



# Cyprus: An Attractive EU Destination For Doing Business

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# Contents

Cyprus at a Glance .....	2
More About Cyprus .....	3
Your Strategic Investment Hub: Why live, work and invest in Cyprus? .....	4
Attractive Tax Regime: An Overview .....	5-6
Foreign Investments in Cyprus .....	7-10
Re-Domicile a Company in Cyprus .....	11-15
Our Firm .....	16
Our Approach to Legal Services .....	17
Our Services .....	18



# Cyprus at a Glance



Location | **Easter Mediterranean**



EU | **Member since 2004**



Currency | **EURO**



Population | **865,950**



Connectivity | **Worldwide**



Languages | **Greek and English**



Climate | **340 days of sunshine a year**



Time | **+ 2 hours GMT**



Total GDP | **€21.7 billion (2019-2020)**



Leading Industries | **Tourism; Education; Financial Services; Real Estate; Shipping; and Energy**

# More About Cyprus

## Health Care

Cyprus has a highly developed private and public medical sector serviced by many doctors and nurses who have trained abroad and speak multiple languages. In 2020, Cyprus has also proudly established its own National Health Care System which ensures access to high quality health care to its citizens.

## Strategic Geographical Location

Cyprus is located in the northeast corner of the Eastern Mediterranean. The strategic location at the crossroads of three continents offers a competitive advantage to businesses and individuals operating from or through Cyprus.

## High Quality of Life

Cyprus is one of the most prosperous places in the EU and it is considered by many as being one of the most pleasant places to live and work. Recreational centres, restaurants, bars, theatres, exhibitions, museums, sport-events, festivals, beautiful beaches and picturesque landscapes ensure the perfect work-life balance for everyone.

## Education

Cyprus invests heavily on education and offers a range of reputable public and private schools. Almost 65% of Cypriots aged 30 to 40 have university degrees, placing the island well above the EU average of 40%. At present, eight universities operate in Cyprus – three public and five private – offering a wide range of courses and degree programmes in both Greek and English.

## Legal System

Cyprus corporate legislation is based on English Company Law and its legal system is modelled on English common law. Since 2004, Cyprus is also a Member State of the European Union and thus EU directives are fully implemented into local legislations and EU Regulations are directly applicable in its jurisdiction.

## Low Crime Rate

Having one of the lowest crime rates in Europe, Cyprus is definitely one of the safest places for families and businesses.



# Your Strategic Investment Hub: Why live, work and invest in Cyprus? <sup>4</sup>

Cyprus is considered to be a key jurisdiction when deciding to establish EU headquarters and is generally recognised as being one of the most attractive locations for the development of entrepreneurship. Over the last few years, the country has drawn more international attention and is becoming a top destination for doing business, investing and living. The success of the island is attributed to the progressive legislation, regulatory regime and strong network of financial and professional service providers with years of experience in serving international clients. The Cyprus' government and institutions are committed to maintaining leadership in industry developments, providing access to high-growth markets and are eager to support your unique journey in Cyprus. The ideal location, the natural beauty and history, all team up with a holistic legal and tax framework developed specifically for making Cyprus a leading jurisdiction where international business players can relocate, set up regional headquarters and attract the human capital required to manage and control their business activities.

## A Non-Exhaustive List of Benefits

- ⇒ Cost-effective setting-up and on-going operational services.
- ⇒ One of the most favourable EU and OECD-approved tax regime.
- ⇒ Corporate taxation on profits at 12.5% which is one of the lowest tax rates in the EU.
- ⇒ No withholding tax on dividends from Cyprus companies to non-CY tax residents.
- ⇒ Access to an extensive network of double tax treaties (over 50) allowing for tax efficient structuring of investments.
- ⇒ Multi-purpose deep seaports located in strategic locations around the Island
- ⇒ On-going Governmental policy to continuously enhance the country's business infrastructure with technology and global best practices
- ⇒ Collective investments can be listed in Cyprus and other EU Stock Exchanges.
- ⇒ Cyprus based funds and asset managers benefit from low tax burdens levied on Cyprus based corporations.
- ⇒ Incentives and tax benefits for high-earning managers and high-net-worth individuals.
- ⇒ Advanced telecommunication networks and easy access by air and sea.
- ⇒ Sophisticated road, air and sea transport solutions and services.
- ⇒ A business-friendly environment with a high-quality and well-educated workforce
- ⇒ Numerous business driven incentives available for companies and individuals to invest and relocate in the Island.



