

REPUBLIC OF CYPRUS



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GENERAL INFORMATION FOR THE REPUBLIC OF CYPRUS

GENERAL

1. Location

Cyprus is the third largest island in the Mediterranean after Sicily and Sardinia with an area of 9,251 sq. kilometres of which 1,733 are forested. It has a maximum length of 240 kms from east to west and a maximum width of 100 kms from north to south.

It is situated at the north-eastern end of the East Mediterranean basin at a distance of 380 kms north of Egypt, 105 kms west of Syria and 75kms south of Turkey. The Greek mainland is some 800 kms to the west. The nearest Greek islands are Rhodes and Carpathos, 380 kms to the west. The latitude of Cyprus is 34 33' - 35 34' north and its longitude 32 16' - 34 37' east.

2. Climate

Cyprus has an intense Mediterranean climate with the typical seasonal rhythm strongly marked in respect of temperature, rainfall and weather generally. Hot, dry summers from mid-May to mid-September and rainy, rather changeable winters from November to mid-March are separated by short autumn and spring seasons.

In summer the island is mainly under the influence of a shallow trough of low pressure extending from the great continental depression centred over southwest Asia. It is a season of high temperatures with almost cloudless skies.

3. Population

The population of Cyprus is 1.157.100 (end of 2013) of whom 77% are Greek Cypriots (including Armenians, Maronites, Latins and Turkish Cypriots), 18% are Turkish Cypriots and 7% are foreigners residing in Cyprus. The density of the population is 86 persons / sq km.

The figure of the Greek Cypriot population includes about 9.000 Maronites, Armenians and Latins who, under the 1960 Constitution were asked to choose between the two communities and opted to join the Greek Cypriot community.

The language of the Greek Cypriot community is Greek and the community adheres to the Autocephalous Greek Orthodox Church of Cyprus. The language of the Turkish Cypriot community is Turkish and the community adheres to Islam.

4. Infrastructure

Nicosia, the capital of the island is with a population of 482.000 (end of 2013) in the sector controlled by the government of the Republic of Cyprus. It is situated roughly in the centre of the island and is the seat of government as well as the main business centre. The 1974 Turkish invasion and occupation of 36% of the island's territory literally cut the capital in half. After the fall of the Berlin Wall, Nicosia remains the only militarily divided capital in the world. Cyprus has two international airports - Larnaca and Pafos that cover adequately the needs of the local population and the Island's visitors, both tourists and business people. The road network meets very high standards of quality, and the major cities of the island are connected with safe and comfortable highways. The ports of the island are modern with all the necessary equipment (container station, freighting, cold storages etc) for every type of vessel.

The telecommunication system of the country is very reliable and is offered at reasonable rates. All main large courier and transportation firms operate in Cyprus, which along with the state postal services, render the transportation of goods very fast and efficient.

Limassol, the second largest town, is in the south and has around 330.000 (end of 2013) inhabitants. It is Cyprus' main commercial port and an important tourist resort.

Larnaca, in the south-east of the island, has a population of 255.000 (end of 2013) and is the island's second commercial port and an important tourist resort. To the north of the town lies the island's oil refinery, while to the south of Larnaca is situated the International Airport.

Pafos in the south-west with a population of about 90.000 (end of 2013) is a fast developing tourist resort, home to the island's second International Airport and an attractive fishing harbour. The Turkish invasion and occupation of the major tourist resorts of Keryneia and Ammochostos (Famagusta) led to major investments by the government and the private sector in the district of Pafos.

5. History

Cyprus during its turbulent long history, has always been the bone of contention for many invaders (Franks, Romans, Byzantines, Turks, British), but kept its Greek character, religion, language, culture and habits which were first introduced on the island by the ancient Greeks thirty-three centuries ago. The main reasons for these many invasions of the island were its strategic position and its rich mineral reserves (Cyprus is named after the metal copper. Cyprus has many copper reserves which were discovered and exploited from the very ancient years). As a result of the various occupations, all the different conquerors have left their characteristics on the island. Cyprus became a British colony in 1878 and remained one until 1960 when Cyprus became an independent republic. The British influence is still found in the way of living, from driving on the left side of the road, to commercial law and business aspects of life. The Cypriot ingenious spirit, within a well structured environment and infrastructure, resulted in tremendous growth of the Cyprus economy, with a very high level of quality of life for the Cypriots. This period was not cloudless however, due to the intervention of Turkey in the affairs of the island. These interventions resulted in the Turkish invasion of 1974, which led to the separation of the island, with approximately 36% of the land being occupied by Turkish troops since that time. The invasion was devastating for the country's economy which saw its more developed part of the island, as far as tourism and agriculture were concerned, being occupied by Turkey.

The conditions were very difficult due to the refugee problem created by the invasion. Government and the people of the island were determined to prosper and achieve the quality of life they had enjoyed before the invasion. The recovery and subsequent prosperity of the island was based on two separate pillars:

- (i) The establishment of Cyprus as the business centre of the Mediterranean with generous concession to foreign business people electing to use Cyprus offshore companies and
- (ii) Promotion of Cyprus as a tourist destination by encouraging the construction of new hotels.

POLITICAL AND SOCIAL ENVIRONMENT

6. Government

Cyprus' political system is a Presidential Democracy. The president of the republic is delegated highest authority and power. He remains in power for five years and can be re-elected for unlimited terms.

The President of the Cyprus Republic appoints the Council of Ministers which is responsible for all executive issues.

The House of Representatives possesses the legislative power. The duration of each term is five years. The House of Representatives has fifty six members and parties from all political groups are represented there.

7. Judiciary

The Cyprus legal system is based on the English counterpart. English case-law is closely followed and all statutes that control business issues are based on English laws. A large number of Cypriot lawyers are members of the United Kingdom's Inns of Court or graduates of British Universities. The judiciary in the Republic is independent from the executive and legislative authorities on the island.

8. Court System

The courts responsible for offences, in accordance with the importance of the offence are:

- For minor or less serious offences: Six District Courts,
- For major or serious criminal offences: Six Assize Courts,
- For appeals: Supreme Court, which has the final judgement.



9. Independent Official Bodies and Officers

Several officers and official bodies operate in Cyprus. A summary of their responsibilities is stated below.

Attorney General

The Attorney General advises the government on legal matters.

Ombudsman

An Ombudsman is appointed by the Council of Ministers to deal with complaints relating to the operation of public authorities.

Governor of the Central Bank

The Governor of the Central Bank is responsible for the implementation of the ECB's monetary decisions, the supervision of banks operating in Cyprus and acting as the Government's banker.

Auditor General

The office of the Auditor General is responsible for the public accountability of government revenue and expenditure.

Public Service Commission

The Public Service Commission was established to appoint, promote, and exercise disciplinary control over government employees.

Planning Bureau

The Planning Bureau prepares the Economic Development Plans for a five year period following the guidelines, assumptions and estimations of the Council of Ministers.

10. Public Holidays

Public holidays in Cyprus are as follows:

- January 1, New year's day
- January 6, Epiphany day
- Green Monday *
- March 25, Greek Independence day
- April 1, National day
- Good Friday *
- Easter Monday *
- May 1, Labour day
- Whit Monday *
- August 15, Assumption day
- October 1, Independence day
- October 28, Greek national day
- December 24, Christmas eve - half day
- December 25, Christmas day
- December 26, Boxing day
- December 31, New Year's eve - half day

** Dates vary from year to year / Transferred holiday*

CYPRUS AS AN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE



11. Cyprus – European Union

As of 1 May 2004, Cyprus is a full member state of the European Union. Formal relations with the EU date back to 1972 with the signing of the Association Agreement which was basically a trade agreement. In 1987, a Customs Union Agreement was signed between Cyprus and the EU. The relations of Cyprus and the EU entered into a new dimension with the application of Cyprus for full membership to the Union in July 1990. Accession negotiations began in 1998 and were successfully concluded at the end of 2002. On 16 April 2003, Cyprus signed, along with the other nine acceding countries, the Treaty of Accession to the European Union, paving the way towards full EU membership on 1 May 2004. The EU constitutes Cyprus' main trading partner absorbing more than 55% of its domestic exports and supplying around 50% of the total imports to Cyprus. Furthermore, around 70% of tourists visiting the island originate from EU member states.

In addition, Cyprus maintains close political and trading ties with the countries of the Middle East region, both the Arab world and Israel, as well as with the former socialist countries of Central and Eastern Europe. In that sense, as an EU member state Cyprus will become a bridge connecting the united Europe and the Middle East.

12. The Cyprus Stock Exchange

The Cyprus Stock Exchange started its operations as a legal entity in the form of a public corporation body on 29 March 1996, by virtue of The Cyprus Stock Exchange Laws and Regulations which had been passed by the House of Representatives in 1993 and 1995 respectively.

The Cyprus Stock Exchange is a regulated Exchange where all transactions concerning corporate and public securities are carried out. Such securities include stocks, bonds and warrants. The main participants in the market are the Members of the Stock Exchange (stock brokerage firms), the listed issuers and the investors.

13. Commercial Banks Operating in Cyprus

Currently nine commercial banks operate in Cyprus. Five of them are Cypriot and the remaining four are subsidiaries of foreign banks. These banks by statute are required to submit detailed annual accounts for inspection to the Central Bank of Cyprus.

- Local banks by statute must comply with the Companies Law and therefore prepare all the statutory financial statements required.
- Foreign banks which are branches of overseas entities are not obliged by law to prepare accounts in Cyprus, but they do so only for tax purposes.

The banks below are authorised to act as depositaries and dealers for the purposes of the Foreign Exchange Law.

