

CYPRUS HEADQUARTERING SOLUTION

Contents

Overview	2
At a Glance	2
Lowest Corporate Tax Rate in Europe	2
Substance Requirements	2
Tax Exempt Income	2
Cyprus Company Requirements	3
Why Relocate To Cyprus?	3
Non-Domiciled Status	4
Attractive personal Income Tax	4
What we can do for you	5
ATG Services	5

Andreas Athinodorou
CEO

T | + 357 22 057 560
E | andreas.athinodorou@atgcorporate.com

This publication should be used as a source of general information only. It is not intended to give a definitive statement of the law.

WWW.ATGCORPORATE.COM

ATG Corporate Services Ltd is a Member of 

CREATING, PROTECTING AND GROWING WEALTH

OVERVIEW

Cyprus has been drawing in major multinational groups keen to capitalize on the myriad of benefits that Cyprus offers from a tax, legal, business and lifestyle perspective. Strategically located at the crossroads of Europe, the Middle East and Africa it is the ideal gateway to trade and business on the global stage. Numerous firms in the consulting, fintech, research and innovation and software spheres have been moving their head office to Cyprus. As Brexit has created more upheaval, entrepreneurs with London HQs have been opting for Cyprus as the ideal European headquartering solution.

Apart from its undeniable natural beauty and Mediterranean allure, Cyprus has a wealth of other reasons for which it is garnering more attention from entrepreneurs and global CEOs. From its highly qualified pool of multilingual human capital to its tax incentives, moving headquarters to Cyprus makes business sense on all fronts. All business is carried out in English and processes are founded on a robust legal framework based on UK law, granting investors and shareholders peace of mind that their interests are safeguarded.

Cyprus investment promotion agency, CIPA is making leaps in positioning Cyprus as a budding tech start-up hub and has already received the support of tech players such as 3CX, TSYS, Kardex, Wargaming, NCR and eToro. As one of Europe's best Intellectual Property jurisdictions, the Cypriot IP Box legislation effectively provides techpreneurs with one of the lowest effective tax rates on their IP at 2.5%. Therefore, as we continue to move into the age of digitization Cyprus will see a growing demand for the establishment of international group's headquarters on the island.

AT A GLANCE

The key features of setting up Headquarters in Cyprus are:

- Cyprus has statutory corporate tax rate of 12.5%
- Capital gains on the sale of securities are exempt
- Capital gains from the sale of immovable property situated outside Cyprus are tax exempt
- Dividends paid out by a Cyprus company to a non-resident shareholder are not subject to withholding tax
- Dividends received by a Cyprus Company are exempt from income tax and subject to withholding tax as per the double tax treaty in place
- Interest expenses on corporate acquisitions are allowed and there is no withholding tax
- No withholding tax if Cyprus company makes royalty payment to non-resident entity
- No withholding tax on receipt/payment of royalties from EU resident entities under EU Royalty Directive

LOWEST CORPORATE TAX RATE IN EUROPE

- A Cyprus tax resident company is considered such if it is managed and controlled from Cyprus. Its worldwide profits are subject to corporation tax at the rate of 12.5%, the lowest in Europe.

SUBSTANCE REQUIREMENTS

Cyprus Companies must ensure they demonstrate sufficient substance in order to be able to benefit from the tax and legal framework.

In order to do so tax residency can be substantiated by ensuring that all board decisions are appropriately documented and taken in Cyprus.

The majority of the board should be resident in Cyprus and duly qualified directors with relevant experience and decision-making powers.

All major decisions pertaining to the sale, disposal or merger of an asset should be undertaken, authorized and approved by the Cyprus Company's board.

TAX EXEMPT INCOME

Several income categories are exempt from corporate tax in Cyprus such as dividend income, though withholding tax will be applied depending on the double tax treaty in place.

Any companies who generate Profits from the sale of shares, bonds and other financial instruments as well as FX gains are also exempt from income tax. For those that have overseas Permanent Establishments, profit is also exempt.

CYPRUS COMPANY REQUIREMENTS

There are numerous benefits in doing business in and through Cyprus by setting up your group's headquarters in Cyprus.

A private limited liability company is the most common legal form and is governed by Companies Law, CAP 113. There are no limitations on the minimum capital required (issued or paid up) and the company can be registered swiftly within a week or two at most.

ATG Corporate has extensive experience in the administration and management of Cyprus Companies. We offer a full scope of services to ensure that the headquartering company is compliant with all local regulatory requirements. Our team can assist in the maintenance of proper books and records, annual tax filings, submission of financial statements, submission of the annual return and any other VAT or PAYE obligations that may arise.

WHY RELOCATE TO CYPRUS?

Although there is no requirement for the shareholder/director to relocate to Cyprus, many entrepreneurs have been drawn to this Mediterranean island due to the high calibre of life it offers. Cyprus is entrenched in a long history and heritage and has a culture that is as rich as it is diverse. Strategically positioned between Europe and the Middle East it is of paramount importance on the geopolitical stage. With over 300 days of sunshine, residents enjoy an excellent life-work balance, beautiful beaches and outdoor activities all year round.

