

## Cyprus Tax Advantages

- ✓ One of the most attractive tax regimes in Europe in full compliance with the requirements of the EU and OECD
- ✓ Profits of Cypriot companies are subject to corporation tax at the rate of 12,5% which is presently one of the lowest tax rate within EU. However due to various possible exemptions and careful planning, the effective tax rate may be reduced as low as 0%.
- ✓ Dividend income received in Cyprus from a foreign company is in most cases exempt from taxation.
- ✓ Profits on transactions in shares are tax exempt.
- ✓ No withholding tax on dividends, interest and royalties (in general) paid to non-residents.
- ✓ No time restriction on carrying forward of tax losses.
- ✓ No exchange controls.
- ✓ Group relief provisions between Cyprus tax resident companies of the same group.
- ✓ Reorganizations, mergers, acquisitions and amalgamations of companies (including companies which are resident overseas) have no tax implications.
- ✓ International transactions are usually exempt from stamp duties
- ✓ Extensive double tax treaty network through which withholding tax rates are minimized.
- ✓ Access to tax benefits provided under EU Directives such as the EU Parent-Subsidiary Directive, EU Interest & Royalties Directive and the EU Mergers Directive.
- ✓ Special taxation regimes for shipping and ship management companies.
- ✓ The Cyprus VAT system is in line with the relevant EU Directives.
- ✓ Notional Interest Deduction (NID) regime on corporate equity.
- ✓ 'Non-dom' rules for Cyprus tax resident not domiciled in Cyprus.
- ✓ Tax incentives for expatriates taking an employment in Cyprus.
- ✓ Possibility to obtain tax rulings in advance by the tax authorities.

## Cypriot residency eligibility and definitions

- ✓ A company is taxed if it is a resident of Cyprus; it is deemed to be Cypriot if its management and control is in Cyprus. The incorporation of a company of itself in Cyprus is not sufficient to establish residence.
- ✓ The term "management and control" is not defined in the legislation; it is generally understood as the place where the board meetings take place or where the majority of the board members reside.
- ✓ A resident company is taxed in Cyprus on its worldwide income. It includes profit from business activities such as trading, manufacturing, production, mining, agricultural, professional services, rentals from immovable property, royalties.