LOCAL BANKS

Bank of Cyprus Public Company Ltd
Co-operative Central Bank Ltd
Cyprus Development Bank Public Company Limited (The)
Hellenic Bank Public Company Limited
Housing Finance Corporation

FOREIGN BANKS

SUBSIDIARIES OF FOREIGN BANKS

I. SUBSIDIARIES OF FOREIGN BANKS FROM E.U. MEMBER STATES

Alpha Bank Cyprus Ltd
Eurobank Cyprus Ltd
National Bank of Greece (Cyprus) Ltd
Piraeus Bank (Cyprus) Ltd

II. SUBSIDIARIES OF FOREIGN BANKS FROM NON E.U. MEMBER STATES

RCB BANK (Cyprus) LTD
Societe Generale Bank-Cyprus Limited
USB Bank Plc

BRANCHES OF FOREIGN BANKS

I. BRANCHES OF FOREIGN BANKS FROM E.U. MEMBER STATES

Alpha Bank A.E.
AS Expobank
Banque SBA
Barclays Bank PLC
Central Cooperative Bank PLC
First Investment Bank Ltd
Joint Stock Company "Trasta Komerbanka"
National Bank of Greece S.A.
Saxo Bank A/S

II. BRANCHES OF FOREIGN BANKS FROM NON E.U. MEMBER STATES

Arab Jordan Investment Bank SA
Bank of Beirut SAL
BankMed s.a.l.
Banque BEMO SAL
BBAC SAL
BLOM Bank SAL
Byblos Bank SAL
Credit Libanais SAL
IBL Bank sal
Jordan Ahli Bank plc
Jordan Kuwait Bank PLC
Lebanon and Gulf Bank SAL
Open joint-stock company AVTOVAZBANK
OJSC Promsvyazbank
Privatbank Commercial Bank

REPRESENTATIVE OFFICES

Atlasmont Banka A.D
Bank Zenit (open Joint Stock Company)

14. Foreign Investments in Cyprus

The attraction of foreign direct investment, including the promotion of joint ventures between Cyprus and foreign enterprises, has always been a major objective of government policy, with a view at facilitating the transfer of advanced technology and expertise.

Naturally, the following question arises: why would a foreign investor choose Cyprus? The answer can be found in the following traits:

- Democratic system of governance.
- Free market economy.
- Strategic location at the crossroads of three continents.
- Excellent telecommunications system - direct dialling to over 200 countries.
- Modern and efficient legal, accounting and banking services based on English practices.
- Favourable tax regime including 12.5% rate of corporation tax .
- Double tax treaties with 50 countries.
- Bilateral investment agreements with 16 countries.
- Low set up and operating costs.
- Highly qualified managerial, clerical and technical staff available.

15. The Dynamism of the Cyprus Economy

Cyprus' economy is market-oriented, with the private sector playing the dominant role in the production sphere. The government's role focuses on the creation of a favourable entrepreneurial climate, through the maintenance of conditions of macroeconomic stability, the upgrading of socio-economic and legal infrastructure, and the pursuit of sustainable development.

Cyprus' economy has exhibited dynamism and flexibility throughout the period since the island's independence. In spite of the 1974 Turkish military invasion and its devastating aftermath, the economy managed to recover and attain some major accomplishments. It is no coincidence that a few years after the invasion, the international Press described the Cypriot economy's leap forward as a real "economic miracle".

Some of the accomplishments are the following:

- An impressive real annual rate of growth of GDP.
- The rapid growth of GDP accompanied by the creation of large number of employment opportunities and the consolidation of conditions of full employment.
- The satisfactory growth performance accompanied by conditions of relative internal and external economic stability.
- The rapid rate of growth was accompanied by a profound restructuring of the economy from the sectoral point of view.

16. Types of Legal Entities

Foreign investors may establish any of the following legal entities in Cyprus:

- Companies with limited liability (whether by shares or guarantee) registered in Cyprus under the Cyprus Companies Law, Cap. 113,
- Partnerships (whether general or limited) registered under the Cyprus Partnership Law, and
- Overseas companies which register a branch under section 347 of the Cyprus Companies Law.

17. Companies with Limited Liability

Limited companies may be private or public. Private companies must:

- Restrict the right of transfer of their shares,
- Limit the number of shareholders to fifty and
- Refrain from inviting the public to subscribe for any of their shares.

International activities

An international entity in Cyprus may perform a wide range of activities the most common of which are set out below:

- Trading & re-invoicing companies
- Headquarters companies
- Holding and investment companies
- Service companies
- Construction and engineering companies
- Finance companies
- Royalty companies
- Printing and publishing companies
- Real estate companies
- Employment companies
- Shipping and ship management companies
- International Banking Units (IBUs)
- Insurance companies

Administrative Office

In order to maintain an administrative office in Cyprus, the minimum authorized and issued share capital must be at least €1.

Registration Procedures

Under the Cyprus Companies Law the procedure for the formation and the registration of an International Company in Cyprus is quite simple and the steps that need to be taken are explained in the registration procedure.

18. Partnerships

Partnerships in Cyprus are governed by the Cyprus "Partnership and Business Names Law", Chapter 116, which is identical to its British counterpart.

Partnerships can be of two types:

- General partnerships: every partner (a limited company can be a partner, provided it is authorised by its by-laws) is liable jointly with the other partners for all debts and obligations of the partnership and;
- Limited partnerships consisting of at least one general partner with unlimited liability and one or more "Limited" partners. "Limited" partners contribute as capital a stated amount but are not liable for debts or obligations of the firm beyond the amount contributed.

Registration of a Partnership

At least two persons and not more than twenty can form a partnership. A limited company can be a partner. The regulations of a partnership are governed by the partnership agreement, which need not be registered. In the absence of a written partnership agreement the Partnership Law as to the division of profits and losses applies.

The following particulars must be filed on registration:

- Name of partnership,
- Objects of partnership,
- Duration of partnership,
- Names and addresses of partners and
- Authority of partners to bind the partnership.

Documents filed are open to public inspection.

Non-residents may become partners in a Cyprus registered partnership after obtaining the exchange control approval from the Central Bank.

19. Foreign Company Branch (Section 347)

A foreign company may register a branch in Cyprus under section 347 of the Companies Law.

Such registration must be made within one month from the date of establishing a place of business in Cyprus by filing the following documents translated into Greek:

- A certified copy of the Memorandum and Articles of Association,
- Particulars of directors and secretary of the company;
- Name and address of a person, resident in the Republic, authorised to accept service of notices to the company; and
- Written report signed by the director of the company indicating the activities and share

20. Resident Companies

Resident Companies are the Companies whose management and control is exercised in Cyprus. The Corporation Tax for Resident Companies is 12.5%.

21. Non-resident Companies

Non-Resident Companies are the Companies whose management and control is exercised outside Cyprus. The Corporation Tax for the Non-Resident Companies is Nil.

Meaning of Management and Control

In accordance with Income Tax Law No. 118(I) of 2002, as amended, a company is considered to be a tax resident of Cyprus if its management and control is exercised in Cyprus.

There is no definition as to what constitutes management and control in the Income Tax Law. It is generally accepted that the following conditions should be considered to determine if a company qualifies as a resident of Cyprus for tax purposes:

- (1) are the important decisions of the company taken in Cyprus,
- (2) are the directors of the company tax resident in Cyprus,
- (3) is an actual (administrative) office maintained in Cyprus where the actual management and control of the business of the company is exercised,
- (4) are hard copies of commercial documents stored in the office facilities of the company,
- (5) are accounting records of the company prepared and kept in Cyprus, and

(6) are bank accounts operated from Cyprus (even if the accounts are maintained with banks established outside Cyprus). Not all of the above tests have to be satisfied in order for a company to qualify as having Cypriot tax residency and the tests should be considered in the light of the level of activity of the company.

It is relevant to emphasise that the board of directors who meet in execution of their duties and powers must in fact exercise management and control over the company's affairs in order for a company to be considered managed and controlled by them.

TAXATION



22. Corporation Tax

CORPORATION TAX RATES	%
Resident Companies	
▪ The whole chargeable income	12.5
▪ Semi government organizations	12.5
Non-resident companies	Zero
Withholding tax on dividends to non-residents	Zero

Flat annual tax levy for all companies is payable to the Registrar of the Companies

As of 1 January 2013 all companies are eligible to the €350 tax levy. The tax levy is payable until the 30 June of each year.

In case the company does not comply the following penalties will apply:

- If not payable by 30 June a penalty of €35 will apply (€385)
- If not payable by 31 August an additional penalty of €105 will apply (€490)

As of 1 December of each year the Registrar of Companies in Cyprus may strike the Company off the Registry for non-payment of the Tax Levy. In order to restore the company the fee is €500.

Schedule showing how various types of Income are taxed for Resident and Non-resident Companies

TYPE OF INCOME	TYPE OF TAX	RESIDENT COMPANIES	NON RESIDENT
CHARGEABLE INCOME	Corporation Tax	12.5%	0%
CHARGEABLE INCOME of a permanent establishment abroad	Corporation Tax	0%	0%
INCOME FROM SALE OF SHARES	Corporation Tax	0%	0%
CAPITAL GAINS TAX There is Capital Gains Tax only if the property sold is in Cyprus	Capital Gains Tax	20%	20%
BANK INTEREST	Corporation Tax of the interest income	0%	0%
	Defence Tax	30%	0%
TRADING INTEREST Interest arising from the usual exercise of the ordinary activities i.e. interest on debit balance of clients	Corporation Tax	12.5%	0%
	Defence Tax	0%	0%
DIVIDENDS Paid from one resident Cyprus Company to another Company	Corporation Tax	0%	N/A
	Defence Tax	0% (1)	N/A
DIVIDENDS Paid from a non-resident Cyprus Company to a Cyprus resident Company	Corporation Tax	0%	N/A
	Defence Tax	0%	N/A
DIVIDENDS ▪ Paid from one resident Company to resident individuals ▪ Paid from one resident Company to non resident individuals	Defence Tax	17% (2)	N/A
	Defence Tax	0%	N/A
SHIP OWNING COMPANIES	Corporation Tax	0%	0%
SHIP MANAGEMENT COMPANIES	Corporation Tax	12.5% or Tonnage tax	12.5% or Tonnage tax
INTERNATIONAL TRUSTS	Corporation Tax	0%	0%
DOUBLE TAX TREATIES		Apply	N/A
LOSSES		Can be set off against future profits of the next five years	N/A
TAX CREDIT		According to double tax treaties or unilateral tax credit for non tax treaty Countries	N/A

(1) Any dividends between Cyprus companies are subject to special defence contribution when they are paid after 4 years from the end of the year the profits were earned, out of which these dividends are derived. Any dividends derived directly or indirectly from dividends on which social security contribution has already been paid are exempt from these provisions.

