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The Chairman and management of Totalserve raise a glass in celebration of the Group's 35 years

The Totalserve Group recently marked its 35th Anniversary since its establishment in 1972 with a celebratory bash attended by the firm's clients, associates and friends.

Held in December 2007 at the Four Seasons Hotel in

Limassol, Cyprus, where Totalserve is based, the reception attracted guests from all corners of the world, including the UK, Russia, S. Africa, Greece, Israel, Jordan, Bulgaria, Romania and Jordan.

Before the champagne started flowing, Totalserve

Chairman Peter G. Economides summoned on stage all the group's directors, managers from all offices abroad and partners with the group's auditing firm, P.G. Economides & Co Limited and law firm, Economides, Dionysiou & Co.

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Bigger, better, higher offices for Totalserve

Totalserve recently celebrated its 35th anniversary with a proclamation that the company is entering a new era.

At a celebratory reception in December of last year, Totalserve Chairman, Peter G. Economides, announced the acquisition of a well-known beach-front hotel in Limassol, its imminent demolition and the erection in its place of an ultra modern 14-storey office complex, declaring their new offices would "signal the beginning of a new era."

Economides said that works on the demolition of the hotel would commence soon and that the entire project is expected to cost more than £23 million.

Economides explained that the new building, which will be called "Totalserve Tower," would replace the company's existing five-storey office building, "Totalserve House" and it should be ready in two and a half years.

The new building will take up 7,000 sq.m. of space that will be utilized for offices, restaurants, a roof garden and a bank. It will also include a three storey underground parking measuring 4,800 sq.m.

Economides pointed out that the new Totalserve Tower would utilize space frame technology and that "its design will be based on that of modern office buildings being now built in the city of London, Frankfurt or Dubai."



TOTALSERVE HOUSE

Financial News ... Financial News ... Financial News ... Financial News ...

Cyprus company share capital converted to Euro

One of the consequences of the introduction of the Euro in Cyprus on January 1, 2008 is that all Cyprus companies, which have their share capital nominated in Cyprus pounds (CYP), will have to convert to Euro. Failure to do so will result in the refusal of the Registrar of Companies to effect any changes in the structure of a company, the share capital of which remains in CYP.



To comply, companies can either maintain the same number of shares and convert the share currency from CYP to EUR using the exchange rate of 1.71, or change the nominal value of each share and adjust the number of shares accordingly, so that the value of the share capital remains unchanged.

Cyprus 2008 Growth Just Below 4.0%

Uncertainty surrounding the global economy has prompted Cyprus to slightly over its robust growth forecasts for this year, the country's Finance Minister, Michalis Sarris, has said. Sarris said that gross domestic product will grow just below 4.0% in 2008, down from an initial government forecast of 4.1% growth.

Europe's most attractive Corporate Tax Regimes

Cyprus, Ireland, and Switzerland are the top three countries in a league table of European tax systems compiled by KPMG International, in which major business organizations across Europe assessed the attractiveness of their domestic tax regimes.

All three countries were rated highly for their combination of consistency in interpreting tax legislation, stability in resisting frequent changes to tax laws, and comparatively low tax rate.

US heads for recession

The chances of the United States avoiding a recession appear to be growing dimmer by the day, and any contraction in the economy will likely last longer and be more severe than other downturns in the past 20 years.

Recent reports have shown the housing market slump and rising defaults in the

mortgage market are now taking their toll on job growth and on the manufacturing and services sector.



The main factor keeping overall inflation high has been soaring energy prices, the largest single driver of inflation over the past year, with crude oil prices having recently reached a record \$100 a barrel.

US investment consultants, however, said that "the significant depreciation of the US dollar in 2007 is healthy for our economy as our export sector is being significantly stimulated. While the higher cost of oil is adversely affecting consumer spending, our growing export sector will make up for much of this drop in consumption."

