



CYPRUS «AN ATTRACTIVE» JURISDICTION



There are many jurisdictions in the world, but why Cyprus is one of the most attractive countries for businesses?

Cyprus, a Member State of the European Union since 2004, with a wide network of double tax treaties, common law based legal system and a beneficial tax regime.

## **CYPRUS TAX REGIME BENEFICIAL TOWARDS FOREIGN INVESTORS: TAX IN A NUTSHELL**

- Cyprus tax residency is determined by the "effective management and control";
- Corporate tax rate 12.5% on worldwide income;
- Dividend income is fully exempt from Tax\*;
- Profit from the disposal of securities is exempt\*;
- Profits from permanent establishment outside Cyprus are exempt from Income Tax\*;
- Taxable losses are carried forward indefinitely\*;
- Group relief for utilisation of tax losses\*;
- Dividends paid to foreign resident shareholders are free from Withholding taxes or any other taxes;
- Interest paid to a non-resident company is exempt from Withholding taxes;
- Notional interest deduction on new equity;
- Interest deduction incurred for the acquisition on fixed assets used in the business;
- Tax neutral on profit or losses arising from foreign exchange rate fluctuations;
- All expenses incurred for the production of income are tax deductible;
- No thin capitalisation rules;
- No transfer pricing rules; transactions incurred at arm's length principles;
- Capital gains tax only imposed on profit on disposal of immovable property situated in Cyprus or shares of non-listed Cy-Co owing immovable property;
- Double tax treaties have been concluded with more than 50 countries from all continents ;
- Tax credit for foreign taxes;
- Cyprus tax authorities provide binding advance tax rulings;
- Cyprus permits the transfer of corporate seat into and out of Cyprus with no exit taxes or re-incorporation fees;
- Full adoption of the EU Parent-Subsidiary Directive, EU Mergers Directive, EU Royalty and Interest Directive, EU Directive on Mutual Assistance and Cooperation.

\*Subject to conditions

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