



# Cyprus

## The Investment Hub







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*Cyprus has  
the perfect  
atmosphere for  
international  
investments*

## Foreword

This document is designed to serve as a guide to present business and investment opportunities in Cyprus alongside its beauty and entertainment.

Cyprus is an amazing place for recreational activities and a luxurious lifestyle. It is a wonderful place to spend quality time with family and friends. In addition to that, Cyprus has a potential to run business and industry having global operations.

The place has the perfect atmosphere for international investments. ACC aims to offer feasible solutions to investors and entrepreneurs who are looking for business opportunities in Cyprus. We are registered professional consultancy firm offering our services in various dimensions.

We believe in growth, expansion and value addition in our clients' entities. At ACC, we look forward to working with you.

Sincerely,







POPULATION  
**865,000**



GDP GROWTH IN 2017  
**3.9%**



AREA  
**9,251 km<sup>2</sup>**



CAPITAL  
**NICOSIA**



TIME ZONE  
**GMT +2**



POLITICAL SYSTEM  
**REPUBLIC**



CURRENCY  
**EURO**

## Tourism

Tourism is considered as one of the greatest economic sectors in Cyprus and has undergone considerable growth in last 10 years. The country experiences approximately 3 million tourist visits each year. The current government is focusing on improving tourism industry and is taking important measures regarding its expansion. The country proposes investment opportunities in large-scale development projects, such as theme parks, marinas, tourist resorts and golf courses. Additionally, the state is in the process of developing a single integrated casino resort, expected to be the largest in Europe and to attract over 300,000 additional tourists per annum.

## Languages

Greek is the official language, but English is also used for international and domestic business operations and communication.

## Main cities

The main cities of Cyprus are The capital - Nicosia, Limassol, Larnaca and Paphos.

## Political system

Cyprus runs its political system as a Presidential Democratic State. In this system, the ultimate authority lies with the President who is elected by the citizens democratically. The president stays in power for a period of 5 years before next election. The administration of Justice is exercised by the Judiciary, which is a separate and independent body.

## EU Membership and Currency

Cyprus is a member of European Union since 1st May, 2004. Since January 2008, Euro is its official currency.

## Location

Cyprus has a great strategic location joining Europe, Africa and Asia. As far as area is con-

## Total Area and Population

Total population of Cyprus is 865,000 with an area of 9,250 km<sup>2</sup> having a coastline of 648

# The Cyprus Lifestyle

The Cyprus LifestyleCyprus ensures a desirable blend of climate, business and culture and many incentives for relocation. The country possesses a fast growing economy and a high human resource development index (HDI) with regards to living and quality of life

## Living in Cyprus

All over the world, Cyprus is famous for its luxurious lifestyle having amazing locals, pleasant weather, rich culture and breathtaking beaches and various recreational activities.

Not only that, but the country has unparalleled healthcare and education facilities which makes it an ideal place to raise a family and make living. No wonder that Cyprus has approximately 170k foreign national

## Transportation

Currently, 70 different air companies sends their planes to and from Cyprus. Famous travel destinations of Europe and Middle East are linked through the airports in Larnaca and Paphos. The road quality is good with highways connecting the main cities and the roads are less congested in Cyprus than in many other European cities

## Education

The country has a various educational institutes with global recognition. It has more than 20 English medium schools up to secondary level. In

addition, Cyprus has a number of well-reputed colleges and universities with great world rankings. In Cyprus, the ratio of university graduates and population is highest among EU states

## Recreation

Cyprus has abundant sunshine all year long, hence it becomes favorable to have various outdoor recreational activities. There is a whole list of activities like running in Pedieos River Linear Park in Nicosia, cycling along the coast of Paphos and Limassol, swimming in Ayia Napa and Protaras, windsurfing in Larnaca and hiking in Troodos

## Health Sector

The country offers a well maintained healthcare system both in the public and in the private sector. Permanent residents of EU has the eligibility to opt for public hospitals while as non-residents has to go to private clinics which are quite economical. Cyprus has six public general hospitals, a modern oncology center and more than 70 private hospitals and healthcare clinics. In the year 2019, a general healthcare system has also been introduced in the country.





# Top Reasons to Invest in Cyprus

Cyprus has an up-to-date and adaptable free-market economy. Overpowering the trials of recent years, Cyprus is now one of the fastest growing Eurozone economies. With robust fiscal performance and new large-scale projects in the pipeline, the small EU country has exceeded international expectations and kept a stable pace in refining efficiency, applying reforms and enhancing investor trust in the country. Consequently, Cyprus has relished consecutive credit rating advancements by international rating agencies, resulting in the achievement of investment grade in September 2018. The cautious fiscal policy of Cyprus and a GDP growth of 3.9% in 2017 present its auspicious economic outlook.