(2) The exemption is not granted if the income of the non-resident company paying the dividend is more than 50% as investment income and the foreign tax rate payable for the income of the company paying the dividend is substantially lower than 12.5%. If the exemption is not granted then the dividend income is taxed at the rate of 17% for 2014 [20% until 31 December 2013]

23. Taxation of Individuals

Resident Individuals

Means an individual who stays in Cyprus for a period or periods exceeding in aggregate 183 days in the year of assessment.

Residents are taxed on the worldwide income at normal rates shown below.

Non-resident individuals

Means an individual who stays outside Cyprus for a period or periods exceeding in aggregate 183 days in the year of assessment.

No tax on income derived outside Cyprus

Taxation only on income derived from Cyprus

Any Individual employed by any Employer (a)	Duties performed wholly in Cyprus (b)	Duties performed wholly abroad (c)	Duties performed partly in Cyprus/ partly abroad (d)
Resident	All emoluments taxable (1)	Not applicable	All emoluments taxable (less deduction under the 90 day rule) (2)
Not resident	Not applicable	Not taxable	Duties in Cyprus taxable, duties abroad not taxable

(1) If first time employment of an employee who is non-resident immediately before taking up Cyprus employment, employee is entitled to a 20% deduction of his emoluments or €8.550 whichever is the lower for each of the next 3 years.

(2) Emoluments regarding services abroad to a non-resident employer, or to a permanent establishment abroad of a resident employer, for a total period exceeding 90 days in aggregate in the year of assessment are exempt.

Tax rates 2014

Income in Euro	%
0-19500	0
19501-28000	20
28001-36300	25
36301-60000	30
over 60001	35

Personal Allowances

Contributions to life insurance, social insurance and provident fund are deductible from the income of an individual. Such contribution is restricted to 1/6th of the chargeable income.

Incentives for employment of Cyprus non tax residents which are highly paid

As from 1st January 2012 a tax incentive is offered for persons that are non tax residents of Cyprus to work for an employer in Cyprus. In such case if the annual income of the persons exceeds the amount of €100.000 the tax payer will be exempted by 50% of their income for a period of 5 years, commencing from the first year of employment. The exemption relates to Cypriots and non-Cypriot individuals, under the condition that prior to their employment in Cyprus they lived overseas and they were non tax residents of Cyprus.

24. Administration and Management of International Business Companies

Our firm through its specialized international business department can offer all the necessary services such as:

- Registration of IBCs
- Available off the shelf IBCs
- Nominee services (Nominee Shareholders, Directors and Secretary)
- Provision of Registered Office
- Book-keeping services
- Payroll services
- Invoicing
- Management accounts, monthly / quarterly / yearly as requested
- Administration of bank accounts
- V.A.T. services (where is applicable)
- Preparation of minutes
- Preparation / submission of Annual Returns to the Registrar of Companies
- Transfer of shares / appointment, change of Directors/ Secretary
- Apostilled documents
- Assistance to recruit personnel
- Any other services expected to be offered by an auditing / consulting firm



25. Special Contribution to the Defence Fund

Special contribution to the defence fund is imposed on income earned by Cyprus tax residents. Non Cyprus tax residents are exempted from special contribution to the defence fund. It is charged at the rates shown in the table below:

Rates

	Individuals %	Legal Entities %
Dividend income from Cyprus resident companies	17	Nil (Note 1)
Dividend income from non-Cyprus resident companies	17	Nil (under conditions) (Note 2)
Interest income arising from the ordinary activities or closely related to the ordinary activities of the business	Nil	Nil
Other Interest	30 (Note 3)	30 (Note 4)
Rental income (reduced by 25%)	3	3

1. Any dividends between Cyprus companies are subject to special defence contribution when they are paid after 4 years from the end of the year the profits were earned, out of which these dividends are derived. Any dividends derived directly or indirectly from dividends on which social security contribution has already been paid are exempt from these provisions.
2. This exemption does not apply if:
 - more than 50% of the paying company's activities result directly or indirectly in investment income, and
 - the foreign tax is significantly lower than the tax rate payable in Cyprus.When the exemption does not apply the dividend income is subject to special contribution for defence at the rate of 17% (20% in 2013).
3. The rate of special contribution to the Defence Fund on other interest received is 30% as from 29 April 2013 and 15% until 28 April 2013. Interest income from savings bonds and development bonds and all interest earned by a provident fund is subject to special contribution for defence at 3% (instead of 30%).
4. Interest income received by Collective Investment Schemes (CIS) either closed-ended or open-ended is exempt from Special Defence Contribution.

26. Value Added Tax (VAT)

Value Added Tax is imposed on the provision of goods and services in Cyprus and on the importation of goods into Cyprus.

Cyprus tax legislation provides for the following three tax rates:

- Zero rate (0%)
- Reduced rate (5%)
- Reduced rate (8% until 12 January 2014)
- Reduced rate (9% as from 13 January 2014)
- Standard rate (17% until 13 January 2013)
- Standard rate (18% as from 14 January 2013 and until 12 January 2014)
- Standard rate (19% as from 13 January 2014)

Zero rated goods and services mainly include the following: exports, international air and sea transport and related services, etc.

Reduced rated goods and services mainly include the following: food, medicines, hotel accommodation fees, provision of goods in the course of catering, books, newspapers and magazines, non-bottled water, gas, etc.

The following categories of goods and services are exempt from VAT:

- Disposal of immovable property where the application for building permission has been submitted prior to 1 May 2004.
- Rental income
- Postal services
- Medical services
- Disposal of land to be used for building purposes
- Insurance and financial services
- VAT legislation does not allow the VAT on the following cases to be recovered:
 - Entertainment and hospitality expenses (other than those relating to employees)
 - Directors' housing expenses
 - Acquisition costs and expenses relating to saloon cars (other than those expenses directly relating to business purposes)
- When a company makes only exempt supplies

Registration Limits for VAT

All companies must register for VAT when:

- their turnover exceeds €15.600 during the 12 preceding months, or
- their turnover is expected to exceed € 15.600 in a period of 30 days

Registration of companies with turnover lower than € 15.600 is optional.

VAT Returns

VAT returns must be submitted quarterly. Payment of VAT must be made within 40 days from the end of each quarter. In the case where input VAT is higher than output VAT, the difference is refundable.

27. Treaties for the Avoidance of Double Taxation

Cyprus has managed throughout the years to establish a wide network of double tax treaties enabling businesses to avoid being taxed twice on income earned from dividends, interest and royalties. Double tax treaties apply both to amounts paid to or from Cyprus. Below is a summary of all double tax treaties concluded by Cyprus as of the date of this publication:

