

COMMERCIAL • PRIVATE CLIENT • PENSIONS & BENEFITS

Supporting structures

Cyprus Companies - Routing of Royalties

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.

W: www.careygroup.gg



CAREY GROUP

ALDERNEY • CYPRUS • GENEVA • GUERNSEY • LUXEMBOURG • MONACO • UK • ZURICH

Intellectual Property Rights

During the last few years Cyprus has experienced significant changes. Impressive statutory potential has been created allowing opportunity for the growth of Cypriot structures within efficient international tax planning.

Carey Group's experience and familiarity with jurisdictional tax regimes and requirements along with the growth of Cyprus as an important centre for tax planning means that Carey Group Cyprus can offer a number of key benefits to those looking to create an efficient and beneficial structure for holding **Intellectual Property Rights ("IPR's")**.

The main benefits for creating a Cypriot structure for IPR's are:

- No withholding taxes in Cyprus on payment of royalties, interest or dividends, distributed out of Cyprus provided the holder is not a Cyprus resident and his property is used outside of Cyprus.
- Vast network of double tax treaties.
- Lowest rate of corporate tax in EU at 10%.
- EU interest/Royalty Directive (2003/49/EC) applies. The Directive can provide for 0% withholding taxes on royalty payments between EU countries and under certain conditions.

If IPR's are established within the EU, or in other countries with which Cyprus has a double-tax treaty, the total tax payable within the structure could be as low as 0.5% (calculated on the basis of 5% fee collectable by the Cyprus Company).



Intellectual Property Rights (IPR's) can be defined as:

- Copyright - creative ideas, including words or pictures.
- Trademarks - logos, names and brands.
- Patents - inventions, processes and unique product developments.
- Image Rights

Creating a tax efficient Cypriot structure

Carey Group's multi jurisdictional expertise means that we have the understanding to meet not only local requirements but the needs of international structures as a whole; a pre-requisite for many of our international clients.

Carey Group Cyprus can help establish tax efficient structures for IPR's.: a tax efficient structure is relatively straight forward to create:

- A physical or corporate entity in a high tax physical or corporate entity in a high-tax jurisdiction becomes the beneficial owner of a company in an offshore jurisdiction, and sells, or donates the IPR's to a company in a tax neutral environment.
- The offshore company licenses some or all of the rights for the use of the Intellectual Property to a Cyprus company.
- The Cyprus Company exploits the IPR's by licensing to one or more foreign companies and collecting royalties, the proceeds of the IPR.
- Royalties pass to the Cyprus Company which may be subject to zero or low withholding rate based on benefits from double tax treaty benefits or EU Interest/Royalty Directive (2003/49/EC).
- The Cyprus Company retains a license fee for the work undertaken (typically 5%) upon which it will pay corporate tax at 10%, and forwards the balance of funds to company in a tax neutral jurisdiction free of any further withholding taxes.

It is preferable to create this type of structure with new IPR's when there is little difference between the fiscal book value and the commercial market value of the IPR's so they can be transferred to an offshore company at a low value.

For further information about how Carey Group Cyprus can help, please visit our website www.careygroup.com.cy or contact our Cyprus office direct.



“Carey Group Cyprus can offer advice in the establishment of a tax efficient structure for IPR's.”

Intellectual Property Rights

Intellectual Property Rights ('IPR's') can be defined as follows:-

- Copyright – creative ideas, including words or pictures;
- Trademarks - logos, names and brands;
- Patents - inventions, processes, and unique product developments;
- Image Rights

A tax efficient structure is relatively straight forward to create.

A physical or corporate entity in a high-tax jurisdiction becomes the beneficial owner of a company in an offshore jurisdiction, and sells, or donates the IPR's to a company in a tax neutral environment.

The offshore company licenses some or all of the rights for the use of the Intellectual Property to a Cyprus company.

The Cyprus Company exploits the IPR's by licensing to one or more foreign companies and collecting royalties, the proceeds of the IPR.

Royalties pass to the Cyprus Company which may be subject to zero or low withholding rate based on benefits from double tax treaty benefits or EU Interest/Royalty Directive (2003/49/EC).

The Cyprus Company retains a license fee for the work undertaken (typically 5%) upon which it will pay corporate tax at 10%, and forwards the balance of funds to company in a tax neutral jurisdiction free of any further withholding taxes.

It is preferable to create this type of structure with new IPR's when there is little difference between the fiscal book value and the commercial market value of the IPR's so they can be transferred to an offshore company at a low value.