## Investment opportunities

The country has numerous investment opportunities in the field of professional services, tourism, shipping, real estate and energy. These are considered as the pillar of the Cyprus economy, accounting for nearly 80% of the country's GDP. In the recent past, Cyprus has also invested in a lot of young but rising industries included

## Key sectors

### Corporate

Cyprus is known as a center of brilliance for offering professional corporate services. Its EU membership, highly educated, English-speaking population, strong information and communications technology infrastructure, attractive tax regime, extensive network of tax treaties, robust legal system and business-friendly environment attract numerous multinational companies to Cyprus.

### Infrastructure

Cyprus has a well-formed infrastructure regarding services for road, air and sea transport. In the heart of Limassol & Larnaca, there are two deep sea ports. The port situated at Limassol deals with passenger and freight cargo. In addition to that, it also offers cost effective logistics solutions. The port also serves a stop-over for international cruises, hence it is known as cruise liner hub. There are 2 airports in Larnaca and Paphos which caters to approximately 10 million visitors per year, connecting the island to famous transit hubs on a global scale including Athens, Vienna, London, Dubai and Moscow.



### Shipping

The country is known as global international shipping center and hub to some leading players in the international shipping industry. It possesses an "open registry" regime which is approved by EU with a broad tonnage tax system covering the three main "maritime transport" activities: ship ownership, ship management and chartering.

Cyprus is among top 10 countries in the world with largest merchant fleet. It is estimated that over 1,000 vessels with a tonnage in excess of 20 million are registered under the Cyprus flag. Cyprus's shipping taxation regime is famous as one of the most eye-catching in the EU as it offers both simplicity and significant tax savings for EU flagged ships. Qualifying owners of EU flagged ships, charterers and ship managers can opt to be taxed under tonnage tax (instead of corporation tax) which is calculated on the basis of the net tonnage of the qualifying ships.

### Energy

The presence of deep-water natural gas reserves in Cyprus's EEZ has fascinated the world of leading global energy companies. In addition, Cyprus is used as a regional energy hub for companies which provide support services in the Eastern Mediterranean

### Innovation

Currently, Cyprus is considered as the perfect place to initiate a business or make investment. Advanced research fortified through EU or national funding, a swiftly growing start up ecosystem, and a series of attractive tax incentives for qualifying Intellectual Property (IP) and innovative businesses, have placed Cyprus on the global start-up map. Many successful tech companies have already either relocated or expanded in Cyprus, using the country as a base and gateway to and from the EU.





# Growth sectors

## Investment

In Cyprus, the funds industry is growing at a fast pace. There are various attractions like the steady legal environment, robust network of professional service providers and the competitive regulatory and tax framework. These facilities have attracted a number of investment funds and fund managers in Cyprus.

Cyprus has seen a challenging growth momentum, with assets under management more than doubling from €2.1 billion in 2012 to €4.8 billion in March 2018. As an EU Member State, Cyprus

benefits from the harmonization of EU financial services regulations and serves as a convenient 'bridge' offering access to Europe, the Middle East and Africa.

## Media & Production

Cyprus, with its stunning beaches, beautiful sunrise and attractive forests, is an ideal place for filming movies, documentaries and other media related stories. Directors and film makers from all over the world shoot their projects within the breath taking views of Cyprus.

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# Trade & Commerce

Cyprus offers massive number of opportunities for new businesses like an outstanding workforce, EU membership, resilient legal framework, business friendly environment and competitive tax regime.

## The Cyprus Company

Cyprus offers a large number of business opportunities to investors and entrepreneurs. The business model that is widely practiced in Cyprus is establishment of a Cyprus company. The procedure of forming a company is fairly simple and straightforward.

A greater number of entities in Cyprus are private limited liability where the liability of the shareholders is limited to the amount unpaid on their shares. The law governing limited liability companies is the Companies Law, CAP 113, which is based on the companies Act 1948 of the United Kingdom.

A company's constitutional documents are its Memorandum and Articles of Association which specify the activities in which the company may engage and the means by which it will govern its affairs. There is no minimum required issued and paid up capital for a private company, however it is common to have share capital of at least €1,000.

Each business entity should own a company secretary, a director and a registered office address in Cyprus which may also be used as the business address of the company. Although not a requirement, it is common practice for the majority of the directors to be Cypriot residents.



