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CYPRUS A WORLD CLASS BUSINESS CENTRE

Cyprus, geographically located in the eastern Mediterranean and a member of the European Union since 2004, is an attractive jurisdiction for business. A significant number of multinational companies and international banking units are operating in Cyprus, enhancing the productive nature of the national economy. There are currently over 1200 International Business Companies (IBCs). IBCs have played a central role in the development of Cyprus as a world class business and finance centre.

Cyprus has a modern, free-market, service-based economy, and in conjunction with its effective transparent regulatory and legal framework, highly-educated workforce and sophisticated infrastructure offers international investors and domestic businesses confidence to invest and prosper.

The full liberalization of the capital market along with the elimination of tariffs and quantitative restrictions, fully harmonized with the collective framework of EU laws

and regulations (known as the Acquis Communautaire), presents new promising opportunities for foreign investors and entrepreneurs. International companies invest and establish business in Cyprus on equal terms with local investors. The incorporation of a Cyprus Company can be made with 100% foreign ownership. Additionally, Cyprus offers one of the lowest set-up and operating costs within the EU.

A Cyprus Company is one of the most popular and effective methods of tax planning. The existence of a broad network of double tax treaties ensures the avoidance of double taxation between country of registration and the country where the Cyprus Company or its subsidiaries carry out activities. The existence of the double tax treaties combined with the low tax rate paid by a Cyprus company offers many possibilities for effective international tax planning. The treaties also provide for reduced withholding taxes for dividends, interest and royalties.

ADVANTAGES

Cyprus is a full member of the European Union since May 2004. Cyprus Companies benefit from all EU treaties, regulations and directives, as well as freedom in movement of capital.

The corporate tax rate of 12,5% is one of the lowest rates in the European Union.

Any individual or corporation, whether of EU origin or not, is entitled to form a company in Cyprus.

Cyprus has developed a wide network of double tax treaties with over 50 countries ensuring that the same income is not taxed in more than one country.

Cyprus companies benefit from the provisions of the EU parent subsidiary directive which provides that the Cyprus company can benefit from passing outgoing dividends to its EU parent company without any withholding tax being payable in their country.

Cyprus offers a beneficial tax regime and various tax exemptions for corporate tax:

- a. Exemptions in respect of dividends received from other companies;
- b. Exemption in respect of interest income under special conditions;
- c. No withholding tax on distribution of dividends to non-domiciled residents;
- d. Favourable tax treatment losses;
- e. No tax on profits earned from permanent establishments abroad under certain conditions;
- f. No tax on capital gains derived from disposal of securities;
- g. No tax on profits from company reorganisations;
- h. Tax relief of foreign tax paid.

CYPRUS INTERNATIONAL BUSINESS COMPANY (IBC)

A Cyprus International Business Company (IBC) is one of the most popular and effective methods of tax planning. Cyprus legislation contains the right of taxation on preferential terms for the companies belonging to non-residents. An IBC can be non-resident and hence non-tax-resident in Cyprus provided its management and control is outside the country.

A CYPRUS LIMITED LIABILITY COMPANY

The Companies Law of Cyprus, which closely resembles the UK Companies Act 1948, provides for private and public companies. Private limited liability companies are broadly used by investors in Cyprus and internationally and can be used as holding, property or trading companies. The limited liability of private companies refers to the liability of the shareholders towards the company, limited up to the amount of the shareholders' shares.

THE STRUCTURE OF A PRIVATE CYPRUS COMPANY

Shareholder	Minimum one - corporate or individual of any nationality
Director	Minimum one - corporate or individual
Secretary	A corporate or individual secretary is required
Minimum paid-up share capital	Nil
Currency of the share capital	Any currency is permitted
Disclosure of the director's name	The director's name is publicly accessible; however nominee directors are widely use
Disclosure of the shareholder's name	The shareholder's name is publicly accessible; however nominee shareholders are widely use
Disclosure of the ultimate beneficial owner's details	No



THE REGISTRATION

The registration procedure for a Cyprus company is simple and straightforward and is achieved by filing with the Registrar of Companies the company's Memorandum and Articles of Association and pertinent particulars. Under Cyprus legislation, only licensed lawyers are allowed to prepare the Memorandum and Articles of Association, and the declaration form must be submitted to the Registrar of Companies.

FAST TRACK WAY TO COMPANY OWNERSHIP - SHELF COMPANIES

We understand that for our clients, time is of the essence. It is often the case that clients need to enter urgently into various transactions abroad. In this respect, we offer our clients the option to acquire a shelf company, an already by the Registrar approved and incorporated company. The applicant acquires a Cyprus company up and running in virtually no time. Shelf names are also offered in order to eliminate the time period necessary for the Registrar of Companies to approve a new company name.

AFTER THE INCORPORATION

Once a company is registered, we offer a variety of services relating to the maintenance and administration of the newly registered entity:

- Providing secretarial services such as convening board meetings and drafting minutes;
- Dealing with legal administration;
- Opening and maintaining the company's bank account;
- Preparing and filing annual returns and other documents to the Registrar.

ACCOUNTING SERVICES

Our affiliated accounting company, with their team of experienced and qualified professionals, provides a full range of accounting services to both local and international companies according to their needs and requirements. The accounting services include:

- Book keeping;
- Preparation of financial statements or management accounts in accordance with International Financial Reporting Standards (IFRS)
- VAT registration and preparation of quarterly VAT reports;
- Tax advice;
- Tax computation and submissions;
- Payroll services;
- Liaising with external auditors;
- Taxation services.



