

COMMERCIAL • PRIVATE CLIENT • PENSIONS & BENEFITS

Supporting structures

Cyprus Company Incorporation

Carey Group is renowned for its long standing experience and expertise in the implementation and maintenance of corporate and trust services. Our client's tax advisers spend considerable effort in devising complex international tax structures. We specialise in ensuring that any such planning is implemented effectively and efficiently and regularly tested over time.

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Company Incorporation

The law governing companies is contained in CAP 113 – Companies Law (as amended). Recent amendments were aimed at bringing the Cypriot law in line with EU law following Cyprus' accession to the EU in 2004.

Entities capable of being registered are private limited companies; public companies; branches of foreign companies and international partnerships. The most common form of entity is the private company which may be limited by shares or by guarantee or both.

The **name** of the company must be officially approved by the Registrar of Companies ('ROC'). A name is not likely to be approved if:

- it is similar to the name of an existing company;
- it is considered confusing or misleading;
- it implies links with royalty;
- it includes the words 'imperial', 'national' 'corporation' 'commonwealth' or 'co-operative'. The words 'Bank', 'Insurance' or any other regulated activity will require permission under the respective local legislation.

Once the ROC approval has been obtained, the company can be incorporated. **Incorporation** occurs by filing with the ROC:

- the Memorandum & Articles of Association of the proposed company;
- a list of directors and secretary's details; registered office address;
- declaration of a local lawyer confirming that all formalities provided by the law have been complied with. The incorporation procedure can usually be completed within one week of receiving the client's instructions.



“Entities capable of being registered are private limited companies; public companies; branches of foreign companies and international partnerships.”

Company Incorporation



The authorised **share capital** is usually expressed in Euros €. Stamp duty is payable on the value of the authorised capital and is calculated at 0.6%. A minimum of one share must be issued. There is no legal requirement as to the maximum share capital although a minimum of €5,000 is recommended, which may be divided into 5,000 shares of €1 each. Shares may be issued at a premium. **Bearer shares** are not permitted. Not all of the shares have to be subscribed for. Shares may be either ordinary, preference or redeemable. The rights of a particular class are set out in the Articles of Association. There are no exchange controls for foreign shareholders.

Every Cypriot company must have at least one **shareholder** (and maximum fifty for private companies). If anonymity and confidentiality is required, the shares may be held by authorized trustee companies on behalf of the beneficial owner/s without public disclosure of their identity.

A Cypriot company may have a sole director which may be a corporate body. The law does not stipulate a maximum number. A company having two or more members may have a single director that is a corporate body, provided the company's secretary is a different person. Directors may be local or foreign, individuals or legal persons, and alternate directors may be appointed. Meetings of the board can be held in Cyprus or abroad. For tax planning reasons, it may be necessary for the company to be managed and controlled in Cyprus in which case it is advisable that the majority of directors appointed are Cypriot residents.

The law requires the appointment of a **secretary**. The Secretary is appointed by the directors. For practical purposes a corporate body may be appointed as secretary.

Every company must have a **registered office** which is usually the place where the Register of Members is kept.

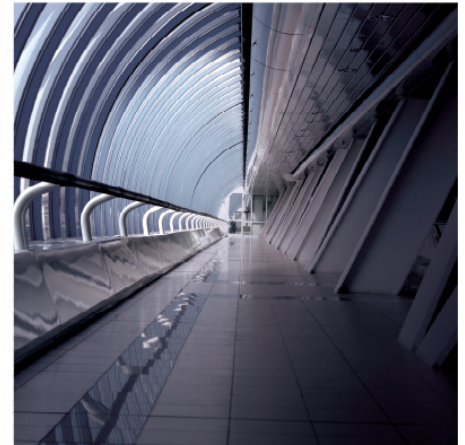
All companies that are resident for **tax** purposes in Cyprus are in principle on all their income accrued or derived from Cyprus and abroad. A company is considered to be resident if it is managed and controlled in Cyprus. Taxation of companies is based upon three pillars: Income Tax Law; and Special Contribution for Defence Law, which were transposed into local law in accordance with the relevant EU Directives; and the Treaties for the Avoidance of Double Taxation ('DTT's). The business profits are subject to a corporation tax of 10%. Companies that are resident in Cyprus are liable to pay the 15% special defence contribution tax on dividends and interest respectively.

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Where the company qualifies for an 'international participation exemption' the defence tax on dividends is eliminated. Shareholders (including persons owning shares through nominees) who are not resident in Cyprus do not pay Cypriot taxes. Cyprus continues to enter into DTT's. It has currently over 40 in force.

For income tax purposes full **financial statements** that are audited or certified by officially authorized auditors or accountants, as well as a declaration on the Income Tax Return are required. All companies are required to submit an annual return to the ROC which must be accompanied by the audited financial statements of the company adopting the IFRS translated into the Greek language.



For further information about how Carey Group Cyprus can help, please visit our website www.careygroup.com.cy or contact our Cyprus office direct. Please find our Cyprus office details on the following Group Contact page.

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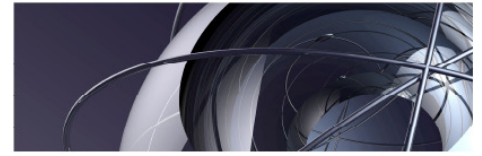
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The Carey Group does not provide tax, legal or investment advice which should be sought in the country of domicile/residence of every client.

To find out about our other service offerings please visit our website www.careygroup.gg or for initial group enquiries please contact Patrick Bos on +41 79 359 13 53 (or our general number +44 (0) 1481 700300).

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