



# CYPRUS AS FINANCIAL CENTRE

## AN IDEAL COUNTRY FOR INVESTMENTS

Cyprus, since its full accession to the European Union and beyond that accession, has established its position as a respectable and reputable financial centre, an ideal location for incorporation of International Companies. The skills, knowledge and expertise of professionals working in the financial sector, the strategic location of the Country and its stable, relatively low and competitive tax system made Cyprus a very attractive location for investments.

### **Briefly, the advantages of a Cyprus Company are as follows:**

1. Relatively low and stable tax environment with a flat corporate tax rate of 12,5% imposed on the annual taxable profits of the Company.
2. Start-up Companies incurring losses in the first years could carry those tax losses for future utilization up to 5 years.
3. Tax deductibility of all business related expenses with our any restrictions.
4. Notional Interest Deduction on equity introduced to the Company.
5. IP Tax Regime for Companies having Intangible Assets.
6. A wide range of Double Taxation Treaties (approximately 60 currently) thus securing the tax position of Cyprus Companies and avoiding double taxation.
7. Unilateral tax relief on taxes paid abroad from the Cyprus tax liability irrespective of the existence or not of double taxation treaty.
8. Capital allowances for tax purposes are granted on fixed assets acquired by the Company.



9. No withholding tax is imposed in Cyprus on payment of dividends, interest and royalties to beneficial owners being tax residents outside of Cyprus.

10. No tax liabilities on gains from disposal of securities (bonds, shares, debentures e.t.c.).

11. Dividends income exempt from income tax for both Companies and individuals. Also, Cyprus as full member of the EU can be benefited from the EU Parent – Subsidiary directive and EU Interest – Royalties directive so as no withholding tax to be imposed by the paying Member State.

12. Remuneration from any employment exercised in Cyprus by foreign individual not being resident in Cyprus prior the commencement of the employment is subject to 50% tax exemption provided that the annual remuneration exceeds Eur 100.000. This exemption applies for a period of 10 years.

13. Remuneration from any employment exercised in Cyprus by foreign individual not being resident in Cyprus prior the commencement of the employment and the annual remuneration is less than Eur 100.000, then the foreign individual could claim an exemption of 20% of the remuneration with a maximum amount of Eur 8.550. The last eligible year for this exemption is the tax year 2030.

14. Profits from Permanent Establishment abroad exempt from taxation in Cyprus (with conditions).

15. Group tax relief for transfer of tax losses from Companies members of the Group is available.

16. No Immovable Property Tax in Cyprus.

17. No inheritance tax in Cyprus..





18. Foreign Individuals redomiciling in Cyprus could claim the status of tax residents non-domiciled in Cyprus. This tax status provides tax holidays for 17 years from the Special Defence Contribution on those individuals thus accumulating tax free income in Cyprus legally.

The Special Defence Contribution on individuals is imposed as follows:

- a. 17% on dividends income.
- b. 30% on interest income.
- c. 3% SDC on the 75% of the rental income.

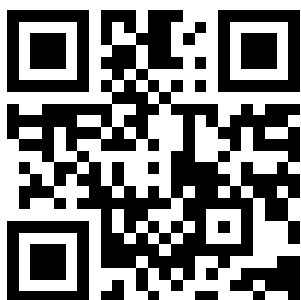
Thus foreign individuals redomiciling and working in Cyprus have a great tax advantage deriving from the exemption of SDC for 17 years plus the tax exemption up to 50% from the employment remuneration.

19. Full compliance with the AML system thus classifying Cyprus as a transparent jurisdiction. Cyprus is not included in any list of non-compliance jurisdictions.

20. Cyprus is located in the cross road of three continents thus can be used as an ideal location for transit trade.

In addition to the above, the authorities are offering tax incentives from time-to-time in order to attract investments. All the above together with the expertise of Cyprus professionals in the financial sector and the location of Cyprus is making Cyprus one of the most ideal locations for opening and operating Companies.

Our tax experts are in your position for any queries you have.



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