# Attractive Tax Regime: An Overview

## A. Corporate Taxation

The relatively easy process for setting up a private limited Cyprus company; the low corporate tax rates which is the lowest in the EU; the extensive Double Taxation Treaties in place as well as the availability of special taxation regimes make Cyprus one of the most attractive destinations when it comes to doing business in the EU.

### A1. Imposition of Corporate Tax

All Cyprus tax resident companies are taxed on their income accrued or derived from all chargeable sources within and outside the Republic of Cyprus.

A non-Cyprus tax resident company is taxed on income accrued or derived from a business activity which is carried out through a permanent establishment in Cyprus and on certain income arising from sources in Cyprus.

A company is a Cyprus tax resident if it is managed and controlled in Cyprus. Foreign taxes paid can be credited against the Cyprus corporation tax liability.

### A2. Cyprus Corporate Tax Rate

The headline corporate income tax rate is **12,5%**.

The Cyprus tax legislation prescribes a number of deductions and allowances, the most notable of which are:

- i. exemption of dividend income regardless of holding period or percentage of ownership (provided the dividend distribution is not treated as tax deductible in the country of the dividend-paying company);
- ii. unconditional exemption of gains on the sale of securities;
- iii. conditional exemption of profits attributable to a permanent establishment outside Cyprus.

### A3. Dividends

The Cyprus tax legislation requires no withholding of tax on dividends from Cyprus companies to non-CY tax residents.

### B1. Imposition of Personal Tax

A natural person who is tax resident in Cyprus, is taxed on income (including certain employment benefits) accruing or arising from sources both within and outside Cyprus.

An individual who is not a tax resident in Cyprus, is only taxed on income accruing or arising from sources within the Republic.

Natural persons are considered Cyprus tax residents if they spend more than 183 days in Cyprus in one calendar year. As of January 2017, however, an individual may also be considered tax resident in Cyprus if he/she satisfied the following conditions within a single tax year (known as the “60-day rule”):

- i. does not spend more than 183 days in any other country;
- ii. spends at least 60 days in Cyprus;
- iii. is not considered tax resident in any other country;
- iv. maintains a permanent house in Cyprus (owned or rented); and
- v. carries on a business in Cyprus and/or is employed in Cyprus and/or holds an office (director) of a company tax resident in Cyprus.

### B2. Cyprus Personal Tax Rates

Arguably Cyprus has one of the most favourable tax systems in Europe due to generous Personal Income Tax (PIT) tax rates as well as the allowances and deductions it provides to highly paid individuals who wish to live and work in the island.

The PIT rates applicable to an individual’s income are as follows:

Taxable Income Per Tax Year (€)	Tax Rate (%)	Accumulated Tax
First 19,500	0	0
19,501 to 28,000	20	1,700
28,001 to 36,300	25	3,775
36,301 to 60,000	30	10,885
Over 60,000	35	-





## Foreign Investments in Cyprus

Cyprus offers an exciting, continuously innovating and enriching investment portfolio making it one of the most attractive investment destinations in the last few years. Traditional sectors such as shipping; real estate; tourism and professional services have always been the key driving forces of the island's economy and the main industries through which international investors have decided to enter the Cyprus business ecosystem. In the last few years, however, new investment sectors such as energy; education; health care; technology and filming offer untapped opportunities for investments in the Island. The open-ended realm of available opportunities together with the attractive tax regime and corporate environment have led many key international players to invest and, in many cases, relocate in Cyprus.

