



TLS Partners

CHRYSANTHI VARNAVA & CO LLC

Advocates & Legal
Consultants

Cyprus

An ideal International Business Center

A guide for international Investors

Cyprus is emerging into the most popular intermediate holding company jurisdiction in Europe and a serious contender to tax paradises and other traditional holding company jurisdictions. International investors find that the unique tax advantages together with EU membership and OECD compliance are compelling reasons to set up a Cypriot holding company.

Corporate Tax Rate: The standard corporate tax rate of 12,5%

Cyprus is regarded as a premier holding, finance, royalty and trading company jurisdiction.

Cypriot Companies (Limited/LTD)

- ✓ Dividends received from a company resident in the Republic are not taxable.
- ✓ Dividends received from a company non-resident in the Republic are not taxable (subject to certain conditions).
- ✓ Dividends received – withholding tax on foreign jurisdiction. Over 50 Double Tax Treaties for the ability to extract dividends at a zero or low tax rates of foreign withholding tax.
- ✓ Dividends paid to non-resident in the Republic shareholders (whether companies or individuals) are not subject to any withholding tax in Cyprus.
- ✓ Dividends paid by a Cyprus tax resident Company to another Cyprus tax resident Company are exempt from tax.
- ✓ No inheritance or estate taxes.
- ✓ No withholding taxes on outgoing dividends, interest and royalties (with some exceptions).
- ✓ No capital gains tax on the sale or transfer of securities and the gains are exempt from the Income Tax provisions.
- ✓ Tax losses can be carried forward against taxable income over a period of five years from the end of the tax year in which they were incurred.
- ✓ Profits from a Permanent Establishment (PE) outside Cyprus are tax-exempt and its losses can be set off against Cyprus Income (under certain conditions).
- ✓ Unilateral tax relief is granted to all Cyprus Companies for foreign tax suffered irrespective of the absence of a double tax treaty.
- ✓ No obligation for the Holding Company (or right) for VAT registration & compliance provided that there will be no Vatable activities.
- ✓ Tax free liquidation
- ✓ Cyprus imposes no tax on wealth.

The Cyprus Tax System Enables:

- Dividends: 0% withholding tax.
taxed in the state of residence of the recipient
- Interest: 0% withholding tax.
taxed in the state of residence of the recipient
- Royalties: 0% withholding tax.
Royalty payments are exempt from any withholding taxes provided that were exercised outside Cyprus.

TLS Partners – Chrysanthi Varnava & Co LLC

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