ANNUAL OBLIGATIONS OF A CYPRUS COMPANY

Audited financial statements	Yes
Annual Tax Return	Yes
Annual Levy	€350,00



SPECIAL TAX TREATMENTS

INTERNATIONAL TRUSTS

The legal framework in combination to the creation and operation of international trusts allows clients to retain their anonymity and hold their property under an international trust, without their identity being disclosed. The beneficial owner of a Cyprus company needs not to be the registered shareholder of the company. As the existence of a trust is expressly provided in law. Cyprus International Trusts are widely utilized as a vehicle for international tax planning, offering the following tax advantages:

- Income and gains of a Cyprus international trust, derived from sources outside Cyprus are exempt from any tax imposed in Cyprus under certain conditions.
- Dividends, interest or other income received by a trust from a Cyprus international business company are not subject to tax nor are they subject to withholding tax.
- No capital gains tax is charged on the disposal of assets of an international trust.
- Exemption from taxation in the case of an alien who creates an international trust in Cyprus and retires in Cyprus under certain conditions.

CYPRUS - THE IDEAL EU LOCATION FOR INTELLECTUAL PROPERTY (IP) TAX PLANNING

Cyprus is the ideal location to establish an IP structure that strategically serves a companies' business model, while safeguarding its intellectual property and contributing to its tax optimization. The Cyprus intellectual property (IP) regime combines an efficient IP tax regime with international protection through relevant IP international conventions, which Cyprus is a signatory to.

Additionally, the EU directive and regulations relating to IP protection have been fully transposed into Cyprus national legislation. As a result, with a single IP registration in Cyprus, IP rights which are owned by a Cypriot resident company may enjoy full protection in all EU Member States, as well as by the signatories of all major IP treaties and protocols.

The Cyprus IP tax regime covers a wide range of intangibles, including copyrights, patented inventions and trademarks.

Tax benefits of Cypriot IP companies include:

- Wide range of qualifying IP rights.
- 80% income tax exemption on worldwide royalty income (net of direct expenses) generated from IP;
- Gross IP income reduces by expenses incurred for the production of such income;
- Competitive amortization provisions over the lifetime of the IP;





A CYPRUS HOLDING COMPANY

Holding or investment companies are set up as the vehicle to hold investments in associate companies or subsidiaries. The company may also have other commercial activities such as trading, manufacturing, and financing without any restrictions on its activities. Profits arising from the disposals of a holding company are not taxable in Cyprus. Additionally, the holding company benefits from the favorable withholding tax provisions of the Cyprus double tax treaties network, the EU Parent Subsidiary Directive, and other EU Directives. Cyprus is often used as an intermediate holding company jurisdiction in the following circumstances:

- To invest outside Cyprus aiming at dividend income streams, which in most cases is tax exempt in Cyprus;
- As a fund or investment vehicle, since there is no tax imposed on transactions in securities;
- To hold real estate companies for a tax-free disposal of property since there is no tax imposed on the disposal of shares (with the exception of gains derived from real estate situated in Cyprus);
- To hold IP companies as Cyprus imposes no tax on the disposal of shares.

LOCATIONS

NICOSIA:

17 Stasinou Avenue,
1060 Nicosia, Cyprus
P.O. Box 21150, 1502 Nicosia, Cyprus

T: +357 22 447777
F: +357 22 767880
E: info@kyprianou.com

LIMASSOL:

Michael Kyprianou House, 116 Gladstonos Street,
3032 Limassol, Cyprus
P.O. Box 52441, 4064 Limassol, Cyprus

T: +357 25 363685
F: +357 25 363698
E: limassol@kyprianou.com

PAPHOS:

Michael Kyprianou House, 19 Kinira Street,
8011 Paphos, Cyprus
P.O. Box 64145, 8072 Paphos, Cyprus

T: +357 26 930800
F: +357 26 930808
E: paphos@kyprianou.com

ATHENS:

5 Zalokosta Street, 3rd Floor, Syntagma,
10671 Athens, Greece

T: +30 210 3387060
F: +30 211 7150149
E: athens@kyprianou.com

BIRKIRKARA:

MK Business Centre, 115A, Floor 2 Valley Road,
BKR 9022 Birkirkara, Malta

T: +356 2016 1010
E: infomalta@kyprianou.com

DUBAI:

Office 1902, Jumeirah Business Centre 5, 19th Floor, Jumeirah Lakes
Towers
P.O. Box 124920, Dubai, United Arab Emirates

T: +971 4 5570061
E: dubai@kyprianou.com

FRANKFURT:

Anwaltssozietät Kyprianou & Hasan GbR
Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany

T: +49 69 247 428 444
F: +49 69 255 777 58
E: frankfurt@kyprianou.com

KIEV:

20, Bolshaya Zhitomirskaya Str., Panorama Business Centre, 9th floor,
01025, Kiev, Ukraine

T: +380 63 251 0042
E: kiev@kyprianou.com

LONDON:

Unit 11, The Piano Works, 113-117 Farringdon Road,
London EC1R 3BX, United Kingdom

T: +44 20 7692 0777
E: london@kyprianou.com

TEL AVIV:

28 HaArba'a Street, 34th Floor,
6473925 Tel Aviv, Israel

T: +972 765384762
E: telaviv@kyprianou.com

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kyprianou.com