Health  
Care



Energy



Real  
Estate



Filming



Technology



Tourism



Shipping



Education



Start-ups and  
Innovation



Financial  
Services and  
Investment  
Funds



Contributing substantially to the country's GDP, the tourism industry is one of the most resilient and strong economic sectors in the country. The globally recognised natural beauty with breathtaking landscapes; blue-flags beaches and historic monuments of the Island make it a premium touristic destination ideal for families and friends. Without a doubt, the recent investments by global giants in the international tourism industry on luxury resorts; casinos and marinas are a strong testament of the sector's high potential for investors.

## **Shipping**

Shipping has been one of the driving forces of the Cyprus economy, with the sector contributing around €1 billion to the Country's GDP per annum. Capitalising on its strategic location, Cyprus has successfully built a diversified and robust maritime industry, which offers a unique set of competitive advantages. The country is most certainly at the forefront of world shipping and, as such, offers excellent and advanced shipping infrastructure; a business friendly tax regime; competitive EU open ship registration and annual tonnage tax rates.

## **Real Estate**

Over the last few decades, the real estate industry in Cyprus has seen an enormous growth with local and international investors to acquire properties both as an investment as well as a second European home. A combination of high quality of life; year-round sunshine and natural beauty; the friendly business environment; investment incentives and the remarkable high demand in large-scale projects have all contributed to make the Cyprus real estate industry an ideal choice for foreign investments.

## **Energy**

Cyprus is surrounded by substantial hydrocarbon resources, a significant part of which falls within the Cyprus EEZ. Those discoveries have created new exciting prospects for the island to become an energy hub in the Eastern Mediterranean and have attracted worldwide interest from leading energy giants operating in the oil and gas industry. At the same time, the climate of the Island makes it ideal for the development and efficient operation of renewable energy stations – projects that have seen a remarkable increase in the last few years. Cyprus' excellent infrastructure and business environment, coupled with a favourable tax and legal framework as well as with the upcoming liberalisation of the Cyprus energy market, make the Island a competitive location for foreign investors interested in energy related projects.

## **Health Care**

The establishment of the country's National Health Care System in 2020 together with the strategic location of the Island have all contributed to boost the country's health care sector as an investment destination. The combination of the high demand; the governmental incentives as well as the available EU funding schemes have attracted increasing interest for the development of a wide variety of projects ranging from new hospitals to rehabilitation centres.

## Education

Over the last decades, the Cyprus education sector has seen an enormous development with the sector currently contributing 6% of the country's GDP. This booming industry has attracted the attention and interest of the world's largest international players of the sector who have made multi-millions of investments in Cyprus' schools and universities. The numerous incentives of the Government; the EU related funding opportunities; the ideal location of the Island as well as its natural beauty have all teamed up to make Cyprus an excellent EU Educational and Research Hub and an extremely attractive investment destination.

## Filming

Cyprus offers important tax and vat related incentives encouraging film production in the Island. With the introduction of the Cyprus Filming Scheme in 2018, the country has attracted international producers and filmmakers who now consider Cyprus as one of the most attractive destination for doing business in Europe and a state-of-the-art Production Hub.

## Start-ups and Innovation

The strategic location of the Island at the crossroad of three continents, together with the favourable tax regime; the attractive intellectual property protection realm; the friendly business environment as well as the all year-round sunshine have made Cyprus an ideal headquartering location for start-ups and innovation projects. In addition, the operation of large private and public universities; the country's entrepreneurial spirit and the highly educated workforce available, give the necessary tools to entrepreneurs wishing to turn ideas into business. Without a doubt, the creation of a Microsoft Innovation Centre by Microsoft (which is one of the very few in Europe) in the European University Cyprus is the best testament that Cyprus is a unique place for start-ups and innovation projects.