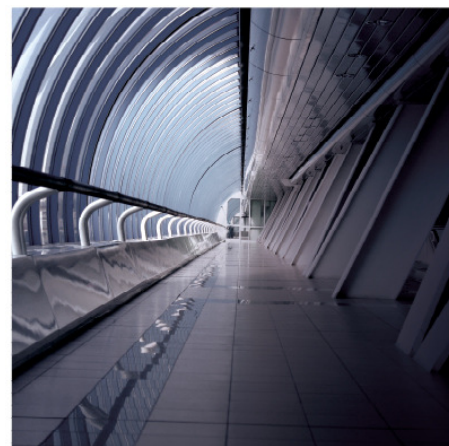
„The Cyprus Company exploits the IPR's by licensing to one or more foreign companies and collecting royalties, the proceeds of the IPR.“

Intellectual Property Rights

Cyprus is the obvious choice for the intermediary company for four main reasons:

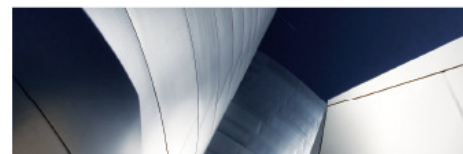
1. No withholding taxes in Cyprus on payment of royalties, interest or dividends, distributed out of a Cyprus provided the holder is not a Cyprus resident and his property is used outside of Cyprus;
2. Vast network of double tax treaties;
3. Lowest rate of corporate tax in EU at 10%;
4. EU Interest/Royalty Directive (2003/49/EC) applies. The Directive can provide for 0% withholding taxes on royalty payments between EU countries and under certain conditions.

If IPR's are exploited within the EU, or in other countries with which Cyprus has a double-tax treaty, the total tax payable within the structure could be as low as 0.5% (calculated on the basis of 5% fee collectable by the Cyprus Company.)



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.

SUPPORTING STRUCTURES *for*
Commercial • Private Clients • Pensions & Benefits



GROUP CONTACTS

Guernsey

Carey Group
PO Box 285
1st and 2nd Floors
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 4LX

T: +44 (0)1481 700300
F: +44 (0)1481 711220
E: info@careygroup.gg

Alderney

Carey Administration
Limited
Millennium House
Ollivier Street
St Anne
Alderney
GY9 3TD

T: +44 (0)1481 824727
F: +44 (0)1481 823963
E: info@careygroup.gg

UK

Carey Pensions UK LLP
43 Shenley Pavilions
Chalkdell Drive
Shenley Wood
Milton Keynes
MK5 6L
United Kingdom

T: +44 (0)1908 336010
enquiries@careypension.co.uk

Luxembourg

Carey S.A.
19, rue Eugène Ruppert
L-2453 Luxembourg
Luxembourg

T: + 352 266 448 1
F: + 352 266 448 48
E: info@careygroup.gg

Zurich

Carey AG
PO Box
Alderstrasse 49
CH 8034 Zurich
Switzerland

T: +41 (0) 43 499 1144
F: +41 (0) 43 499 1155
E: info@careygroup.gg

Geneva

Carey Nova S.A.
Rue Pierre Fatio 15
PO Box 3475
CH-1211 Geneva 3
Switzerland

T: +41 22 718 75 80
F: +41 22 718 75 89
E: info@careygroup.gg

Monaco

Carey S.A.M.
24 Boulevard Princesse
Charlotte
MC 98000
Monaco

T: +377 (0) 97 77 28 60
F: +377 (0) 97 77 34 53
E: info@careygroup.gg

Cyprus

Carey Group
(Cyprus) Limited
Themistokli Dervi 48
Centennial Building
Office 703
CY-1066 Nicosia
Cyprus

T: + 357 22 45 25 25
F: + 357 22 37 49 25
E: info@careygroup.gg

For initial group enquiries please contact Patrick Bos on +41 79 359 13 53 or our general number +44 (0) 1481 700300.

SUPPORTING STRUCTURES for
Commercial • Private Clients • Pensions & Benefits

W: www.careygroup.gg



LOCATIONS

- Alderney
- Cyprus
- Geneva
- Guernsey
- Luxembourg
- Monaco
- UK
- Zurich



Carey Group (Cyprus) Limited:

Themistokli Dervi 48 Centennial Building Office 703 CY-1066 Nicosia Cyprus

T: +357 22 45 25 25 F: +357 22 37 49 25 E: info@careygroup.gg W: www.careygroup.gg

Mailing address: PO Box 22202 CY-1518 Nicosia Cyprus

Registered number: HE222385.

The information contained herein is a general summary and does not constitute professional tax, investment or legal advice and should not be relied upon. No responsibility is accepted for any errors contained in this information sheet which should not be circulated where such circulation would be an infringement of local laws or regulation.

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).

SUPPORTING STRUCTURES for
Commercial • Private Clients • Pensions & Benefits