

KEY FACTS COMPANIES

INTERNATIONAL BUSINESSES MAY BE OPERATED IN CYPRUS UNDER A NUMBER OF LEGAL STRUCTURES, INCLUDING PRIVATE LIMITED LIABILITY COMPANIES, PARTNERSHIPS, BRANCHES OF OVERSEAS COMPANIES AND ALTERNATIVE INVESTMENT FUNDS.

CYPRUS PRIVATE LIMITED LIABILITY COMPANY

The most widely used corporate vehicle in Cyprus is the Cyprus Private Limited Liability Company, which is quick to form, provides access to the wide range of double tax treaties maintained by Cyprus, and offers a number of tax benefits. A detailed summary table of the key features of a Cyprus Private Limited Liability Company can be found on page 3 of this fact sheet.

OTHER TYPES OF CORPORATE VEHICLES IN CYPRUS

Alternative Investment Funds

Cyprus investment funds can be structured as companies or partnerships. Cyprus offers alternative investment fund managers a comprehensive range of options for EU and global fund distribution. For further information see our fact sheet on Cyprus funds.

General or Limited Partnerships

International partnerships can be registered in Cyprus. Partnership profits are exempt from local taxes unless any of the partners is a tax resident of Cyprus.

Branch of an Overseas Company

A foreign company may register a branch in the Republic of Cyprus. This has no legal effect but will allow the company to operate from Cyprus and commonly is adopted for commercial and marketing reasons. Branches are considered as permanent establishments and any underlying profits will be taxed accordingly in Cyprus.

Merger of European Company with a Cyprus Company

The European company should at the end of the merger be dissolved and the assets transferred to the Cyprus company. This option is an alternative to re-domiciliation.

Re-Domiciliation to and from Cyprus

Cyprus allows for the domiciliation of a foreign company into Cyprus and for a Cyprus company to re-domicile elsewhere provided the relevant jurisdiction allows it. The company will be de-registered in the country of formation and registered in the country of the new domicile. Cyprus allows for all EU jurisdictions to re-domicile to Cyprus and also a number of other jurisdictions.

Societas Europaea (SE) in Cyprus

The SE (Societas Europaea or European company) is a type of limited liability company with a separate legal personality that can be established in any EU member state and can operate in accordance with a unified system rather than being subject to multiple state regulations. The head office and registered office of the SE must both be located within the same member state and may be transferred anywhere within the Union without dissolving the company in order to form a new one in another.

TAXATION

The following is an overview of the tax treatment of companies in Cyprus. Please contact us for a full explanation of these rules and how they may apply to a proposed structure involving the use of a Cyprus company.

Non-Resident Company

If management and control is exercised abroad (by non-resident directors) then the Cyprus company is not taxable in Cyprus. This type of company is mainly useful for trade purposes. It cannot benefit from any double tax treaties to which Cyprus is a party and cannot obtain any tax certificates stating that it is resident/taxable in Cyprus.

Resident Company

A Cyprus resident company is used where access to one of Cyprus' double tax treaties is required or, in the case of a trading company, where a certificate from the tax office is required to confirm that the company is taxable in Cyprus. The net profits of such companies are subject to corporate tax at the rate of 12.5%. However, there are special rules for taxation of interest and royalty income.

Dividends

Dividends received by a Cyprus company are not subject to corporate tax and are excluded from the computation of taxable profits. The only instance where the dividends received from a non-Cyprus company may be subject to a 17% defence tax is if any of the following conditions are met:

- > More than 50% of the activities of the foreign company paying the dividend result directly or indirectly in investment income
- > The rate of the foreign taxation on the income of the company paying the dividend is substantially lower than the 12.5% rate payable by the recipient company (i.e., less than 5%)

Dividends from a Cyprus company to a non-resident corporate or individual shareholder are not subject to any withholding taxes.