## Financial Services and Investment Funds

The country's consolidated and modernised banking regime has attracted the attention of key players in the financial services sector which have re-located their business operations into Cyprus. Cyprus is also fast becoming one of the top emerging investment fund centres in Europe, offering unique access to high-growth markets. The flexible structures for UCITS and AIFs; the low set-up and operational costs; as well as the tax related benefits available have turned Cyprus into a key regional domicile for setting up investment funds and asset management companies with pan- European reach.

## Technology

The commitment of the Government to establish Cyprus as a key regional player for the development of new cutting-edge technologies as well as the numerous tax governmental and EU incentives make it ideal for Tech companies to relocate in the Island. This booming industry has already attracted the attention of international tech giants.



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*Without a doubt, the multi-dimensional benefits available to anyone establishing a business base in the Island, make Cyprus a competitive international investment and headquartering center.*

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## Re-Domicile a Company in Cyprus

### A. Cyprus legislation on re-domiciliation

The current EU regulatory position regarding re-domiciliations is that an EU company may re-domicile in another Member State provided that the local legislations of the involved Member States allow such procedures.

The relevant provisions of Cyprus legislation governing both inbound and outbound re-domiciliations are sections 354A to 354R of the Companies Law, Cap.113 (hereinafter the “Companies Law”). In particular, back in 2006, the Cyprus legislature voted for an amendment in the Companies Law, the purpose of which was to provide for the re-domiciliation of corporations – paving as such the way both for local (private and public) companies to re-domicile abroad as well as for foreign (eligible private and public) companies to re-domicile in the Republic of Cyprus and enjoy the favourable Cyprus companies law regime.

Hence, apart from outbound re-domiciliations, foreign companies that are established and operating abroad and which consider changing their seat, have the choice to re-domicile to Cyprus and continue their operations uninterrupted as a Cyprus registered company (provided that their country of residence allow such procedure to be made).

There is no doubt that there are numerous advantages in the re-domiciliation process of foreign companies to Cyprus, one of which is of course the acquisition of Cyprus tax residency. Most specifically, through this procedure, companies are able to obtain the benefits of the domestic tax system together with the numerous accompanied benefits, as Cyprus has one of the lowest corporate tax rates and it is part of an extensive double tax treaties.

As mentioned above, the current general principle is that the transfer of the registered office of a non-Cyprus company to the Republic of Cyprus may take place provided that the foreign company is registered in a country which allows re-domiciliation and the articles of association of that company provide for the possibility of the said reorganisation.

### i. Application for re-domiciliation to Cyprus

The first step is for the Company to apply to the Registrar of Companies in Cyprus in accordance with and subject to the provisions of sections 354B – 354I of the Companies Law to be registered as a continuing company in Cyprus.

### ii. Necessary documents to be filed with the Cyprus Registrar

The Companies Law further provides that the said application must also be accompanied by the following supporting documentation:

- A resolution or equivalent documentation issued by the appropriate body according to the laws of the foreign country, authorising the foreign company to be registered in Cyprus as a continued legal body.
- A copy of the constituent documents of incorporation (as amended, if necessary, to comply with the provisions of the Cyprus Companies Law and its [overseas] jurisdiction of incorporation).
- A certificate of good standing duly made apostil issued by the appropriate foreign authority;
- An affidavit (ME A form issued by the Registrar of Companies) made by the foreign company's representative (who should be a practicing lawyer), dully confirming the following:
  1. The name of the overseas company and the name under which it will continue to exist. For these purposes, an application must be filed with the Cyprus Registrar of Companies to receive approval of the desired name. The application can be for the same company name as the foreign company was initially registered;
  2. The jurisdiction under which the said company has been incorporated as well as the date of incorporation;
  3. That an official notice (certificate of departure or equivalent documentation) has been given to the relevant authority of the country of incorporation of the company notifying its intention to re-domicile in Cyprus; and
  4. That no past and/or present criminal and/or administrative procedures are pending against the company.

