your cloud and datacenter modernization at +357 25 022900 or email me at tt@cl8.com

Theodosis Theodosiou
Business Development Manager

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Statutory Residence Test ("SRT") Exceptional circumstances

GERALD EDELMAN

By Sonal Shah, Partner &
Ana-Maria Tomciac,
Assistant Manager
at GERALD EDELMAN

As per our previous article on the Statutory Residence Test (SRT), determining residency is largely dependent on the number of days spent in the UK along with connecting ties to the UK.

However, days spent in the UK may be ignored if the individual's presence in the UK is due to exceptional circumstances beyond their control. This will usually only apply to events that occur while an individual is in the UK, and which prevent them from leaving the UK.

Exceptional circumstances will normally apply where the individual has no choice concerning the time they spend in the UK, or in coming back to the UK and subject to the circumstances an individual can disregard up to 60 days spent in the UK when looking at their residency position for a particular tax year.

Whilst HMRC issued further guidance on this in August 2020, especially in respect of COVID situations, there has been no extension to the maximum limit of the number of days that can be disregarded, which remains at 60 days despite the scale of the pandemic. HMRC confirmed that this would be reviewed on a case-by-case basis.

A recent anonymised case of Taxpayer vs. HMRC [2022] provides useful insights into HMRC's approach when considering exceptional circumstances. During the 2015/16 tax year, an individual who lived in Dublin, having moved from the UK, spent more than 45 days in the UK and assessed herself as being non-UK resident as the days spent in the UK fell within the "exceptional circumstances" exemption due to the fact that she was in the UK to support her twin sister and to care for her two young children.

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Statutory Residence Test ("SRT") Exceptional circumstances

GERALD EDELMAN

Furthermore, her husband remained a UK resident, from whom she was not separated. In March 2016, the taxpayer received dividends received. Applying the SRT, having spent more than 45 days in the UK during a tax year, the individual would be considered to be UK resident, provided the exceptional circumstance conditions are not satisfied. Thus, HMRC deemed the taxpayer to be UK resident and amended her 2015/16 self-assessment tax return to reflect additional tax due of approximately £3.15 million.

HMRC argued that the conditions for exceptional circumstances were not met due to the following:

- The taxpayer would have been able to foresee a need to support her twin sister
- Exceptional circumstances did not encompass a person who came to the UK under a moral obligation
- Exceptional circumstance only applied to persons who were already in the UK and not to those who came to the UK because of exceptional circumstances and who was then prevented from leaving the UK by those same circumstances.

All of the above arguments were rejected by the tribunal. The taxpayer appealed the assessment, on the basis that she was subject to the exceptional circumstances' exemption. Out of the 50 days spent in the UK during the 2015/16 tax year, the taxpayer claimed that six days were due to exceptional circumstances concerning the taxpayer's need to care for her sister, and her sister's minor children, as mentioned above. The removal of these six days would make the taxpayer non-UK resident under the SRT. Although the exact consequences of this are yet to be seen it is clear that the tribunal felt that the exceptional circumstances exemption had a wider scope than initially suggested by HMRC. It will be interesting to see how this decision affects HMRC's approach to exceptional circumstances and whether HMRC would seek to appeal to the Upper Tribunal. Watch this space!

To download the article, please click at;
https://www.geraldedelman.com/insights/statutory-residence-test-srt-exceptional-circumstances/

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DAC7 – New reporting obligations for digital platforms

On March 22, 2021, the European Council adopted EU Directive 2021/514 (DAC7) which amends Directive 2011/16/EU on administrative cooperation in the field of taxation.

Member states have until December 31, 2022, to transpose the DAC7 directive into domestic law and are required to give effect to those provisions as of January 1, 2023.

The Scope

The scope of DAC7 is to extend the tax transparency rules on digital platforms in order to tackle the lack of tax compliance and the non-declaration of income earned from business activities through such digital platforms.

This will be achieved by obligating:

- digital platform operators to collect and report prescribed information on reportable sellers that use these platforms for certain commercial activities, and
- EU member states to automatically exchange this information.

Who is obliged to report

The reporting obligation lies on digital platforms operators who:

- are engaged in a relevant commercial activity.
- are tax residents in the EU, incorporated or managed in the EU, or have a permanent establishment in the EU.

Non-EU platform operators must also comply with DAC7 if they facilitate relevant activities of sellers who are residents in the EU or they rent out immoveable property located in the EU.

Digital Platform Operators

Digital platform operators are defined as any software, including websites and mobile applications, that allow sellers to connect to other users to carry out a relevant commercial activity.

However, platforms that only allow for the processing of payments, users to list or advertise, or that redirect or transfer users to a platform are excluded from the definition.

Relevant Commercial Activity

Relevant commercial activity is the:

- rental of immoveable property, both residential and commercial, including parking spaces
- provision of personal services
- sale of goods
- rental of any mode of transport

The activity must be carried out for consideration and may be cross-border **or** domestic.

Reportable Sellers

A reportable seller is an EU resident individual, company or legal arrangement, registered on the platform that carries out a *relevant commercial activity*.

Government or publicly traded entities that are registered on a platform are excluded from DAC7 reporting. Casual sellers of goods for which the platform has facilitated fewer than 30 sales and for which the total consideration paid does not exceed 2,000 euros during a reporting period are also excluded from the reporting obligation.

An exclusion also applies to sellers engaged in high frequency renting of immoveable property, requiring more than 2,000 relevant transactions during a reporting period to qualify.

Reporting Requirements

Once a reporting platform operator has identified the reportable sellers, reportable information must be submitted to the relevant EU Member State no later than January 31 of the year following the calendar year in which a reportable seller has been identified.

Non-EU platform operators must generally register with a member state of choice and report to that state. They may, though, be relieved from reporting in the EU if equivalent information is already exchanged under an agreement between the country in which the operator is located and a member state.

Reportable information

The digital platform operators shall report the following data:

- For each reportable seller who has carried out an activity qualified for reporting:
- information related to the seller's verification (name, address, TAX and VAT registration numbers),
- financial account number,
- the total remuneration paid or credited for the reportable period,
- the number of relevant activities for which remuneration has been paid or credited,
- any fees, commissions or taxes withheld or charged by the reporting operator during the reportable period,
- and if the seller has rented the immovable property, also the address of the property and the respective land registration number, the number of rental days and the type of property,
- and other.
- The identification data of the platform operator, as well as the business name of the platform and the address of the website.

Penalties for non-compliance

Reporting platform operators will be subject to administrative penalties for non-compliance with DAC7, which will be determined by individual EU member states.

Even though the reporting obligation remains with the platform operators, sellers are obliged to disclose required information to reporting platform operators to enable them perform the due diligence procedure Failure to do so might cause the closure of their account with the digital platform.

Kinanis LLC Commentary

EU and non-EU digital platform operators should assess whether they fall within the scope of DAC7 and if the activities taking place on the platform are reportable. If so, they need to identify any reportable sellers and determine what IT systems and processes are needed to comply with DAC7 due diligence and reporting requirements.

The digital platform operators should therefore consider updating their internal systems and contractual relationships with sellers to be able to collect the required data and comply with DAC7 obligations.

Kinanis LLC can assist in determining the potential implications of the DAC7 Directive on clients that identify as digital platform operators and provide with end-to-end support on all DAC7 compliance-related issues.

The deadline for the first reporting by platform operators is on January 31, 2024.

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