

'The Cyprus Tax Regime and corporate structures'

A presentation by

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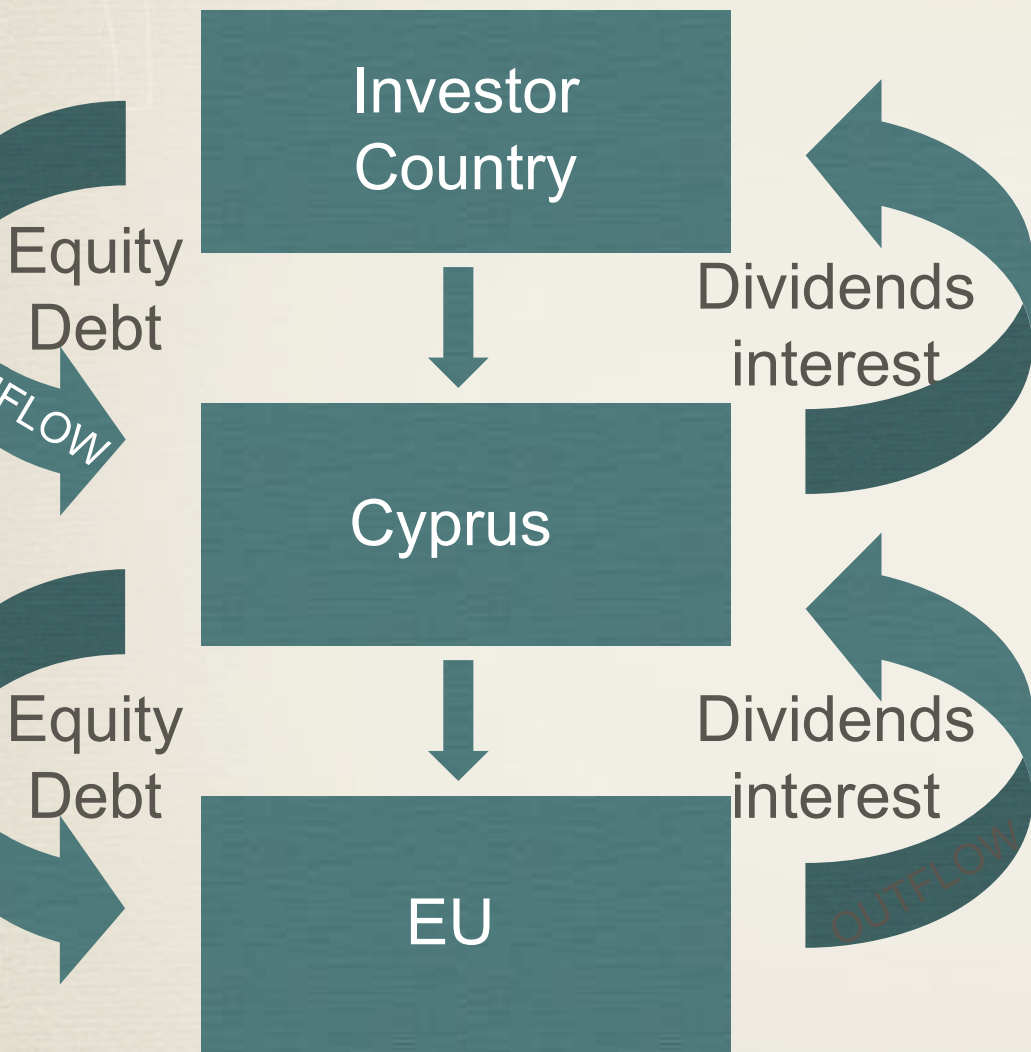
The Tax Regime

Main Features of the Cyprus tax system

- Uniform tax rate - No discrimination between local and overseas companies
- Most Competitive Corporate Tax Rate - 10% Flat Rate
- Stable Tax Regime - No frequent changes to tax law
- Non-Residents not liable to any withholding tax
- Tax basis: Residence principle
- Full Adherence to EU OECD Legislation and Requirement