- International festivals, concerts and events are held in Cyprus throughout the year drawing in millions of foreign visitors and further enriching the cultural landscape.
- A family-friendly location, Cyprus offers English, Greek, Russian and French international standard educational institutions from Primary through to Tertiary studies in a safe and multicultural society.
- Healthcare services are another valuable benefit that all EU residents can enjoy, in a country which was top ranked by Oxford University as one of the best EU jurisdictions to manage the pandemic. Private healthcare is also affordable and of the highest quality as the majority of medical professionals are UK trained and qualified.
- Cyprus also boasts fantastic connectivity to the Middle East, Africa and Europe with two international airports serving hundreds of business and tourist hotspots. The Limassol port also is a key Mediterranean cargo hub serving the trade network in the region.
- Investors' interests are also protected by a robust corporate legal framework. As an advanced financial services hub, it has the necessary procedures, incentives and legislation to ensure that all your group's business needs are duly served in Cyprus from banking, tax and legal to human resources, marketing and FX.
- Cyprus has a highly qualified pool of local and international professionals which are all tertiary educated predominantly in leading UK, US and Australian universities. For those business owners who wish to employ key executives and assign them to Cyprus, there is a 50% exemption for remuneration from employment in Cyprus by persons who were resident outside Cyprus prior. The exemption applies for 10 years if such income exceeds EUR 100,000 per year.
- IT and Pharmaceutical companies who move their headquarters to Cyprus, can enjoy priority in residency permits for their directors and key employees.

NON-DOMICILED STATUS

Globally mobile entrepreneurs who wish to be tax resident in Cyprus and benefit from the numerous tax incentives can do so under the Non-Domiciled Status.

Any individual who spends more than 183 days in Cyprus is deemed a Cypriot Tax resident. As of 2017 the 60-day rule can be applied for individuals who want to acquire the Non-Domicile Status.

Non-Domicile Tax status is granted for 17 years, under certain conditions, to individuals who move their personal tax residence to Cyprus. Tax resident non-domiciled individuals are exempt from Special Defense Contribution tax which is applied on dividends (at 17%) and bank deposit interest (30%).

ATTRACTIVE PERSONAL INCOME TAX

In comparison to other European cosmopolitan hubs – Cyprus offers affluent individuals and professionals with an attractive personal income tax scheme. Tax rates are progressive, with the first EUR 19,500 exempt from any tax with incomes above EUR 60,000 are taxed at 35%.

Cyprus is committed to attracting global talent and has numerous industry specific incentives and tax incentives / tax holidays for high earning foreign residents who relocate to Cyprus.

Overseas pensions are exempt from tax up to EUR 3,420 and taxed at 5% thereafter.

GET IN TOUCH FOR A
FREE CONSULTATION

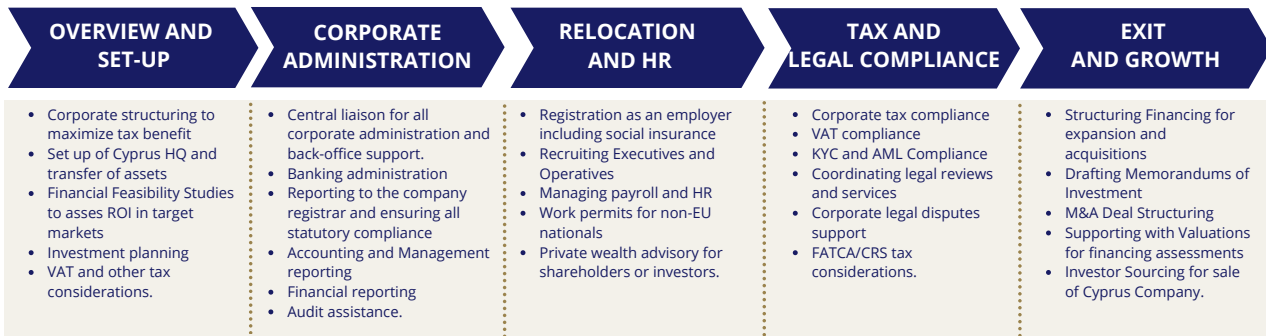
WHAT WE CAN DO FOR YOU

ATG Corporate offers financial reporting and tax compliance support to Cyprus Companies. Our team comprises of experienced and qualified accountants who are consistently abreast of changing tax and legal developments affecting our clients. The Cyprus Headquartering Solution is being implemented by an increasing number of international groups, moving their top holding company and key personnel to Cyprus. It offers excellent access to healthcare, world-class clinics, private schools and universities and is strategically situated at the crossroads of Europe and the MENA.

We offer our clients a single point of contact for their corporate structuring, administration and management needs and ensure that their international group's tax and compliance are managed in a streamlined manner.

For a FREE Initial Consultation to discuss the specifics of your enquiry please contact Andreas Athinodorou on + 357 22057560 or andreas.athinodorou@atgcorporate.com

ATG SERVICES



YOUR TRUSTED SERVICE PARTNER

We pride ourselves for our service approach to our clients, the development of our people, our network of trusted associates and strive to continuously offer our experience and support to the communities which we operate in. We currently have around EURO 1bn Assets under Administration. We serve a number of significant investment structures with focus in Europe, CIS Countries, Middle East and the UK. ATG principals are founding members of the industry representation bodies - Cyprus Investments Funds Association (CIFA) and Cyprus Fiduciary Association (CyFA). Our companies are regulated by Institute of Certified Public Accountants of Cyprus ICPAC and the Cyprus Securities and Exchange Commission CySEC. Get in touch today to schedule a Free Consultation with us.