Double Taxation Agreements of the Republic of Cyprus

Table of Withholding Tax Rates

	Received in Cyprus			Paid from Cyprus ⁽¹⁾		
	Dividends ⁽³⁾ %	Interest ⁽⁴⁾ %	Royalties ⁽⁴⁾ %	Dividends ⁽³⁾ %	Interest ⁽⁴⁾ %	Royalties ^(2&4) %
Armenia	0 ⁽³⁴⁾	5 ⁽³⁵⁾	5	0 ⁽³⁴⁾	5 ⁽³⁵⁾	5
Austria	10	0	0	10	0	0
Belarus	5 ⁽⁸⁾	5	5	5 ⁽⁸⁾	5	5
Belgium	10 ⁽⁵⁾	10 ⁽²⁰⁾	0	10 ⁽⁵⁾	10 ⁽²⁰⁾	0
Bulgaria	5 ⁽²³⁾	7 ⁽²⁹⁾	10 ⁽²⁴⁾	5 ⁽²³⁾	7 ⁽²⁹⁾	10 ⁽²⁴⁾
Canada	15	15 ⁽¹¹⁾	10 ⁽¹⁵⁾	15	15 ⁽¹¹⁾	10 ⁽¹⁵⁾
China	10	10	10	10	10	10
Czech Republic	0 ⁽³³⁾	0	0 ⁽³⁶⁾	0 ⁽³³⁾	0	0 ⁽³⁶⁾
Denmark	0 ⁽⁵⁾	0	0	0 ⁽⁵⁾	0	0
Egypt	15	15	10	15	15	10
Estonia	0	0	0	0	0	0
Finland	5 ⁽³⁷⁾	0	0	5 ⁽³⁷⁾	0	0
France	10 ⁽⁶⁾	10 ⁽¹³⁾	0 ⁽³⁰⁾	0	10 ⁽¹³⁾	0 ⁽³⁰⁾
Germany	5 ⁽⁵⁾	0	0	5 ⁽⁵⁾	0	0
Greece	25 ⁽²⁵⁾	10	0 ⁽¹⁶⁾	25 ⁽²⁵⁾	10	0 ⁽¹⁶⁾
Hungary	5 ⁽⁵⁾	10 ⁽¹²⁾	0	0	10 ⁽¹²⁾	0
India	10 ⁽⁶⁾	10 ⁽¹²⁾	15 ⁽¹⁹⁾	10 ⁽⁶⁾	10 ⁽¹²⁾	15 ⁽¹⁹⁾
Ireland	0	0	0 ⁽¹⁶⁾	0	0	0 ⁽¹⁶⁾
Italy	15	10	0	0	10	0
Kuwait	10	10 ⁽¹²⁾	5 ⁽¹⁸⁾	10	10 ⁽¹²⁾	5 ⁽¹⁸⁾
Kyrgyzstan ⁽³¹⁾	0	0	0	0	0	0
Lebanon	5	5 ⁽²⁰⁾	0	5	5 ⁽²⁰⁾	0
Malta	0 ⁽²⁶⁾	10 ⁽¹²⁾	10	15	10	10
Mauritius	0	0	0	0	0	0
Moldova	5 ⁽²³⁾	5	5	5 ⁽²³⁾	5	5
Montenegro ⁽³²⁾	10	10	10	10	10	10
Norway	0	0	0	0	0	0
Portugal	10	10	10	10	10	10
Poland	0 ⁽¹²⁾	5	5	0 ⁽¹²⁾	5	5
Qatar	0	0	5 ⁽⁷⁾	0	0	5 ⁽⁷⁾
Romania	10	10 ⁽¹²⁾	5 ⁽¹⁸⁾	10	10 ⁽¹²⁾	5 ⁽¹⁸⁾
Russia	5 ⁽¹⁰⁾	0	0	5 ⁽¹⁰⁾	0	0
San Marino	0	0	0	0	0	0
Serbia ⁽³²⁾	10	10	10	10	10	10
Seychelles	0	0	5	0	0	5
Singapore	0	10 ⁽²⁷⁾	10	0	10 ⁽²⁷⁾	10
Slovakia	10	10 ⁽¹²⁾	5 ⁽¹⁸⁾	10	10 ⁽¹²⁾	5 ⁽¹⁸⁾
Slovenia	5	5 ⁽¹²⁾	5	5	5 ⁽¹²⁾	5
South Africa	0	0	0	0	0	0
Sweden	5 ⁽⁵⁾	10 ⁽¹²⁾	0	5 ⁽⁵⁾	10 ⁽¹²⁾	0
Syria	0 ⁽⁵⁾	10 ⁽¹²⁾	15 ⁽¹⁷⁾	0 ⁽⁵⁾	10 ⁽¹²⁾	10
Tajikistan ⁽³¹⁾	0	0	0	0	0	0
Thailand	10	15 ⁽²¹⁾	5 ⁽²²⁾	10	15 ⁽²¹⁾	5 ⁽²²⁾
Ukraine	5 ⁽³⁸⁾	2	5 ⁽³⁹⁾	5 ⁽³⁸⁾	2	5 ⁽³⁹⁾
United Kingdom	15 ⁽²⁸⁾	10	0 ⁽³⁰⁾	0	10	0 ⁽³⁰⁾
United States of America	15 ⁽⁹⁾	10 ⁽¹⁴⁾	0	0	10 ⁽¹⁴⁾	0

Notes

1. In accordance with the Cyprus tax legislation payments of dividends and interest to non Cyprus tax residents are exempted from withholding tax in Cyprus. Royalties granted for use outside Cyprus are also free of withholding tax in Cyprus.
2. 10% in the case of royalties granted for use within the Republic. 5% on film and TV rights.
3. 0% if dividends are distributed between associated companies of different EU member states, provided that the parent company shareholding is at least 10%.
4. 0% if interest and royalties are paid between associated companies of different EU member states. The possibility for a transitional period for the implementation of the directive was granted to Czech Republic, Latvia, Lithuania, Poland and Slovakia.
5. 15% if received by a company controlling less than 10% of the capital of the paying company.
6. 15% if received by a company controlling less than 10% of the voting power.
7. Applies to any consideration for the use of any copyright of literary, artistic or scientific work, computer software, any patent trademark.
8. This rate applies if the amount invested by the beneficial owner is over €200.000 irrespective of the % of voting power acquired. 10% is imposed if received by a holder of at least 25% of the share capital of the paying company. Otherwise the rate is 15%.
9. 5% if received by a company controlling at least 10% of the voting power.
10. 10% if received by a company, which has invested less than €100.000.
11. 0% if paid to the Government or for export guarantee.
12. 5% if received by a company controlling 5% of the voting power.
13. 0% if paid to the Government of the other State or in connection with the sale on credit of any industrial, commercial or scientific equipment or any merchandise by one enterprise to another or in relation to any form of loan granted by a bank or is guaranteed from government or other governmental organisation.
14. 0% if paid to the Government of the other State, to a bank or a financial institution or in respect to debt obligations arising in connection with sale of property or the provision of services.
15. 0% on literary, dramatic, musical or artistic work with the exception of films used for television programs.
16. 5% on film royalties (except films shown on TV).
17. 10% on literary, dramatic, musical, artistic work, films, TV and radio royalties.
18. 0% on literary, artistic or scientific work including films.
19. 10% on payment of technical fees, management fees and consultancy fees.
20. 0% if paid to the Government of the other State, a political subdivision or a local authority, the National Bank or any institution the capital of which is wholly owned by the State or a political subdivision or a local authority or in the form of interest income from bank deposits.
21. 10% on interest received by financial institutions, on interest paid in connection with sale on credit of industrial, commercial, scientific equipment or any merchandise between two companies.
22. 10% on right to use industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience and 15% for patents, trademarks, designs, models, plans, secret formulas or processes.

23. 10% if received by a company, which owns directly less than 25% of the share capital.
24. This rate does not apply where 25% or more of the share capital of the Cypriot resident is owned directly or indirectly by the Bulgarian resident paying the royalties and the Cyprus company pays less than the normal rate of tax.
25. The treaty provides for 25%, but the domestic rate of 0% applies since it is lower than the treaty rate.
26. The treaty provides that the tax on the gross amount of the dividends shall not exceed that chargeable on the profits out of which the dividends are paid.
27. 7% if paid to a bank or similar financial institution. 0% if paid to the government.
28. This rate applies to individual shareholder regardless of their percentage of holding. Companies controlling less than 10% of the voting shares are also entitled to this rate.
29. 0% if paid to or is guaranteed by the government, statutory body, the Central Bank.
30. 5% on film royalties, including films used for television programs.
31. The treaty between the Republic of Cyprus and the United Soviet Socialist Republic still applies.
32. The treaty between the Republic of Cyprus and the Socialist Federal Republic of Yugoslavia still applies.
33. 5% if the holding is less than 10%.
34. 5% if received by a company, which has invested less than €150.000
35. Nil if paid to the Government, or to the local authority, or to the Central Bank.
36. 10% for patent, trademark, design or model, plan, secret formula or process, computer software or industrial, commercial or scientific equipment, or for information concerning industrial, commercial, or scientific experience.
37. A rate of 15% applies if received by a company controlling less than 10% of the voting power in the paying company and in all cases if received by an individual.
38. A rate of 15% if a dividend is paid by a company in which the beneficial owner holds less than 20% of the share capital of the paying company and the beneficial owner has invested less than €100.000.
39. A 5% WHT will be levied on payment of royalties in respect of any copyright of scientific work, any patent, trade mark, secret formula, process or information concerning industrial, commercial or scientific experience. 10% WHT will be levied in all other cases.



CYPRUS COMPANY

28. CHARACTERISTICS OF A CYPRUS COMPANY

Statutory description of company

Private Limited Company.

Governing corporate legislation

Companies Law, Cap 113, as amended.

Time-scale for incorporation

About two weeks although a reduction in this time scale is possible in cases where there is urgency.

Availability of ready-made companies

These are generally available.

The regulations governing availability of names

The name of each company must end with the word “Limited” or its abbreviation “Ltd”. The Registrar will not permit registration of a name the same as or confusingly similar to that of an already registered company. No company may be registered under a name that, in the opinion of the registrar, is undesirable.

Minimum and maximum number of shareholders

Minimum of one, maximum of 50 nominee shareholders are permitted as is holding shares on trust.

Statutory minimum paid up capital requirements

One share must be subscribed to at the date of incorporation but there is no requirement that this be paid up. There is no minimum share capital requirement under statute.

Standard authorised capital

Usual capital is €10,000.

Classes of shares available

The following classes of shares are available registered (nominative) shares, preference shares, redeemable shares and shares with special (or no) voting rights. It is not permissible to have shares of no par value or bearer shares.

Denomination of share capital

Shares can be denominated in any recognised hard currency.

Residency requirement on shareholders or shareholders' meetings

There are no residency requirements. Annual general meetings are required once in each calendar year and not more than 15 months may elapse between such meetings; first annual general meeting may be held within 18 months of the date of incorporation.

Information published relating to shares and shareholders

Issued capital notified on incorporation and annually together with a list of shareholders.

Minimum number of directors

A minimum of one directors required.

Are corporate directors permitted?

Yes

Nationality and residency requirements of directors

None

Nature of the powers of the directors

Freely determinable by the company's articles of association. General powers of management are usually given to the board of directors acting as a board, with provision for a possible limit on borrowing powers.

Directors' meetings

No mandatory rules as to location and frequency.

Information published relating to directors

The directors' names, addresses and nationality must be provided on incorporation and also when changes occur. There is no legal requirement to provide details of other directorships. Details of directors' shareholdings are included in the general list of shareholders. There is no requirement to report separately.

Must accounts be prepared by the directors?

