

**ROYAL PINE**  
& ASSOCIATES



CYPRUS INTERNATIONAL TRUST



## **A. WHY CYPRUS**

A Cyprus International Trust offers various asset protection advantages that cannot be found in other jurisdictions. It gives the opportunity to create a trust that will suit complex situations and be used effectively for tax and other planning considerations.

## **B. CONDITIONS FOR ESTABLISHING AN INTERNATIONAL TRUST**

The International Trusts Law of 1992, and as amended (the "**Law**") defines an international trust as being a trust (the "**CIT**") in respect of which:

- The settlor, being either a natural or legal person, is not Cyprus tax resident during the calendar year immediately preceding the creation of the CIT; and
- No beneficiary, whether natural or legal person, other than a charity, is Cyprus tax resident during the calendar year immediately preceding the creation of the CIT; and
- At least one trustee is Cyprus tax resident during the lifetime of the CIT.

## **C. BENEFITS OF A CYPRUS INTERNATIONAL TRUST**

### Asset Protection

Notwithstanding the provisions of any bankruptcy or liquidation laws in Cyprus or in any other country, unless it is proven to the Court that the CIT was made with intent to defraud the creditors of the settlor at the time of the transfer of assets to the CIT, the CIT shall not be void or voidable. The burden of proof lies with the creditors and such an action must be instituted by the creditors within two years from the date of transfer of the assets into the CIT (settlement).

### Tax Advantages

All income and profits of a CIT derived or deemed to be derived from sources within and outside Cyprus are subject to any taxation which is imposed in Cyprus where the beneficiary is Cyprus resident.

Accordingly, if the beneficiary is not a Cyprus tax resident, only the income and gains of the CIT which are derived or deemed to be derived from sources within Cyprus are subject to taxation in Cyprus.

Income and gains of a Cyprus CIT acquired or deemed to be acquired outside Cyprus and provided to beneficiaries who are not Cyprus residents, are not taxed in Cyprus.

### Confidentiality

The Law prohibits the trustee, protector and enforcer of a CIT from disclosing any information or documents to third parties regarding the CIT.

Only a court order may allow the disclosure of information where such disclosure is of paramount importance to the outcome of a civil or criminal procedure.

## Inheritance or succession

The existing legislation of Cyprus or the legislation of any other country relating to inheritance or succession shall not be capable to invalidate a CIT or affect any transfer or disposal of the CIT. Inheritance provisions may be included in the provisions of the CIT.

## Settlor Powers

The Law as amended in 2012 has extended the powers of the settlor of CIT, being the legal entity or individual transferring the assets into the CIT. Particularly, the settlor has the power:

- to revoke or amend the terms of the CIT;
- to advance, distribute pay or otherwise apply income or capital of the trust property;
- to act as a director or officer of a company wholly or partly owned by the CIT;
- to issue directions to the trustee as to the manner in which he deals with trust property;
- to appoint or remove any trustee, enforcer, protector or beneficiary;
- to appoint or remove an investment manager or advisor;
- to change the governing law of the CIT;
- to limit the power of trustees by requiring the consent of the settlor or another person.

## Power of the Trustee to invest in movable and immovable property

A trustee may at any time invest the whole or any part of the trust fund.

The trustee may hold, maintain or invest in movable property in Cyprus and abroad (including investments in shares in companies registered in Cyprus) and in immovable property located in Cyprus or abroad.

## **D. SETTING UP A CYPRUS INTERNATIONAL TRUST**

CITs are normally created by a trust deed which is liable to a fixed stamp duty, currently of EUR 430, irrespective of the amount of the trust fund, which is payable upon creation of the CIT.

## **E. TRUST REGISTRY**

All CITs established, construed and governed by the laws of Cyprus should be registered with one of the following three Cyprus regulatory authorities; namely (1) the Cyprus Securities and Exchange Commission, or (2) the Cyprus Bar Association or (3) the Cyprus Association of Certified Accountants which maintain trust registries.

For the purposes of ensuring that all information contained in the trust registries remains confidential, only the abovementioned authorities have access to such information; and such information may not be made publicly available under any circumstances.

Notwithstanding the above requirement, the names and details of the settlor(s) or the beneficiary(ies) are not provided to the trust registries.

## **F. GOVERNING LAW**

The CIT will be governed by the law which the settlor has chosen according to the terms of the trust deed. If no such choice is made, all matters in relation to the CIT will be determined in accordance with the laws of Cyprus.

## **G. OUR SERVICES**

Royal Pine & Associates Limited has assembled a team of professionals who can advise and guide you through the process for the creation, management and dissolution of a Cyprus International Trusts and draft all required legal documents. If you require any further information on Cyprus International Trusts, please do not hesitate to contact us at [info@royalpine.com](mailto:info@royalpine.com).

\*This publication has been prepared as a general guide and for information purposes only. It does not purport to be comprehensive or to render legal advice