STEP Urges Rethink Of New UK Non-Domicile Tax Regime

The Society of Trust and Estate Practitioners (STEP) has called for an impact assessment of proposals by the UK government to extend recent changes in the capital gains tax regime to non-domiciled individuals, and has warned that the new rules may lead to investments leaving the UK.

STEP said that industry bodies have been made aware that the proposal is to tax UK gains within trusts on an arising basis, and foreign gains within trusts on a remittance basis.

BVI Private Trust Companies

The British Virgin Islands recently permitted the creation of BVI Private Trust Companies ("PTC").

A PTC is a limited liability company registered in the BVI under the BVI Business Companies Act carrying unremunerated trust business or related trust business that are exempted from requirement to obtain a trust license under the banks and trust Companies Act.

EU vs Switzerland

The ongoing battle between the European Union and Switzerland over the latter's corporate tax system is in full swing.

The dispute and the focus of the latest discussions, centres on Switzerland's cantonal tax system. The European Commission considers certain cantonal company tax arrangements to be incompatible with the 1972 Free Trade Agreement, a notion that the Swiss government firmly rejects.

The Commission says that the cantonal tax system encourages EU-based firms to set up holding companies in Switzerland to avoid taxes in EU member states.



Celebration!

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Addressing his guests, a clearly emotional Economides first thanked his staff. "They know I love them," he said, before also thanking the group's clients and

associates, saying: "Their support is what keeps us going."

He lastly thanked his family for their love and unconditional support. "No one has helped me through the years as much as my family," he said.

Economides pledged that "we are going to carry on working and producing to create more and do more."

To mark its anniversary, Totalserve organized in 2007 a series of celebratory events including the opening of its new office premises in

Warsaw, a number of seminars and presentations in Europe and elsewhere in the world and a revamp of its corporate materials. The reception represented the culmination of the celebrations and included a photographic exhibition with pictures dating back to 1972.

Cyprus tackles Russian blacklist

The Cyprus government is currently promoting a series of measures aimed at removing the island from a Russian blacklist that may deter Russian investors from setting up Cyprus companies and then repatriating their dividends tax-free back home.

The government's efforts are spearheaded by a bill allowing Cyprus to lift banking secrecy for foreigners, expected to be presented for approval by the House of Representatives in the next couple of months.

The Cyprus government's efforts already paid off and reportedly Moscow recently praised the "collaborative character of relations with Cyprus", which has allowed the substantive discussion of sensitive bilateral and international matters, commenting that "joint work continued on ensuring transparency in the money flow from the island to Russia and vice-versa."

Last year, Russia passed a bill exempting subsidiary companies based abroad from paying taxes on dividends sent back to the

"The Cypriot government has suggested to the European Union that Russians should once again be allowed to enter Cyprus without the need for a visa."

parent company in Russia. However, if the subsidiary was in a country placed on a

companies invested \$12 billion in Russia, earning the island the distinction of being the



The Russian tax blacklist is not as damaging as it sounds

blacklist, then the exemption did not apply. Around 60 countries, including Cyprus and its competitors for foreign investment, were originally on the list.

When the Russian law came into effect on January 1, 2008, the island's competitors eventually got off the list but Cyprus remained there. In the first nine months of last year alone, Cyprus-based

country's third largest investor. The proposed bill that would allow the authorities to look at bank accounts of foreigners suspected of illegal activities, only applies to foreign residents who pay taxes abroad, and in countries with which Cyprus has a double-taxation agreement. If ratified, it is hoped it would lead to the island's removal from the list. Totalserve Chairman, Peter G. Economides, said that he was

"concerned over the development" but quickly added that "this is not such a major problem and in our view it is not a crisis in the making." Economides explained: "In fact, most Cyprus companies are Cyprus holding companies that receive dividends from Russia as opposed to paying dividends to Russian companies, and therefore completely avoid taxation," adding that in fact this is the most common form of international structuring used by Russian clients."

Economides elaborated that "in our opinion, even if our efforts to remove Cyprus from the list take time to bear fruit, there are still ways to get around this problem, such as, for example, using a Dutch company as an intermediary company, thus avoiding taxation."