The Companies Law provides that proper books of account must be kept in respect of all sums of money received and expended, all sales and purchases of goods, and assets and liabilities. The first financial period may cover a period of not more than 18 months from the date of incorporation and, thereafter, the accounting reference period is a 12-month period coinciding with the calendar year.

Must such accounts be filed with the Authorities?

All companies, are required to file accounts with the registrar, and accounts so filed are open to inspection by the public. In addition, financial statements must be filed with the tax authorities.

Must the company have a registered presence in the territory of incorporation?

A registered office must be situated within the jurisdiction.

What records must be maintained in the territory and are they available for public inspection?

Every company must maintain a register of members, a register of directors and secretaries. The register of members must be open for public inspection during normal hours of business without charge. The register of directors and secretaries may be inspected during normal business hours by any member free of charge or by any other person upon the payment of a minimal fee. The register of directors shareholdings must be open for inspection during business hours by any member or debenture holder of the company during the period beginning 14 days before the date of the company's

annual general meeting and ending 3 days after that date. The books of account must be kept at the registered office and made available to the directors.

Can the company make secured loans?

Yes

Can the company make unsecured loans?

Yes

What are the limits placed on the company's borrowing powers?

Limits are often set out in the company's articles of association.

Is there a register of company charges?

A register of all charges on the company's property: must be kept open for inspection by any person on payment of a minimal fee. Charges must be registered at the Companies Registry and, for certain types of property, in other registers such as the Ships Registry for ships and the Land Registry for real property.

Company seal

Permitted. A facsimile of the company seal if authorised by its Articles, can be used in any territory, district or place situated in the Republic.

Re-domiciliation provisions

Permitted

Anonymity

If anonymity is required by the beneficial owners, trustee companies in Cyprus can hold the shares in trust for the non-resident beneficial owner. Trustee company prepares and delivers to the beneficial owner a properly executed instrument of transfer of shares accompanied by the share certificate.

The following information must be provided in relation to each beneficial owner of the company.

29. KYC REQUIREMENTS FOR THE INCORPORATION OF A CYPRUS COMPANY

Due Diligence required on each Beneficial Owner (UBO):

If the Beneficial Owner is individual, the following are required:

1. Passport Copy Certified by a Suitable Certifier.
2. Utility bill no older than 3 months evidencing residential address.
3. Bank reference letter in original.

If the Beneficial Owner/shareholder is a legal entity, the following are required:

1. A Certified copy of Certificate of Incorporation and any certificate of change of Name;
2. A Certified copy of the Memorandum and Articles of Association.
3. Evidence of the registered office address of the legal entity;
4. Certified Register of Directors and Secretaries of the legal entity;
5. Certified Register of Members of the legal entity;
6. Certified copies of the share certificates (ie Bearer/in the name of Nominees/registered shares);
7. Document(s) declaring and evidencing the individuals/Beneficial Owners of the legal entity duly certified.
8. Diagram of Ownership/Group Structure of the legal entity leading to the beneficial owners together with related legal documents of each legal entity shareholder duly certified.
9. In relation to each individual/beneficial owner of the legal entity, the information listed in (1) to (3) on DD for UBOs above.

If the Beneficial Owner/shareholder or where the structure is ultimately owned by a listed Company, the following is required:

1. Full corporate documents certified as mentioned for legal entities above.
2. Due Diligence documents of the shareholders who owned more than 10%.
3. An extract from the Stock Exchange of the Country in which the Company is listed duly certified.
4. Confirmation from the Board of the Company of the level of authority held by the individuals we deal with.
5. Latest audited accounts.

If the Beneficial Owner/shareholder or where the structure is a Trust or is a Company owned by a Trust, the following are required:

1. Full statutory documents of the Trust certified.
2. Full statutory documents of the Settlor certified.
3. Full due diligence documents of the Beneficiaries who are expected to benefit in the foreseeable future.
4. Document(s) declaring and evidencing the individuals/Beneficial Owners of the Trust duly certified

30. CORPORATE DOCUMENTS

The corporate documents that are delivered to the shareholders of a Cyprus company are as follows:

- Certificate of Incorporation;
- Memorandum and Articles of Association;
- Certificate of the company's registered office;
- Certificate of the name of directors and secretary;
- Certificate of the name of the shareholders and the number of shares held by each one;
- The first resolution of the board of directors and the resolution of the shareholders appointing the first director;
- Share certificates;
- Company's seal

31. PROVISION OF CORPORATE OFFICES

PERMANENT ESTABLISHMENT IN CYPRUS

The issue of the management and control is nowadays investigated more strictly by the Income Tax Authorities of other countries in an effort to tax the income of Cyprus Companies abroad. There is no definition of management and control in the legislation. However, in accordance with the practice of the Cyprus Tax Authorities and relevant case law (Income Tax Law No 11(1) of 2002, a Company is considered to be a tax resident of Cyprus if its managements and control is exercised in Cyprus). It has been established that management and control of each company is exercised in the country where the major decisions for the operations of the company are taken by its board of directors. Companies and mainly those with foreign directors may possibly examined by the external monetary authorities, to control if the management of the Cyprus Company is carried out in the Republic of Cyprus. Renting of an Office Space in Cyprus is an advantage because the Cyprus Company is being managed and controlled in Cyprus and the company has an important benefit in terms of tax planning.

Establishing a corporate presence in Cyprus you have the opportunity to set up your office at Bizserve Consultants offices. Rent office space, and enjoy all the offered services that best suits to your needs.

An established Cyprus Company can benefit from the offered facilities, where office space is not mandatory but the services could be beneficial for the Company, as a part of a tax structure.

Our services offered include:

- Rental of fully furnished office and a Central Location
- Electricity, air conditioning, heating
- Internet Access
- Mail/ Fax collection and forwarding
- Telephone line answering in your Company's name

Additional Services:

- Extra Personal Telephone line/Fax
- Corporate Email
- Administrative Support
- Secretarial Support
- Company sign at the entrance of the building along with other tenants
- Conference room facilities
- Courier or Post Services
- IT Services

Our fully furnished offices are accessible immediately. We can offer you flexible package either you require an office for a day, a week or a year.

Bizserve Consultants offers personalized services as per our clients' requirements.

VIRTUAL OFFICES IN CYPRUS

A virtual office refers to those services you would expect to have within a serviced or conventional office BUT without the physical presence.

Assisting our clients we offer the following services:

TELEPHONE ANSWERING CENTER

Wherever you are and whatever you are doing, you can rest assured that your calls are being handled professionally, creating the best possible impression for your business. Our professional team will answer your dedicated phone number in your company name, note and relay on your messages in the way you choose.

CORRESPONDENCE

Mail is collected, packages are signed for and sent to our clients according to their instructions. Forward email correspondence received to our clients according to instructions.

EMAIL DOMAINS

Provide our clients with a secure and trouble free communication channel between the company and their clients. We collect and send all email correspondence received according to our clients' instructions.

SHIPPING

SHIPPING



Cyprus has also developed into an international shipping centre for the conduct of maritime activities and the rendering of shipping services worldwide. It ranks tenth in the list of leading maritime nations and third in the European Union behind Greece and Malta, with a percentage of 12% of the total fleet of the 27 EU member states.

In March 2010 the European Commission approved the new Cyprus Shipping Taxation which is calculated on the basis of the net tonnage vessels that a shipping company may possess, charter or manage. The new tax system has added significantly to the island's attractiveness for ship registration companies offering ship management services. However, Cyprus cannot be regarded as an opportunity flag state. The government of the Republic of Cyprus has ratified major international conventions on maritime safety, the prevention of sea pollution, the training, certification and watch-keeping of seafarers, and the limitation of ship-owners' civil liability in case of oil pollution damage, as well as conventions on maritime labour.

Over the last two years, the legislation ruling merchant shipping has been significantly modernised, particularly through the ratification of all major international maritime conventions and the adoption of the acquit communitarian.

Cyprus has also set up a network of inspectors of Cyprus' ships, which is expanding constantly. These measures aim at improving the safety conditions of Cypriot ships.

33. Registration of a Cyprus Shipping Company

The first step to be taken by all non-European ship owners who wish to register a vessel under the Cyprus flag is to form a Cyprus Shipping Company which will acquire the vessel in its name. The company will be registered as a private company with limited liability (limited by shares) under the provisions of the Cyprus Companies Law, Charter 113 of the Statute Law of Cyprus as amended. Although the process is relatively straightforward, it requires comprehensive documentation and certificates to be presented to the Registrar of Cyprus Ships.

Under Cyprus Law, every company must have one or more shareholders. If anonymity and confidentiality is required, the shares may be kept "in trust" by a Nominee company in Cyprus for the beneficial owners. The nationality of the shareholders is immaterial. Under Cyprus law all shareholders of a shipping company may be foreigners residing outside the island. The transfer of shares from one foreigner to another is allowed.

Another requirement of the Cyprus Law is that the company must have its registered office in Cyprus to be used as its business address.

Regarding the appointment of director of the company, it is advisable that the majority of the directors are local so as to have Management and Control of the company in Cyprus, a necessary condition to the application of the Double Tax Treaties between Cyprus and other countries in order to avoid taxation.

A company secretary must be appointed by the directors and is removable by them. The nationality of the secretary is totally immaterial and does not affect the status of the company in any way. However, it is advisable that the secretary be a company or a person resident at the place where the directors reside and that an assistant secretary be appointed in Cyprus to attend to company annual formalities in the island.