# Compliance obligations of a Cyprus company

Every Cyprus company has (among others) the following compliance obligations:

- 1 **Maintain proper books and records**
- 2 **Prepare financial statements in accordance with international financial reporting standards**
- 3 **Have its financial statements audited by a cyprus registered auditor**
- 4 **Submit an annual return to the registrar of companies**
- 5 **Register with the cyprus tax authorities**
- 6 **Calculate and pay its taxes (if applicable)**
- 7 **Submit an annual corporate income tax return to the tax department.**

## Redomiciliation of corporate seat

Non-Cypriot companies which are allowed by their jurisdiction of incorporation to deregister in that jurisdiction and register elsewhere, are able to become domiciled in Cyprus. Similarly, Cyprus registered companies can redomicile to any jurisdiction that provides similar provisions as those of the Cyprus legislation on redomiciliation.

## Banking

In Cyprus, there is not mandatory for a company to have a bank account, but it is advised to have an account for a smooth flow of financial operations. Currently, more than 40 local and international banks are working in Cyprus. The banking system follows EC Directives, under the regulation of the constitutionally independent Central Bank of Cyprus, as integrated with the Euro system.

## Regulatory Framework

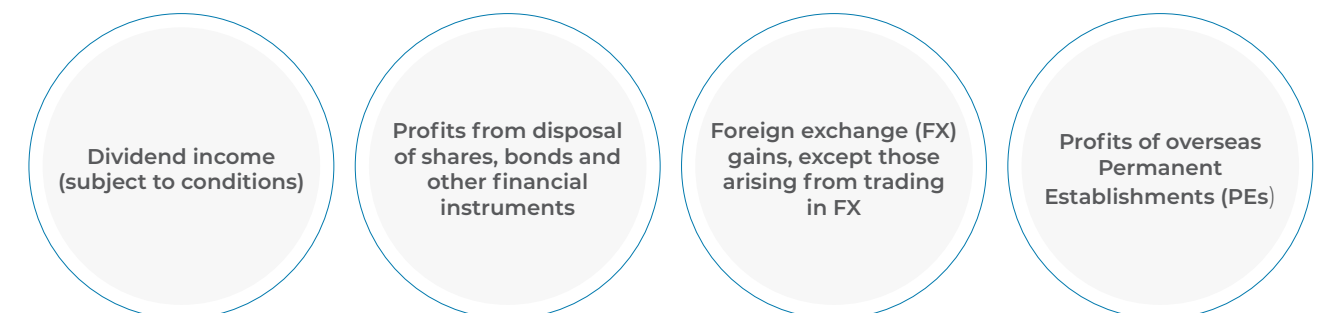
Being a British colony in the past, Cyprus' legal system is based on English Common Law principles and is globally acknowledged as offering transparency and reliability in business practices. Cyprus business legislation is also similar to that of the UK and, as a full EU member state, Cyprus companies enjoy full access to European markets and EU trade agreements

# Corporate taxation

The tax regime in Cyprus is considered as an ideal example among European tax regimes. It is fully compliant with EU and OECD regulations having ideal provisions.

Any business entity which is financially operated within Cyprus is considered to be Cyprus tax resident with all the perks and privileges. Generally, there is a tax rate of 12.5% for business profits of a Cyprus tax resident.

## Tax exempt sources of income



A company which is managed and controlled in Cyprus, is considered tax resident in Cyprus and is liable to tax on income arising both from sources within and outside the Cyprus. A company which is not tax resident in Cyprus is liable to tax on income arising from sources within Cyprus only. Cypriot tax residency is achieved, in practice, by either having a majority of Cypriot resident directors or by ensuring that the major decision-making is taking place in Cyprus or a combination of the two. There are certain types of income which are exempt for tax purposes and allowances / deductions that decrease your corporation tax. Taxable and group losses can also be set against your taxable income and as a result save corporation tax.

## The tax rates that apply to corporations are as follows:

- 12.5% Companies**  
The tax rate applicable on life insurance companies is
- 12.5% Life Insurance Companies**  
The tax rate applicable on companies is

(In the case where the corporation tax payable on taxable profit of life insurance business is less than 1,5% of the gross premium. In this case the difference is paid as additional corporation tax.)





# Personal taxation

Cyprus has an attractive personal tax regime which fascinates a large number of expatriates to settle in the country.

Within the EU tax regimes, Cyprus offers ideal jurisdictions regarding personal taxation. The income (including employment income) of individuals is subject to income tax. Dividends, interest and rental income are subject to defence tax but this type of tax only applies to Cyprus residents who are also domiciled individuals

## Personal income tax

An individual is tax resident in Cyprus if he/she is physically present in Cyprus for an aggregate period exceeding 183 days in the tax year (1/1/XXXX – 31/12/XXXX). Tax resident individuals are liable to tax in Cyprus on their worldwide income whereas non-resident individuals are only liable to tax on income accruing or arising in Cyprus. There are certain types of income which are exempt for tax purposes and allowances/deductions that decrease your personal income tax.

