

# Cyprus Limited Liability Company

Our clients know what they want to achieve. We know how to get there. Working with some of the sharpest minds in corporate law and finance, we pull together the right blend of services to suit each client's unique situation. With an international network of experts and a rich history in the financial world, we have the people and knowledge to help you succeed. Partnership, premium quality and personal attention. That's how we've remained a leader in Trust and Corporate Services since 1952.

## Corporate Law

International and national businesses may be operated in Cyprus under a number of legal forms, of which the "limited liability company by shares" is the most widely used/common type. The significant corporate law features of this type of vehicle are the following:

- ▶ The minimum number of shareholders is one. The use of corporate shareholders, foreign or domestic, is allowed.
- ▶ A minimum of one director and one secretary is required. The use of corporate directors, foreign or domestic, is allowed. Director's information is available in the public record.
- ▶ It is not required to have a minimum share capital. It is however common to have an authorised share capital of Euro 5,000 and an issued share capital of Euro 1,000.
- ▶ It is possible to issue different classes of shares with different rights, such as profit sharing, redeemable preference shares and voting rights.
- ▶ Bearer shares are not allowed. Shares can only be issued in registered form.
- ▶ It is required to have a registered office address in Cyprus.
- ▶ It is required to submit the audited annual financial statements and annual return to the Registrar of Companies in Greek language.
- ▶ With a pre-approved company name, the time frame from formation until delivery, including notarised and apostilled corporate documents, is approximately one to two weeks.

- ▶ It takes about two to three weeks to incorporate a company with a name that requires prior approval from the Registrar of Companies.

## Taxation

The following is an overview of some of the generic features of taxation in Cyprus.

### Resident Companies

- ▶ According to Cyprus tax law, a company is only resident in Cyprus if the central management and control of the company is carried out in Cyprus.
- ▶ Cyprus resident companies are subject to income tax on their worldwide income. The standard rate of company tax is 10%. This is the lowest statutory corporate income tax rate in the EU.
- ▶ Dividends, interest and royalties are subject to a special tax treatment as detailed below.

### Dividend Income

- ▶ Dividends received by a Cyprus company are 100% excluded from the corporate income tax base of the Cyprus receiving company. It is important to note, however, that dividend received from abroad are, in principal, subject to a defense tax of 15%. However, dividends received by a Cyprus company from a foreign company are not subject to the above-mentioned defense tax of 15% provided that:
  - ▶ The company receiving the dividend owns at least 1% of the company paying the dividend; and,
  - ▶ Either the dividend paying entity derives its income directly or indirectly mainly (more than 50%) from trading activities and not from investment income; or,
  - ▶ The dividend paying entity is domiciled in a "reputable" tax jurisdiction (i.e. pays reasonable taxes).

### Interest Income

Where interest is derived by a Cyprus company in the ordinary course of its business or closely related to that business, that interest is in principle treated as normal business income at the standard 10% corporate income tax rate.

In all other cases:

- ▶ Half of the interest received by a Cyprus company is exempt from income tax. The balance is taxed at the corporate income tax rate of 10%.
- ▶ The full amount of the gross interest received by the Cyprus resident company is also subject to defense tax at the rate of 10%. The total tax rate therefore amounts to 15%.

Finally, note that no Cypriot interest withholding tax is payable if interest is paid by the Cyprus company to a non-resident; otherwise an interest withholding tax of 10% applies.

### Royalty Income

- ▶ The net amount of royalties received is subject to 10% income tax. There is no withholding tax on royalties paid, if the use of the right is outside Cyprus.


### Stamp duty

- ▶ Certain documents that relate to assets based in Cyprus or matters to be executed or take place in Cyprus – irrespective of the place where the documents were signed – are subject to stamp duty. There may, however, be ways to mitigate stamp duties.

### Service Offering of Intertrust

- ▶ Set up and maintenance of Cyprus entities;
- ▶ Opening of bank accounts in Cyprus (or elsewhere);
- ▶ Arrange for Management services;
- ▶ Arrange for Finance & Administration services;
- ▶ Arrange for both the registered office and company secretary;
- ▶ Arrange for the appointment of a local auditor;
- ▶ Intertrust maintains shelf companies and pre-approved Cyprus company names;
- ▶ Intertrust works closely with a preferred partner in Cyprus to assist in the service offering.

Our clients come from every corner of the globe. Different countries, different cultures. Just like us. We have more than 1,000 professionals in more than 20 countries worldwide. So we have the local knowledge and sensitivity to see things from your point of view.

 Setting the standard since 1952

#### **Intertrust Switzerland**

15 Boulevard des Philosophes  
P.O. Box 3292  
1211 Geneva 3, Switzerland  
tel +41 (0)22 317 80 00  
fax +41 (0)22 317 80 11

[geneva@intertrustgroup.com](mailto:geneva@intertrustgroup.com)

[www.intertrustgroup.com](http://www.intertrustgroup.com)