34. Registration of Cyprus Ships

A vessel may be registered in Cyprus where more than 50% of the shares are owned by: A Cypriot citizen or a citizen of an EU member state or where it is wholly owned by:

- A company registered in Cyprus, no matter who owns the shares in the company;
- A company registered elsewhere in the EU, provided either that the company has appointed a representative in Cyprus or that the safety of the ship (ISM Code compliance) is fully entrusted to a shipmanagement company registered in Cyprus or elsewhere in the EU, and having its place of business in Cyprus;
- A company registered outside the EU where a controlling interest is held by Cyprus citizens or citizens of an EU member state, provided either that the company has appointed a representative in Cyprus or that the safety of the ship (ISM Code compliance) is fully entrusted to a shipmanagement company registered in Cyprus or elsewhere in the EU and having its place of business in Cyprus.

35. Criteria

Certain restrictions on the ability to register a vessel under the Cypriot flag exist especially with regard to the age of vessel. The age of a vessel is calculated by deducting the year in which its keel was laid from the year in which the application for registration was filed with the Registrar of Cypriot Ships.

All vessels must comply with the provisions of the Merchant Shipping legislation and the Circulars issued by the Department of Merchant Shipping. Any required special surveys must be carried out by surveyors of the Department of Merchant Shipping at the owner's

expense. The government has also authorized several well-known recognized Classification Societies to conduct audits and issue certain certificates.

36. Provisional Registration

Cypriot merchant shipping legislation allows for the provisional registration of a vessel (if at the time of registration the vessel is situated at a port outside the Republic and provided it was not previously a Cyprus ship). Most owners usually opt to have their ship provisionally registered first. This will allow them time (up to 9 months, including a 3 month extension) during which they will be able to complete the administrative formalities for permanent registration.

The application for registration of a ship under the Cyprus flag must be made by a local lawyer to the Minister of Communications and Works through the Registrar of Cyprus Ships. In practice, the Registrar will also accept the submission of applications for registration of ships on behalf of companies under formation, so that the incorporation of the company and registration of the ship can progress simultaneously. However the company must be duly incorporated prior to the registration of the vessel.

A ship may be provisionally registered under the Cyprus flag either in Limassol, by the Registrar of Cyprus Ships or at any diplomatic mission or consular post of the Republic of Cyprus abroad (hereinafter referred to as "consular officer") who will act on instructions issued by the Registrar of Cyprus Ships.

At the time of her provisional registration under the Cyprus flag a ship must be at a port so that she can be surveyed and certified on behalf of the Cypriot government. The presence of the ship at the port or place where the provisional registration will be effected is not necessary.

37. Permanent Registration

The permanent registration of a provisionally registered vessel must be effected within 6 months (or 9 months if the 3 month extension has been obtained) from the date on which she was provisionally registered.

38. Parallel Registration

Under Cypriot legislation parallel (bareboat) registration of vessels is possible. The legislation provides for the two forms of internationally accepted bareboat registration: 'Parallel-in' registration and 'Parallel-out' registration.

These two options offer some very interesting opportunities for leaseback, hire purchase and finance arrangements. The administrative practice of the Department of Merchant Shipping has confirmed that the parallel (bareboat) registration of vessels under the Cyprus regime may be effected with more than 20 states whose legislation is compatible with Cypriot legislation.

39. NEW TAX REGIME

The new tax regime is introducing a more competitive tonnage tax scheme and deviates from the Cyprus Income Tax Legislation. The main provisions of the new tonnage tax system are described below:

Beneficiaries

The tonnage tax system is available to any owner, charterer or ship manager who owns charters or manages a qualifying ship in a qualifying shipping activity. The tonnage tax is calculated on the net tonnage of the ship according to a broad range of bands and rates prescribed in the legislation.

The rates applicable to ship managers are 25% of those applied for ship owners and charterers.

Qualifying Shipping Activity

Qualifying shipping activity means any commercial business or activity that constitutes maritime transport or crew or technical management. The definition of maritime transport includes the carriage of goods or people, loading and unloading of cargo between Cyprus and foreign ports/offshore installations.

Qualifying Ship

A qualifying ship is a seagoing vessel that:

- a) Has been certified under international or national rules, and
- b) Is registered in an International Maritime Organization and/or International Labour Organization country recognised by Cyprus.

The new Tonnage Tax Law excludes a number of vessels, such as:

- Fishing vessels
- Ships used primarily for athletic and entertaining purposes
- River ferries
- Non-self propelled floating cranes
- Non sea-going trailers
- Floating hotels and restaurants

Tax exemption

The Law provides full exemption to ship owners, ship charters and ship managers from all profit taxes and imposes tonnage tax on the net tonnage of the vessels. The conditions applicable to each of the three categories, as well as the taxation regime are analyzed separately below.

Ship owners

Ship owners of Cyprus flag ships are falling under the definition of qualifying ship owners and consequently they are qualifying for the tonnage tax system.

Ship owners of EU flags and of third country flag ships may exercise the option to be taxed under tonnage tax system. The conditions needed to be satisfied by a ship owner include that a share (60%) of their fleet shall be comprised of EU flag ships and the share must not be reduced in the year period following the election. The commercial and strategic management of the fleet must be carried out from the EU. The "fleet" is defined as a fleet of two or more ships belonging directly or indirectly to the same person(s) or companies of the same group.

Under the new tax tonnage system, no tax is imposed on:

- Profits from shipping operations
- Dividends paid directly or indirectly out of such profits or from the sale of a ship
- Interest earned on funds used as working capital or for the financing, operation or maintenance of the ship
- Profits from sale of a ship or the ship owner's company shares

When an option is exercised by any ship owner for the tonnage tax system the ship owner must remain in the system for 10 years. In case of early withdrawal before the period of 10 years, the Law provides for the imposition of penalties, assessed on the tax difference between the amount paid during the period under the tax tonnage and the amount that would have been paid had it been under the Corporation Tax system.

Charterers

A qualifying charterer is a legal person that is Cyprus tax resident who charters a ship under a bareboat charter, demise charter, time charter or voyage charter.

An eligible charterer may elect to be taxed under the tonnage tax system, but must remain in the system for a period of at least 10 years. Each withdrawal will result in penalties as explained above for ship owners. If the choice is not made, profits are taxable under 10% corporation tax.

Under the new tax tonnage system, no tax is imposed on:

- Profits from use of a qualifying vessel
- Dividends paid out directly or indirectly out of such profits
- Interest earned on funds used as working capital or for the financing, operation provided that such interest is used to pay expenses arising from the charter, excluding interest on capital used for investments.

Ship Managers

A qualifying ship manager is a legal person that is Cyprus tax resident who provides crew and/or technical ship management services in respect of qualifying vessels. Commercial management is taxable under Corporation Tax.

An option exists to pay Tonnage Tax at 25% of the rates applicable to ship owners and charterers, for all vessels under management. If the choice is not made, profits are taxable under Corporation Tax at the rate of 12.5%.

Ship managers must fulfill additional criteria in order to qualify for ship managers. These include the maintenance of a fully fledged office in Cyprus with personnel sufficient in number and qualifications. At least 51% of the onshore personnel should be EU citizens and at least two-thirds of the total tonnage management should be carrying within the EU.

The 10 year election rule also applies to eligible ship managers and the same penalties apply for early withdrawal.

Under the new tax tonnage system, no tax is imposed on:

- Profits from technical and/or crew management
- Dividends paid out directly or indirectly out of such profits
- Interest income relating to the working capital / qualifying activity provided such interest is used to pay expenses relating to ship management, excluding interest on capital used for investments

Tonnage Tax Rates

NET TONNAGE				
0-1.000	1.001-10.000	10.001-25.000	25.001-40.000	>40.000
€36,50 per 100 NT	€31,03 per 100 NT	€20,08 per 100 NT	€12,78 per 100 NT	€7,30 per 100 NT

Note: The rates applicable to ship managers are 25% of the above

TRUSTS

TRUSTS



A Trust is an equitable obligation, binding a person (the trustee) to administer the property (the trust property) which is transferred to him by (the settlor) for the benefit of a person or persons (the beneficiaries) based on the oral or written wishes of the settlor which are expressed in the trust deed or will.

The trustees are appointed by the settlor and can be legal entities or physical persons. The legal entity can be appointed under the condition that it falls into the category "Trust company". There are no specific rules on how many trustees can be appointed for each trust, even though it is recommended to appoint more than one.

According to the Law, the trustees are the owners of the trust property; nevertheless they do not have the right to administer it as absolute owners, but only in accordance to the provisions of the relevant Trust Laws and the rights of the beneficiaries as these are stated in the trust deed.

The duration of an international trust, unless otherwise stated in the contract, is unrevocable and may last up to one hundred years.

41. REASONS FOR CREATING A TRUST

There are many reasons for which a settlor may create a trust. The main reasons are set forth below:

- Reduction of tax obligations. Trusts have always been important tools for tax planning and until today a significant percentage of tax saving models include the use of trusts.
- Preservation of family fortune. The beneficiary is financially secured without exhausting the family fortune due to bad management or inappropriate marriage.
- To benefit and protect handicapped persons or persons with mental disabilities by establishing them as beneficiaries, without granting them control of the property.
- For the preservation of all income and other advantages provided by the trust through the appointment of a trustee instead of handing over the fortune to third parties.
- Provides flexibility regarding the identity of the beneficiaries and the amount which corresponds to each of them, in order to be taken into consideration for future valuations.
- Donations to charitable and religious causes, which are controlled by the trustees.

The legal frame which provides for the creation and operation of trusts was based until recently to the Trustees Law, Cap. 193, which is based to a large extent to the British Trustees Law of 1925.

The new International Trust Law (Law 69 (I) of 1992) was added onto the previous Law since July of 1992. The new legal frame provides for the creation and operation of trusts created by non-residents for the benefit of non-residents. Existing Laws will continue to be enforceable for international trusts unless they are amended by the provisions of the new Law or if they are in conflict with it.

