



CYPRUS

Cyprus - Mixed (Common and Civil law)

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Incorporating a company in Cyprus

Cyprus taxes

If you want to incorporate in Cyprus, this article explains the tax laws for a LTD which is the most common legal entity in Cyprus.

Cyprus taxes corporate income on a worldwide basis. This means that income accrued outside the country, from our research, and these things do change, is subject to a 12.5% tax. Cyprus may have exemptions to bring in income accrued offshore, such as dividends or capital gains. Profits of foreign P.E. of a Cyprus resident company may be tax exempted under certain conditions. Taxes are lower than average in Cyprus because the highest corporation tax rate is 12.5%. This ranks Cyprus as 42th overall in terms of corporate tax rate worldwide.

The valued added tax rate in Cyprus is 19.00%, that ranks Cyprus as 127th overall with regards to VAT globally. In terms of other taxation, an employer will contribute 9.5% to the equivalent of a social security fund and an employee will contribute 7.8%.

Thin cap laws are not in play. This refers to any sort of requirements on given company with respect to debt-to-asset ratios. Dividends received from resident or foreign entities are usually exempted of taxation. Foreign-source dividends received may be subject to a 17% tax, if they are from a company, which more than 50% of its activities lead to investment income and is subject to a profits tax lower than 6.25%. Dividends are payments of earnings of the business, determined by the board of directors, to shareholders. Dividends can be one of the following shares of stock, cash payments, or other property.

Capital Gains from disposals of shares, bonds and other titles are tax-exempt. Capital Gains from Cyprus immovable properties or from the disposal of shares of a company which owns real estate property in Cyprus, may be subject to a 20% Capital Gains Tax.

Dividends, interests, royalties paid to non-residents are not subject to withholding tax. Which means that the relevant tax authorities do not require legal entities to withhold payments abroad on dividends, interests or royalties.

There is a capital duty of €103+0.6% on the nominal value of the authorized share capital. There is no tax on net wealth in Cyprus. There are no inheritance taxes in CY. There are real estate and transfer taxes in Cyprus. There are popular and well known research and development breaks on taxation in Cyprus.

The above is not tax or legal advice for your particular circumstances. We are able to help you find to a tax advisor in Cyprus who will advise you. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Cyprus is 19% which ranks 127 in the world.

- Patent box
- RND credit
- Wealth tax
- Estate tax
- Transfer taxes
- Asset taxes
- Capital duties

- 53** Tax treaties
- 12.5%** Offshore Tax
- 12.5%** Corp rate
- Loss carryback years
- 29** Corporate time
- 19%** VAT rate
- 20%** Capital gains
- 2017** AEOI planned

Cyprus Legalese

When incorporating, you must look at the law in the country, in Cyprus is mixed (common and civil law) law. You will want to get some local advice as to how to best structure a company in Cyprus. Electronic signatures are permitted.

The letters CY is for Cyprus and the most common company structure in Cyprus is a LTD.

When setting up, budget about 2 weeks to put together the paperwork and file a LTD in CY. is 0, This means you don't have any minimum share capital. The types of currencies you can use to setup your legal entity is frequently CYP and any legal tender.

Yes, one is allowed to re-domicile a LTD from CY. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LTD in CY by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is tolerated, up to 100% of the total equity of the company.

A LTD is only required to have 1 director on the board. Speaking of shareholders, corporate directors are permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an agent which can receive litigation or other legal process on behalf of the registered legal entity. However, a corporate secretary is required by law.

There is a not currently a requirement to file annual returns. This does not exempt the business or its owners from different tax or financial obligations elsewhere and one should seek personal advice on their unique situation. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Cyprus is a good option and have given it a score of 84 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 **Shareholders required**
- 1 **Directors required**
- 2 weeks **to form**



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Country Info



🚩 National Flag of

**Δημοκρατία της Κύπρος
(ell)**

Kıbrıs Cumhuriyeti (tur)

\$ Currency

EUR

☎ Area Code

+357

🏛 Capital

Nicosia

📍 Region

Eastern Europe

🗣 Native Languages

Greek

Turkish