

FACT SHEET

Cyprus

July, 2013

Introduction

Cyprus is the third largest island in the Mediterranean after Sicily and Sardinia and covers an area of 9,251 km². It is located in the east Mediterranean basin, 75km south of Turkey and 380km east of the Greek island of Rhodes. It Serves as a stepping stone to three continents: Europe, Africa and Asia through the Middle East.

The Republic of Cyprus became an EU member in 2004 and adopted the Euro in 2008. The legal system in Cyprus is based on English statute and English common law. The UK 1948 Companies Act forms the basis of the Company law in Cyprus.

Cyprus has one of the lowest corporate income tax rates in the EU, being a uniform rate of 12.5%. This, in combination with other favourable tax provisions and certain types of income being tax exempt as well as its highly-skilled professional services, modern infrastructure, wide variety of investment opportunities, expedient double tax treaties and strategic geographical location, makes the Republic a preferred international business centre through which foreigners choose to conduct their business.

Basic Characteristics

Approved Company Names	Yes
Shelf Company	Yes
Minimum Share Capital	No minimum
Minimum Number of Shareholders	One (any nationality)
Minimum Number of Directors	One
Nominee Physical Shareholders	Allowed
Nominee Corporate Shareholders	Allowed
Corporate Directors	Allowed
Physical Directors	Allowed
Non-resident Directors	Optional but local directors are advisable for purposes of tax residency
Company Secretary	Yes
Registered office	Yes
Bearer Shares	No
Possible Name Endings	Limited, Ltd

Annual Requirements	
Annual Returns	The Annual Returns must be submitted once a year. This should be done within fifteen months from the previous Annual Return, without disregarding the calendar year.
Audited Accounts	The audited accounts of a Cyprus Company must be submitted to the Cyprus Registrar of Companies on the 31st of December following the tax year audited, by submitting form HE32.
Financial records to be kept by the Director	No
Government Levy	€350
Tax Returns	Annual income tax returns based on audited accounts. Also, a number of other tax forms and tax related documents need to be submitted accordingly.

Company Taxation
<p>A company is tax resident of Cyprus if the management and control of the company is exercised in or from Cyprus. Management and control is taken to mean the 'effective management' of the company. As such, as a very minimum it is recommended that all important decisions regarding the Company are taken in Cyprus and that all Board meetings take place in Cyprus. To this end, all, or at least the majority of, the Board of Directors should be considered to be Cyprus residents.</p> <p>Cyprus tax resident companies are subject to tax on their worldwide income. The corporate income tax rate is 12.5% and is imposed on the annual taxable profit. This taxable profit is arrived at after deduction of business related expenses and other relevant tax adjustments. Certain types of income are tax exempt (e.g. dividends from overseas under easy to meet conditions and profit from sale of shares). Double tax relief for foreign tax suffered is available by way of credit against Cyprus tax resulting from the same income.</p>

NOTES:
The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Totalserve Management Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.