Interest

- > Trading interest received by a Cyprus company is subject to 12.5% income tax on net profits. This income is exempt from defence tax.
- > Passive interest (interest not obtained from the ordinary activities of the company or from the activities closely connected to the ordinary activities of the company) received by a Cyprus company is exempt from income tax, but subject to defence tax at 30% in case of tax resident shareholders.

Royalties

Royalties are subject to 12.5% corporate tax on net profit and there is no withholding tax on royalties paid, if the use of the right is outside the Republic of Cyprus. In the cases where a double tax treaty, is in place then the provisions of the treaty will apply in terms of withholding tax. Cyprus has also launched a beneficial Intellectual Property Scheme which applies provided that certain conditions are fulfilled and which may provide an effective tax rate of 2.5%.

Titles

- > The term "Titles" in the income tax law covers shares, bonds, debentures, founders' shares, and other securities of companies or other legal persons and options thereon.
- > Profits arising from the trading in or disposal of titles are not subject to corporate tax.
- > There is also no capital gains tax unless there is a sale of shares in a company that owns immovable property located in Cyprus. In this instance there is a flat rate capital gains tax of 20%.

SIGNIFICANT FEATURES OF A CYPRUS PRIVATE LIMITED LIABILITY COMPANY

LEGAL SYSTEM	English Common Law
CURRENCY	Euro (€)
LANGUAGE OF LEGAL DOCUMENTS	Greek and English
TIMEFRAME FOR NEW COMPANY FORMATION ¹	3-4 days
TIME FRAME FOR NAME APPROVAL	2 days
CORPORATE TAXATION RATE	12.5% (resident companies)
PROFIT ON SALE OF TITLES (AS DEFINED BY THE INCOME TAX LAW)	0% Corporate Tax
INVESTMENT INCOME FROM DIVIDEND	0% Corporate Tax
WITHHOLDING TAX ON DIVIDENDS FOR FOREIGN BENEFICIAL OWNERS	0%
CAPITAL GAINS TAX	0% (except for real estate situated in Cyprus and the sale of shares representing real estate in Cyprus)
VAT REGISTRATION	Yes (if liable or eligible)
DOUBLE TAXATION TREATY ACCESS	Yes (over 50 countries)
CUSTOMARY AUTHORISED SHARE CAPITAL	€5,000
CUSTOMARY ISSUED SHARE CAPITAL	€1,000
MINIMUM NUMBER OF SHAREHOLDERS	One (foreign individual, corporate and nominees are allowed)
CORPORATE DIRECTOR ALLOWED	Yes
REQUIREMENT FOR LOCAL DIRECTOR	No, but recommended for tax residency purposes
CORPORATE SECRETARY ALLOWED	Yes
REQUIREMENT FOR SECRETARY	No, but recommended for Registrar liaison purposes
REQUIREMENT FOR LOCAL REGISTERED OFFICE	Yes
PUBLICLY AVAILABLE RECORDS ²	Yes, the identity of shareholders, the secretary, directors and people with significant control (PSC) must be provided to the Registrar of Companies and this information is available in the public record

LOCATION OF SHAREHOLDERS MEETINGS	Anywhere
AUDIT REQUIREMENTS ³	Yes (audited financial statements and annual return must be submitted to the Registrar of Companies in English)
LOCAL AUDITOR	Yes
REQUIREMENT TO FILE ANNUAL RETURN	Yes
CHANGE IN DOMICILE PERMITTED	Yes
BEARER SHARES ALLOWED	No

¹Trident Trust maintains pre-approved names.

²Trident Trust can assist with the registration of UBOs for a fee.

³Trident Trust can arrange for the appointment of a local auditor.

- ▶ PEOPLE LED
- ▶ TECH ENABLED
- ▶ GLOBAL COVERAGE
- ▶ TAILORED SERVICE

- ▶ 1,100 STAFF
- ▶ 25 JURISDICTIONS
- ▶ 47,000 ENTITIES
- ▶ \$177BN AUA

- ▶ FUNDS
- ▶ PRIVATE CLIENTS
- ▶ CORPORATE CLIENTS
- ▶ MARITIME

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