- A second affidavit by a director of the company, confirming the company's financial good standing and solvency with a declaration that there is nothing to indicate that such solvency may be adversely affected during the 12-month period following the aforementioned application;
- A list of directors and secretary and/or the managers of the foreign company as the case may be;
- A list of the shareholders / members of the foreign company;
- A legal opinion or equivalent documentation issued by a lawyer / notary in the country of incorporation confirming among others that:
  1. The country of foreign jurisdiction allows such an application for re – domiciliation.
  2. The proper number of shareholders or other necessary persons as defined by the foreign law have given their consent for this application.

### iii. Officers' liabilities

A director or the management body of a company wishing to re-domicile in Cyprus who has provided false declaration or made a false declaration as to the solvency of the company, are liable to a criminal offence, and in case of conviction are liable to both imprisonment and/or a fine.

### iv. Licensed activities

Companies which offer licensed activities under certain provisions of the law in their jurisdiction and for which similar licenses are required in Cyprus (e.g. Financial Services Companies / Insurance Companies / Banking Institutions), must produce relevant consent for their re-domiciliation by the proper authorities of their country and must obtain such a license by the corresponding Cyprus authority.

### v. Additional documentation for public companies

The requirements and procedures for the re-domiciliation of a public company to Cyprus are the same as described above for private companies, with the exemption that a public company should also produce the following documentation:

- If the foreign company has offered its shares or debentures for sale to the public, the most recent offer for subscription or equivalent documentation (eg a prospectus) that fulfils the requirements of the laws of the Republic of Cyprus.
- Evidence of consent of the Foreign Stock Exchange allowing re-domiciliation in Cyprus (in case it is listed in any Stock Exchange).
- List of present shareholders duly certified.

## vi. Registration in the Republic

Once the Registrar is satisfied that the documents submitted are in accordance with the law, temporarily deposits the relevant documents and certifies that the foreign company is temporarily registered as a continued entity in the Republic as from the date of such registration. In such a case, it will issue the Temporary Certificate of Continuation of the Company in Cyprus.

## viii. Legal consequences of temporary registration

Once the Temporary Certificate is issued, the following apply in relation to the foreign company:-

- It is considered as a legal person duly incorporated according to the Laws of Cyprus and that it is temporarily registered in the Republic for the purpose of the Companies Law;
- Has the same liabilities and it is eligible to exercise all powers that registered companies have according to the laws of Cyprus;
- The constituent document of amendment is considered as the Memorandum of the company and where applicable as its the Articles of Association.

On the other hand, the (temporary) registration of the foreign company shall be regarded as void in cases where it is established that its registration has been made with the underlying purpose of:-

- creating a new legal entity;
- causing loss or affecting the continuation of the company as a body corporate;
- rendering ineffective any legal or other proceedings instituted against it; or
- acquitting or preventing any conviction, decision, opinion, order, debt or other obligation which is or may be pending against the overseas company or shareholder, director, officer or other person to whom the management or representation of the company has been designated.

## ix. Time Limit – Evidence of removal from the register of the country of origin

Within a 6 months period following the issuance of the temporary registration certificate (and not before), the foreign company must present to the Cyprus Registrar of Companies evidence that it has been stopped from being a company registered in the country of initial incorporation and that its registration in the foreign country has been cancelled.

In case the company fails to submit the above evidence within the aforesaid timeframe, then the Cyprus Registrar may: –

- Delete the name of the foreign company from the registry and advise the country of relevant jurisdiction accordingly; or
- Give three months extension to present the necessary documents to its satisfaction.

### xi. Final certificate of continuation

Once the aforementioned evidences are submitted and approved, the Cyprus Registrar issues the final certificate of continuation, which certifies that the foreign company has been registered in the Republic as a continuing entity.

