



Smith & Smith

## Cyprus Company Formation

### Introduction to Company Incorporation Cyprus

---

Located south of Turkey in the north-eastern part of the Mediterranean Sea, Cyprus is the largest island in the eastern Mediterranean. Despite joining the EU as de facto divided island, the whole of Cyprus is considered EU territory. In the first quarter of 2017 Cyprus saw a 3% increase in gross domestic product (GDP), this was its largest growth in almost a decade. Offering an efficient and sophisticated business environment, coupled with corporate tax rate of just 12.5%, Cyprus remains a dream destination for many foreign investors.

We think Cyprus has developed after the crisis as the EU's number one location for start-ups!

Cyprus has a new NON-DOM regulation. You only need 60 days to be in Cyprus. You can legally reduce your taxes to about 3%. Contact us about NON-DOM.

Company Incorporation Cyprus in 4-5 working days, Bank Account set-up, Tax & VAT Registration, Nominee Secretary, and Registered Office Address...

What are the other factors that make Cyprus Company Formation so attractive?

Company Incorporation Cyprus is an attractive option, as the island has double-taxation treaties with over 60 other countries, including most of the high-tax countries in Western Europe, and many states in Central and Eastern Europe. As a low-tax centre, this makes Cyprus a particularly effective location for companies aimed at emerging markets. On top of this, the economy is strong and stable, and business costs are generally low. Since 2008 Cyprus adopted the Euro as it's national currency, repalcing the Cypriot pound.

The 'Cyprus of the International Trust (Amendment) Law 2012' was enacted in March 2012. The eagerly awaited legislation has reformed and modernised Cypriot Trust Law. This has re-affirmed Cyprus' reputation as one of the world's most attractive trust jurisdictions.

#### **What about political stability?**

Cyprus remains divided as a result of the Turkish Invasion on 1974, but this does not appear to have hindered the island's economic development, at least in the Greek sector. GDP per capita on the Greek side is was \$30,882 approximately for 2014, making it in the highest 50 countries in the world according to the IMF and CIA.



## **What are the main types of Cypriot Company Formation?**

Most investors choose one of the following corporate formats:

- limited company
- branch
- partnership
- What are the main features of a limited company?
- no minimum share capital requirement
- number of shareholders must be between one and fifty
- company must have at least one director and one secretary
- annual accounts must be filed in Greek or English and audited
- What are the main features of a branch?
- foreign parent responsible for all liabilities of Cypriot branch
- branch required to register with Registrar of Companies
- accounts to be filed annually, in Greek or English
- What are the main features of a limited liability partnership?
- general partnership: between two and twenty members
- limited partnership: at least one partner with unlimited liability
- required to register with Registrar of Companies

## **What about offshore companies?**

Any private company based in Cyprus that is 100% foreign-owned is regarded as an offshore company, although the term International Business Company (IBC) is also used. But there is no longer any difference in tax treatment between an offshore company and a regular Cypriot company.

## **What is the regulatory environment like?**

Far more strict than it was until 2003, certainly as far as offshore companies are concerned. Before then, the Government applied the lightest of touches, and offshore companies paid no corporation tax at all. Today the island remains a business-friendly low-tax centre – with 12.5% corporation tax (increased from 10% in 2013) and low treaty withholding tax rates – but regulatory requirements are now on a par with many other EU states. For those considering Company Registration Cyprus, our legal and tax experts can help you steer clear of the rocks: all you need to do is contact us.

## **Are there financial incentives available?**

Cyprus does not offer particularly generous incentives for foreign investors, although the government may argue that its low-tax regime is a sufficient incentive in itself. However, various grants and loans are available for investors in certain high-tech and traditional economic sectors, and the Larnaca free trade zone offers exemption from customs charges. Moreover, there are personal tax concessions for expatriate workers.



Smith & Smith

A tax deduction is allowed following the application of the NID rate to the amount of New Equity injected to Cyprus companies or permanent establishments of non-Cyprus tax resident companies.

### **How easy is it to recruit staff in Cyprus?**

The economy has powered ahead in recent years, creating near-full employment and raising the stakes for foreign companies seeking to attract good staff. Having said this, the labour pool is generally well educated and rates of pay are low compared to the EU average.

### **And what about banking facilities?**

The banking issues Cyprus had in 2013 are well documented. However Cyprus is an important regional investment centre and has developed sophisticated international banking facilities to support it. Merchant Accounts are available through our partners. Many major international banks have branches here, together with local commercial banks, and the financial system, supervised by the Central Bank of Cyprus, is on the mend despite the Troika bail-out and the exposure to Greek banking debt. For assistance in opening a bank account in Cyprus, please contact us for further details.

### **Info Cyprus**

Company foundation with legal, tax and financial experts

Other services and offers:

- Opening company bank accounts and private bank accounts
- Establishment of an office and addresses structure
- Mediation of licenses
- Nominee service
- Accounting
- Marketing

**We have already established companies (shelf companies) in stock.**