Structuring using Cyprus

Holding structure



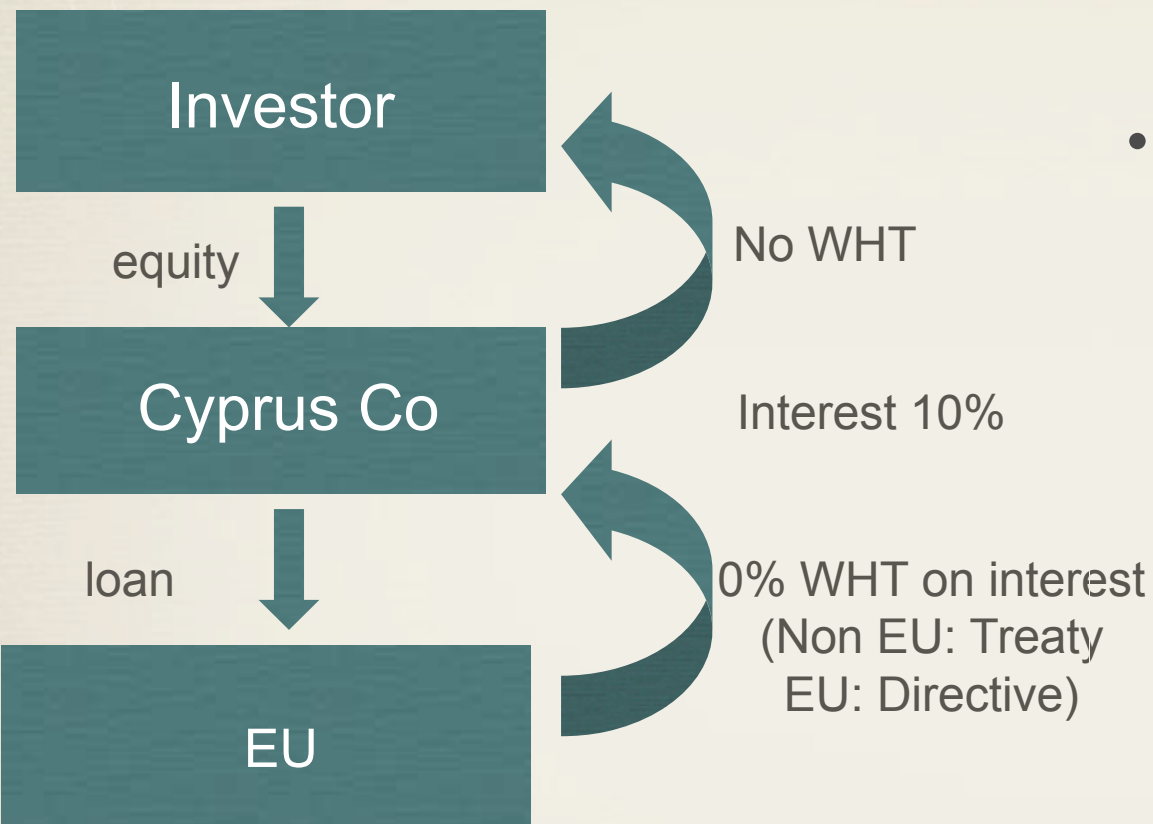
- Holding structure
- Finance structure
- Royalty structure
- Trading structure
- Triangular structure
- Employment structure

Holding structure - Main advantages

- Full exemption from tax on dividends income
- No W/T on dividends distribution
- No CGT on liquidation or disposal of subsidiary
- Use of the wide DTT
- No debt/equity requirements, no minimum holding period, no capitalisation rules