Russian financial experts commented that although on the list, Cyprus will remain attractive for Russian business, because the Finance Ministry's instruction will in no way affect the present tax-optimising schemes involving local companies.

Cyprus and Malta join the Euro

Cyprus and Malta adopted the Euro in January 2008, less than four years after they joined the EU, in a process that was described by authorities as "smooth and successful."

Close to £500m (€854.3m) in notes has been withdrawn from circulation in Cyprus, some 75% of the total. Far less has been withdrawn in coins as a significant amount is believed to be abroad, taken as loose change by travelers. The corresponding numbers in Malta were slightly higher.

Already in Cyprus, Central Bank officials reported that by February 1, close to €1bn in notes had already made its way into the market. Another €77.7m of Euro coins was in circulation. All Cypriot pounds will be shredded, while the coins will be melted down.

Joaquin Almunia, European Commissioner for Economic and Monetary Affairs said that the adoption of the Euro in Cyprus and Malta had proceeded very swiftly.

He added: "Cypriot and Maltese people can be proud

because they have become part of the largest monetary area of the developed world, which has delivered an unprecedented period of price stability and favourable financing conditions for businesses and households alike."

Central Bank of Cyprus Governor, Athanasios Orphanides, said he was pleased with the successful transition.

"We have done very well. It is remarkable how fast we made the transition," he said.

New Cyprus President

Leftist Demetris Christofias won Cyprus' crucial presidential runoff on February 24, after also securing the backing of the socialists, centrists and greens.

Despite the new President's political affiliation, no major changes are expected on internal issues in Cyprus, such as fiscal policy, since the new government is made up of the same coalition that ran the country for the past five years. Christofias' election however, renews efforts for a solution to the Cyprus problem.

Totalserve News ... Totalserve News ... Totalserve News ... Totalserve News ...

Totalserve Appointments

Totalserve Management Ltd recently announced the appointments of Mr. Petros Rialas, BA, MSc, ACCA, Ms. Alkisti Kannidou, BA, LL.B., Dipl and Mr. George Mylonas, ACCA, to its Management team.

Petros is the new Head of Trust and Corporate Dept. He has graduated from the University of Manchester with a Degree in Economics and Social Studies and the City University of London with a Masters degree in Business Systems Analysis and Design. He is a Chartered Certified Accountant with many years of experience in corporate taxation and international tax planning in the UK and Cyprus.



Petros Rialas



Alkisti Kannidou

Alkisti has been appointed Manager of the Corporate and Shipping Dept and also serves as Senior Legal Consultant with Totalserve's associated law firm, Economides, Dionysiou & Co, Advocates & Legal Consultants. Alkisti is a UK-trained lawyer with many years of experience in shipping law, marine and cargo claims and ships' registration. She is a member of the Cyprus Bar Association.

George will serve as Totalserve's Chief Financial Officer. George is a Chartered Certified Accountant and has many years of experience in Management, working for a large public company from the positions of Human Resource Manager and Financial Controller.



George Mylonas

STEP Conferences

Following the STEP Rome conference in October 2007, Totalserve Chairman, Peter G. Economides, will also be addressing in April 9-10 the STEP Arabia Conference in Dubai, themed Arabia: The Gateway to the Middle East, India & Mauritius. Economides is the Chairman of the Cyprus Branch of the Society of Trust and Estate Practitioners (STEP) and a member of the International Committee of the Society.

Warsaw Manager Published

Totalserve's Warsaw Office Manager, Richard Wernick, published in 2007 a series of articles in a number of newspapers and magazines in Poland and elsewhere in the world. Richard, a qualified tax consultant, covered such issues as investing in property in Cyprus and Poland. Richard also authored the Polish chapter in the latest edition of the STEP Directory and Yearbook.



Richard Wernick



Totalserve staff pose for a Group photo to mark their 35th Anniversary.