## Tax exemptions

The following (among others) are exempt from income tax:

- 50% of the remuneration from any employment exercised in Cyprus by an individual who was resident outside Cyprus before the commencement of his/her employment in Cyprus. The exemption applies for a period of ten years starting from the first year of employment provided that the employment income exceeds €100,000 per annum
- Remuneration from the rendering of salaried services to a non-resident employer based outside of Cyprus or to an overseas branch of a resident employer for more than 90 days within a year
- All gains arising from the disposal of securities such as shares and bonds.

## Tax exemptions for investment income

Cypriot tax residents who are not Cyprus domiciled are also exempt from tax on dividend and interest income.

## Domicile

In general, an individual is not domiciled in Cyprus if he/she was not born to Cypriot parents. However, one would be deemed to be domiciled in Cyprus if he/she has been a Cypriot tax resident for at least 17 out of the last 20 years prior to the relevant tax year.

## Capital gains tax

Capital Gains Tax is charged at the rate of 20% on gains arising from the disposal of immovable property located in Cyprus including the profit from the disposal of shares of companies which own immovable property in Cyprus. Gains from the sale of shares listed on a recognised stock exchange are excluded from CGT. However there are a number of disposals that are exempt from CGT.

## Estate duty, wealth tax and inheritance tax

Estate duty, wealth tax and inheritance Tax has been abolished with effect from 1st January 2000, and is no longer imposed.

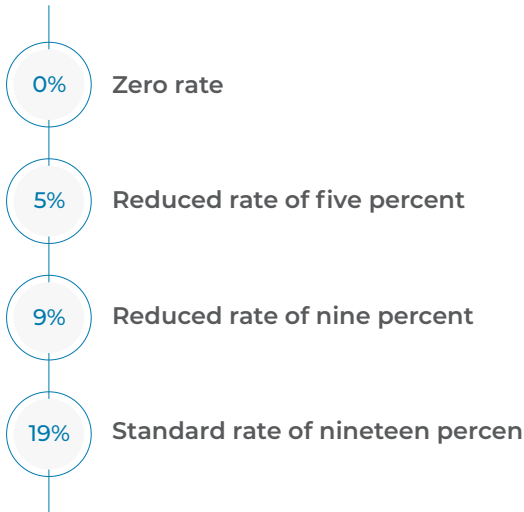
## Social insurance and other contributions

Social Insurance Contributions (SICs) are payable by the employer, employees and self-employed persons based on their insurance earnings.

## VAT

Taxable persons charge VAT on their taxable supplies (output VAT) and are charged with VAT on goods or services received (input VAT).

The legislation provides for the following tax rates:





# Migration

## EU nationals

In Cyprus, the EU citizens are allowed to travel back and forth. They get the work permit as well and are allowed to start a business or do jobs.

## Third country (non-EU) nationals

For third country nationals, Cyprus has fairly easy visa process and they can visit the country on temporary basis. The country issues a visitor's visa for tourism purposes or for short business trips. The total duration of all visits under a single entry or multiple entry visa should not exceed three months in any half year, starting from the date of first entry.

For the purpose of employment, it is mandatory for third country nationals to apply in advance to the migration authorities in Cyprus for a work and residence permit. The validity period of work permit is usually one year which can also be renewed.

For the companies seeking to hire third country national in their team are advised to take membership to be an eligible employer of third country nationals (one-off procedure)

## Permanent Residence

The Non-residents in Cyprus has the opportunity to attain a permanent residence permit by purchasing property in Cyprus of at least €0.3 million. In addition to that, the applicant must meet certain criteria including having a steady income flow from overseas. The relevant permit grants investors and their families visa free travel to Cyprus and the right of residence.

## Citizenship

Non-residents can attain Cyprus citizenship by making qualifying investments in Cyprus between €2million - €2.5 million and meeting certain criteria. Eligible investors would need to have a clean criminal record and own a permanent residence worth at least €0.5million. Qualifying investments include real estate, private companies with operations and staff in Cyprus, government bonds and alternative investment funds. Cyprus citizenship grants investors and their immediate families, rights of EU citizens, including visa-free travel within the European Union.





# Our Services Include:

- **Accounting and Bookkeeping Services**
- **Audit and Assurance Services.**
- **Direct and Indirect Tax Services**
- **Payroll Services**
- **Outsourced CFO Services**
- **Business Advisory and Consulting Services**
- **Information Management Services**
- **Corporate and Administrative Services**
- **Human Resource & Recruitment Services**
- **Property Management Services**
- **Marketing Services**

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We are a registered professional consultancy firm offering our services in various dimensions. Our diversified, competent and professional team is always willing to help our clients.

A & C CHRISTOFI LTD is a Certified Chartered Accountants and Registered Auditors firm, regulated by ICPAC, offering a range of financial and business services located in Limassol, Cyprus. The firm was established in 2008

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