

# Cyprus an Attractive Jurisdiction

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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 up to 5 years\*;
- 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;
- Up to 80% notional interest deduction from taxable profits generated from operations financed through new equity.
- Favourable Intellectual Property regime with tax deduction up to 80% of qualifying profits generated by qualifying assets, resulting in an effective tax rate of 2.5%.
- Interest deduction incurred for the acquisition on fixed assets used in the business;
- No tax on foreign exchange (FX) gains (with the exception of foreign exchange gains arising from trading foreign currencies and related derivatives).
- All expenses incurred for the production of income are tax deductible;
- No thin capitalisation rules;
- 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 in Cyprus;
- Double tax treaties have been concluded with more than 68 countries from all continents ;
- Tax credit for foreign taxes;
- Cyprus tax authorities provide binding advance tax rulings;
- 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

\* This publication has been prepared as a general guide and for information purposes only. It does not purport to be comprehensive or to render professional advice. Before making any decision or taking any action that may affect you and/or your business, bespoke advice should be obtained.



## About

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