The new legal frame has contributed to the development of the Trusts Law and offers the opportunity to non-residents to create trusts in Cyprus.

Basic characteristics of the International Trusts Law (Law 69 (I) of 1992)

The new Law is only applicable in the case of non-residents and for all intended purposes, non-residents are not only individuals are that are not permanent residents in Cyprus but also international companies and international partnerships. The most important provisions of the Law are summarised as follows:

Definition of International Trust

The Law defines the international trust as the trust of which:

- The Settlor and Beneficiaries must definitely be a non-resident of the Republic of Cyprus during the last year preceding the formation of the Trust;
- The Settlor and Beneficiaries may be both a legal or physical person.
- The trust property does not include any real property situated in Cyprus
- There must be at least one trustee resident in Cyprus at all times. For this reason a Trust Company is incorporated in Cyprus under the supervision of the Central Bank of Cyprus fulfilling all the requirements of a trustee.

42. TYPES OF TRUST

The choice of trust depends on the circumstances of the settlor and the objectives he is trying to achieve in setting up the trust. See below a brief description of some of the available types of trusts.

Discretionary Trust

A trust which gives the trustees discretion to exercise their own judgement as to the manner which the beneficiaries may benefit.

Discretionary trusts have the capability to include provisions allowing the settlor to express in writing his wishes in regards to the administration of the trust. During the creation of a discretionary trust, the settlor can also state his wishes in the form of a memo. It must be stated that the wishes of the settlor do not bind the trustee. For this reason, special attention must be given at the particular section of the trust in order to avoid the danger of preparing a binding trust.

Direct Trusts

There are different types of direct trusts. These include fixed trusts and discretionary trusts. Direct trusts can also take the form of secret trusts, charitable trusts or protective trusts.

Fixed Trust

The sole purpose of a fixed trust is to benefit the beneficiary in a specific manner. The settlor gives oral or written instructions to the trustees to administer the trust property in the best interest of the beneficiary and will direct them as to the manner and time frame of which they are obliged to distribute the trust's income and capital.

Protective Trust

A protective trust includes the financial security of the beneficiary, without giving him access to the administration of the funds, if he is considered unreliable. The beneficiary's share is determined by specific circumstances.

43. TAXATION OF TRUSTS

Provided that there is no local profit then there is no taxation on the income, capital or distribution of Cyprus International trust.

Cyprus International Trusts, i.e. trusts whose property and income are outside Cyprus and the settlor and beneficiaries (with the exception of charities) are not permanent residents of Cyprus, enjoy important tax and other advantages which may be summarised as follows:

- The income, gains and profits of an international trust derived or deemed to be derived from sources outside Cyprus are not subject to income tax, capital gains tax, special contribution or any other taxes.
- An alien, beneficiary or not, who sets up an International irrevocable trust in Cyprus and retires in Cyprus is exempt from tax if all the property settled and the income earned is abroad.
- The availability of tax treaties between Cyprus and a number of other countries, together with the favourable tax status of trusts in Cyprus, provide the international tax planner with a valuable tool, and are often useful in minimising the tax burden of a trust and its beneficiaries. In the case where "trusts" do not come under the definition of "persons" in a tax treaty, it may be advisable for a trust to establish a Cyprus trust company for trading, investment and other activities, thereby taking full advantage of the treaties. Such a company would, of course, be liable to tax on its profits at a rate of 12.5%.
- The assets of an international trust are not subject to estate duty in Cyprus.
- Trusts are usually used by wealthy individuals for the purpose of protecting their inheritance or capital gains taxes in their home country. They can also be used by expatriates settling into a trust before repatriating, assets acquired while working abroad, to protect such assets from the tax net of their home country.

ALTERNATIVE INVESTMENTS FUNDS

ALTERNATIVE INVESTMENTS FUNDS



ALTERNATIVE INVESTMENTS FUNDS LAW (AIF)

The Alternative Investments Funds Law of 2014 was enacted by the House of Representatives on 10/7/2014 and came into force on 18/7/2014. The new law replaces the International Collective Investment Schemes Law (ICIS) of 1999.

The new regulator of AIF is the Cyprus Securities and Exchange Commission (CySec) replacing the former regulator of ICIS, the Central Bank of Cyprus. As of 18/7/2014 all ICIs will be transferred to AIFs keeping the same structure with limited number of investors or can be converted to AIFs.

The AIF law aims to promote the funds establishment in Cyprus thus enriching the law with new possibilities to asset managers. It is worth mentioning that the changes introduced are in line with the EU directives on asset management and at the same time they give the possibility of the issuance of an EU passport.

Main characteristics of the AIF Law:

- It offers umbrella structures with multiple investment components that can operate individually thus allowing the structures to have different investments policies and different assets and liabilities
- Investors can participate as co-owners in the common contractual funds. These types of funds are particularly used for pension purposes
- Possibility to make public offering of shares/units of AIFs
- Possibility of listing in stock exchange in the EU or in a third country
- In certain cases the depositary function may be undertaken by an entity other than a banking institution offering the possibility the AIFs not to operate only in financial markets but also to private equities such as real estate funds.

AIFs can be set up into the following two types:

- With unlimited number of investors and refers to retail or well informed and/or professional investors
- With limited number of investors (up to 75 investors) and refers to well informed and/or professional investors

UNLIMITED NUMBER OF INVESTORS**An AIF can take the following legal forms:**

- Common Fund
- Fixed or Variable Capital Company
- Partnership

The main characteristics of the type are as follows:

- The Management of the AIF can be self-managed or appoint a management company. An Alternative Investment Fund Manager may be needed to be appointed for depending on the value of asset of each AIF.
- A Custodian is required for safekeeping and cash monitor. In cases where the assets do not require safekeeping, such as real estates, a custodian may be not required.
- An AIF with unlimited number of investors hold the right to be marketed to well informed/professional investors.
- It offers umbrella structures with multiple investment components that can operate individually thus allowing the structures to have different investments policies and different assets and liabilities.
- An AIF with unlimited investors can be listed but not traded on a recognized stock exchange of EU or other third country. Whereas an AIF marketed to retail investors may be listed and traded.
- Minimum share capital requirement is set to €125.000 or €300.000 in case of self-managed fees.
- CySec holds the right to impose investment restrictions for risk spreading and liquidity.
- The AIF with unlimited investors needs to prepare two reports yearly. The first report will include the first half year report and the second will be the annual report, both to be submitted to CySec. These reports should be notified to the investors.
- The Licensing process includes a procedure where a number of papers should be submitted for approval to CySec.

LIMITED NUMBER OF INVESTORS

An AIF can take the following legal forms:

- Common Fund
- Fixed or Variable Capital Company
- Limited Liability Partnership

The main characteristics of the type are as follows:

- The Management of the AIF with limited number of investors can be self-managed or appoint a management company.
- An AIF with limited number of investors hold the right to be marketed to well informed/professional investors.
- It offers umbrella structures with multiple investment components that can operate individually thus allowing the structures to have different investments policies and different assets and liabilities, however the limitation on the number of investors is applicable to all investment components.
- A Custodian is not a requirement when: the total assets of the fund are less than €5 mln or the fund has up to 5 investors or not eligible assets for safekeeping.
- There is no investment policy restrictions
- The AIF with limited investors needs to prepare an annual report and needs to be submitted to CySec and to be available to the investors. Additionally, the AIF with limited number of investors should submit on a quarterly basis a report to the investors with information concerning their investment.

CITIZENSHIP OF FOREIGN INVESTORS

CITIZENSHIP OF FOREIGN INVESTORS



The Council of Ministers in Cyprus, decided to amend the conditions and criteria for the naturalization of foreign investors and businessmen in an effort to attract investments, facilitate the transfer of foreign businesses to the island and boost the local job market. According to the new decision, foreign investors/businessmen may, at the Council's discretion, be granted Cyprus naturalization under certain conditions and on a case by case basis.

Council of Ministers Decision dated 19.3.2014

SCHEME FOR NATURALISATION OF INVESTORS IN CYPRUS BY EXCEPTION on the basis of subsection (2) of section 111A, of the Civil Registry Laws of 2002-2013

A non-Cypriot citizen, who meets one of the following economic criteria (A), either personally or through a company/ companies in which he/ she participates as a shareholder - proportionally based on the percentage of participation, or even as a high-ranking senior manager of a company/ companies that meets one of economic criteria (A), may apply for the acquisition of the Cypriot citizenship through Naturalization by exception.

A high-ranking senior manager may apply, provided that he/she receives such a remuneration that generates for the Republic tax revenue of at least €100,000 for a three year period and provided that this tax has already been paid or prepaid.

The applicant should have concluded the necessary investments during the three years preceding the date of the application and must retain the said investments for a period of at least three years since the date of the Naturalization.

In addition, the applicant must fulfill the Terms and Conditions set out in Part B.

In the case where, following a periodic inspection, it has been ascertained that any condition is being circumvented, the Naturalization may be revoked.

A. CRITERIA

A.1 Investment in government bonds:

The applicant must have purchased state bonds of the Republic of Cyprus of at least €5,0 million.

or

A.2 Investment in financial assets of Cypriot companies or Cypriot organizations:

The applicant must have purchased financial assets of Cypriot companies or Cypriot organizations (bonds/ securities/ debentures registered and issued in the Republic of Cyprus) of at least €5,0 million.

It is noted that these financial assets can be purchased either at issuance, or subsequently by the market.

or

A.3 Investment in real estate, land development and infrastructure projects:

The applicant must have made an investment of at least € 5,0 million for the purchase or construction of buildings or for the construction of other land development projects (residential or commercial developments, developments in the tourism sector or other infrastructure projects).

or

A.4 Purchase or creation or participation in Cypriot businesses or companies:

The applicant must have made an investment of at least € 5,0 million in the purchase, creation or participation in businesses or companies, that are based and operating in the Republic. These businesses or companies should evidently have a tangible presence in Cyprus and employ at least five (5) Cypriot citizens.