### xii. Cases where applications by foreign companies to be re-domiciled to Cyprus are rejected

- When dissolution proceedings have been started against the foreign company.
- A liquidator or receiver or special administrator of its property has been appointed.
- An order or judgment exists limiting the rights of its creditors.
- Procedures have been started for infringement of the law of its jurisdiction.



## Our Firm

G.C.Hadjikyprianou & Associates LLC is an independent boutique commercial law firm delivering focused legal services across all major business sectors in both Cyprus and Greece. We are a proud member of a private network consisting of independent international firms with in-depth worldwide experience, inter alia, in corporate, commercial, competition, digital & technology and banking & finance law.

Our established and exclusive consortium with other top-tier legal and financial advisory firms, all of which excelling in their areas of practice, allows us to offer our clients seamless cross-border solutions across a challenging and ever-changing global landscape. These collaborations enable us to assemble a tailor-made, integrated team of experts (both from the legal and the financial sector) and hence we are in a position to offer services covering cases that fall outside the ambit of our immediate expertise.

Our ability to provide unique 360° counseling services to our clients through our network of affiliated firms creates an unprecedented competitive advantage and distinguishes us from traditionally structured firms. In a nutshell, our established and exclusive professional affiliations enable us to offer 360° legal services under Cyprus; Greek and EU law while maintaining the benefits of a boutique specialized law firm, being amongst others, efficiency; flexibility; and personal attention.

The firm's team consists of experienced advocates and award-winning next generation lawyers; university professors; academic experts; external consultants; specialized legal scientists and financial advisors with years of experience both on an international as well as on a domestic level. Our hybrid team guarantees comprehensive and expert advice and services across all major business sectors and ensures qualified and responsible assistance to our clients.

At G.C.Hadjikyprrianou & Associates LLC we use technology and modern working practices to drive productivity and deliver results. We are structured differently, we operate differently and we think differently. Through constant innovation, relentless client focus, and cutting-edge technology, we enable our clients to navigate today's most complex challenges with confidence and connect with the opportunities that will shape their future.

We have made a deliberate choice to remain smaller than many of our competitors. The tight-knit, cohesive nature of our firm means you benefit from our commitment to personal attention to each and every case. We have decided against growth at the expense of quality, against size at the expense of efficiency and agility. High-net worth individuals; SMEs as well as major corporations and institutions find our more considered and personal approach a refreshing alternative to conventional business law firms.

Notably, our firm has been proudly recognised and ranked by the most well-known international legal directories. Without a doubt, those awards and recognitions constitute the best testament of our professionalism and high-quality legal services. Most recently, G.C.Hadjikyprrianou & Associates LLC has been ranked amongst the Top 20 law firms in Cyprus by the world's most renowned law firm rankings, IFLR1000. IFLR1000 has been producing legal market intelligence since 1990 and remains the only non-paid international legal directory dedicated to ranking law firms and lawyers exclusively on the basis of financial and corporate transactional work/projects and clients' referrals. Proudly, IFLR1000 has also named members of our firm as notable practitioners in corporate; finance and M&A.



## Our Services

As a specialised niche law firm, we offer bespoke legal services across all major business sectors in both Cyprus and Greece. Our deep connections to the industry sectors mean that we are able to deliver bold, innovative and impactful solutions to our clients' needs.

Our firm provide expert legal services on the following core areas, inter alia, to high-net worth individuals; SMEs as well as major corporations and institutions:

- Banking & Finance
- Commercial Law
- Competition Law
- Corporate Law
- Crisis Management
- Data Protection
- Digital & Technology Law
- Dispute Resolution
- Employment Law
- Immigration Law
- Intellectual Property Law
- M&A and Other Corporate Restructurings
- Sports; Media and Entertainment.

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*In today's world of transformative change, our purpose is clear — to help businesses navigate new paths to growth and make solid business decisions. Our priority is applying legal excellence to help businesses find practical, executable solutions.*  
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