It is noted that the mandatory conversion of deposits into shares is included in this criterion.

or

A.5 Deposits in Cypriot banks:

The applicant must have personal fixed term deposits for three years in Cypriot banks or deposits of privately owned companies or trusts (in which he/she is the beneficiary owner) in the Republic of Cyprus of at least €5,0 million

or

A.6 Combination of the aforementioned criteria A.1 (Investment in government bonds), A.2 (Investment in financial assets of Cypriot companies or organizations), A.3 (Investment in real estate, land development and infrastructure projects), A.4 (Purchase or creation or participation in Cypriot businesses or companies) και A.5 (Deposits in Cypriot banks):

The applicant is required to have a combination of the above amounting to at least €5,0 million.

or

A.7 Persons whose deposits with the Popular Bank Public Company Ltd have been impaired due to the measures implemented after the 15th March 2013:

The applicant has incurred an impairment in deposits amounting to a total of at least €3,0 million.

In the case where the applicant has incurred an impairment in his/her deposits under

€3,0 million he/she may apply, having made an additional investment through the criteria A.1 (Investment in Government bonds), A.2 (Investment in financial assets of Cypriot companies or Cypriot organizations), A.3 (Investment in real estate, land development or infrastructure projects), A.4 (Purchase or creation or participation in Cypriot businesses and companies) and A.5 (Deposits in Cypriot Banks) for the balance of the required amount of the aforementioned criteria.

or

A.8 Major Collective Investments:

The Council of Ministers shall have the right on special occasions, to reduce the above criteria (A.1 (Investment in Government Bonds), A.2 (Investment in financial assets of Cypriot companies or Cypriot organizations), A.3 (Investment in real estate, land development or infrastructure projects) and A.4 (Purchase or creation or participation in Cypriot businesses and companies):

To €2,5 millions for investors, who demonstrably participate in a special collective investment scheme, provided that the total value of the investment is at least €12,5 millions.

To €2,0 millions for investors who demonstrably participate in a special collective investment scheme, provided that the total value of the investment is more than €12.5 millions. It is noted that this present provision (I), will be in force until the 1st of June 2014.

In addition, it is noted that for the above mentioned provisions (I) and (II), the investment for the Criteria A1 until A4 may be realized through a different salesman/ provider (physical or legal entity).

B. TERMS AND CONDITIONS

1. Clean Criminal Record: the applicant must have a clean criminal record. Furthermore, his name must not be included on the list of persons whose property is ordered to be frozen within the boundaries of the European Union.

2. Residence in the Republic of Cyprus: In all cases listed in Part A, the applicant must hold a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least €500.000, plus V.A.T.

It is noted that members of the same family, which apply separately as investors, can collectively acquire a residence, provided that the total value of this home-property covers the amount of € 500.000 per each applicant.

C. SUBMISSION OF DOCUMENTS

In order to examine any applications the submission of the form (M127) and of the following is required:

1. Clean Criminal Record:
Certificate of Clean Criminal Record from the country of origin and the country of residence (if it differs).
2. Residence in the Republic of Cyprus:
 - (a) Contract of Sale.
 - (b) Title Deeds/ Receipt for lodging the contract with the Lands and Surveys Department
 - (c) Receipts for paying the agreed purchase price
 - (d) Copy of the wire transfer in the Cypriot commercial banking institution in the name of the seller or the seller's company

As for the investment Criteria the following are required, depending on the case:

- (a) Certificate of Registration of the company/ companies by the Registrar of Companies
- (b) Certificate of shareholders by the Registrar of Companies or certificates evidencing that the applicant is the beneficiary owner of the company/ companies
- (c) Audited Accounts of the company (or companies) for the last three years preceding the year of the application
- (d) If the applicant is a high-ranking senior manager the submission of the employment contract and the receipt from the Department of Inland Revenue is additionally required.

Any other document that might be requested either by the Ministry of Interior, or by the Ministry of Finance.

Furthermore, depending on the case, the following are required:

1. Investment in Government bonds
 - (a) Receipts from the Treasury of the Republic of Cyprus for the purchase of the Government bonds.
2. Investment in financial assets of Cypriot companies or Cypriot organizations
 - (a) Title/titles and other documents regarding the financial assets.
 - (b) Copy of the wire transfer in the Cypriot commercial banking institution in the name of the company or the organization
3. Investment in real estate, land development or infrastructure projects
 - (a) Contract of sale.
 - (b) Title Deeds/ Receipt for lodging the contract with the Lands and Surveys Department
 - (c) Receipts for paying the agreed purchase price
 - (d) Copy of the wire transfer in the Cypriot commercial banking institution in the name of the seller or the seller's company

4. Purchase or creation or participation in Cypriot businesses and companies

- (a) Contract of sale.
- (b) Receipts for paying the agreed purchase price
- © Certificate of shareholders by the Registrar of Companies or certificates evidencing that the applicant is the beneficiary owner of the company/ companies
- (d) Copy of the wire transfer in the Cypriot commercial banking institution in the name of the company or the organization
- (e) Confirmation from the Social Insurance Department as to the insurable income of the Cypriot employees in the company
- (f) Confirmation from the Inland Revenues Department as to the taxable income of the Cypriot employees in the companies or businesses that the applicant invested in.

5. Deposits in Cypriot banks

- (a) Confirmation from Cypriot banks as to the fixed term deposits for three years of the applicant or the companies in which he is the beneficiary owner or of the trust in which he is the beneficiary owner
- (b) Copy of the wire transfer in the Cypriot commercial banking institution

6. Impairment of deposits in the Popular Bank

- (a) Confirmation as to the level and the time of the impairment of the deposits
- (b) In the case of deposits of companies of which the applicant is the beneficiary owner, the Certificate of Registration of the Company by the Registrar of Companies and/or any other evidence, along with a declaration from the trustee of the funds confirming the beneficial owner is to be attached

None of the above affect the absolute discretion of the Council of Ministers in taking a Decision.

The official decision of the council of Ministers 19 March 2014

CYPRUS RESIDENCY

CYPRUS RESIDENCY



New and accelerated procedure for granting Immigration Permit to applicants who are third Country nationals and intent to invest in the Republic of Cyprus

1. According to the provisions of Regulation 6(2) of the Aliens and Immigration Regulations, the Minister of the Interior decided to issue Immigration Permit to applicants, who are third country nationals, provided that they fulfill the following criteria:

- (a) The applicant must prove that he has at his disposal a secured minimum annual income of €30.000, from sources other than employment in Cyprus. The required income of €30.000 could derive from salaries of employment abroad and not in Cyprus, pensions, stock shares, rents, etc. The necessary minimum annual income is increased by €5.000 for each dependent person.
- (b) The applicant must submit the application form accompanied with a Title of ownership or contract of sale, of a property in Cyprus, a house, apartment or other building, of a minimum market value of €300.000 and proof of payment for at least €200,000. The contract of sale should already have been submitted to the Department of Lands and Surveys.

- (c) The applicant must submit a confirmation letter from a Cypriot Bank stating that he has deposited a minimum capital of €30.000 in an account, which will be pledged at least for a three year period.

It is noted that the amounts mentioned in paragraphs (b) and (c) should be proven to have been transferred to Cyprus from abroad.

- (d) The applicant must submit a Criminal Record Certificate (if the applicant resides abroad), which must be issued by the Authorities in his country of origin, and he should not constitute in general any threat against public order or security in Cyprus.
- (e) The applicant should submit a Statement that he does not intent to work or be engaged in any form of business in Cyprus.
- (f) The applicants should visit Cyprus at least once every two years.

2. Procedure for the submission and examination of an application

- (a) The application should be submitted on Form (M.67) to the Civil Registry and Migration Department or to the District Offices personally or through post or through a representative. It is noted that the applications submitted to District Offices shall be transferred to the Civil Registry and Migration Department directly, without any processing.
- (b) Applications which are submitted in Cyprus, personally or through a representative or by post, shall be filed in an ordinary file (the applicant should ensure that each relevant document of the application must be numbered with blue ink, from the first page to the last). Inside the file there shall be included a check list of all necessary documents, which must be submitted with the application form, which must be completed by the applicant or by a representative of the applicant.
- (c) The application shall be examined by the Civil Registry and Migration Department and shall be submitted to the Minister of the Interior, through the Permanent Secretary of the Ministry, for a decision. For the purposes of the specific type of immigration permit, no personal interviews are necessary, except when the Permanent Secretary decides that an interview is necessary.
- (d) The Ministry of the Interior shall inform the applicant or the representative of the applicant and the Civil Registry and Migration Department, about the decision of the Minister of the Interior.
- (e) The Immigration Permit shall not be cancelled, provided that the applicant will visit Cyprus one time at least, every two years period.

3. After the publication of this Announcement, any third country national who has applied for an Immigration Permit for Category F, may submit additional documents to the Civil Registry and Migration Department, in order to meet the criteria of paragraph 1 and have the application examined according to the provisions of Regulation 6(2) of the Aliens and Immigration Regulations, regarding the above mentioned criteria and the relevant procedure.

4. Provided that the criteria described in paragraph 1 are fulfilled and no further questions arise with respect to the Criminal Record of the applicant, or Public Order, the application shall be examined by the Minister of the Interior in a positive spirit and the Immigration Permit shall be granted.

5. It is estimated that when applying the procedure described above, the period for the examination of the application, shall not exceed a period of 1-2 months.





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