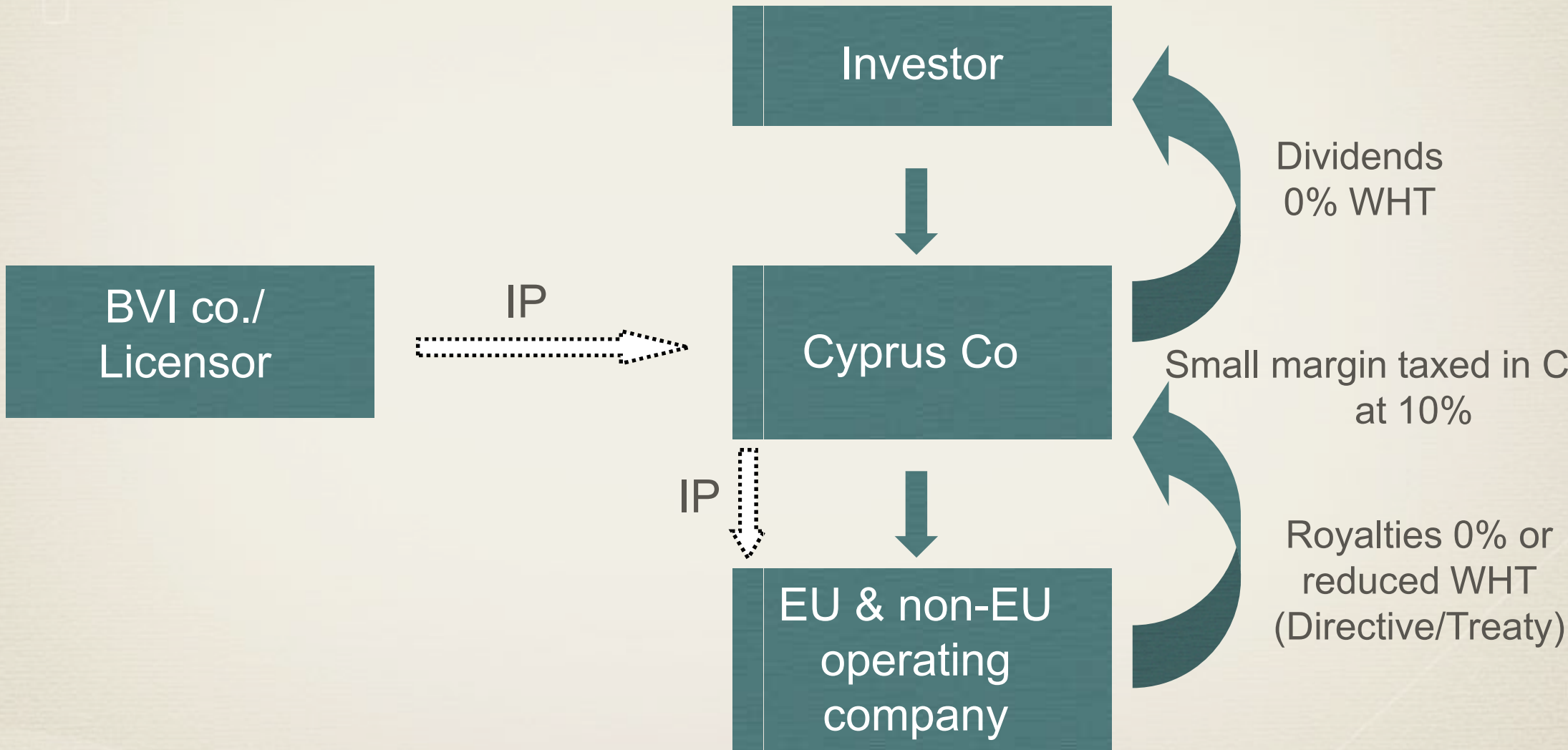
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Finance Structure



- **Plan:** Investor establishes Cyprus company to act as finance company of the group. Capitalization with equity.
- **Benefits:**
 - ✓ Conversion of taxable interest to possibly exempt dividend
 - ✓ CY tax on interest = 10%
 - ✓ No WHT on dividends paid by Cyprus Company
 - ✓ Profits can be reinvested at Cyprus Level
 - ✓ Capital reduction or liquidation of Cyprus Co exempt

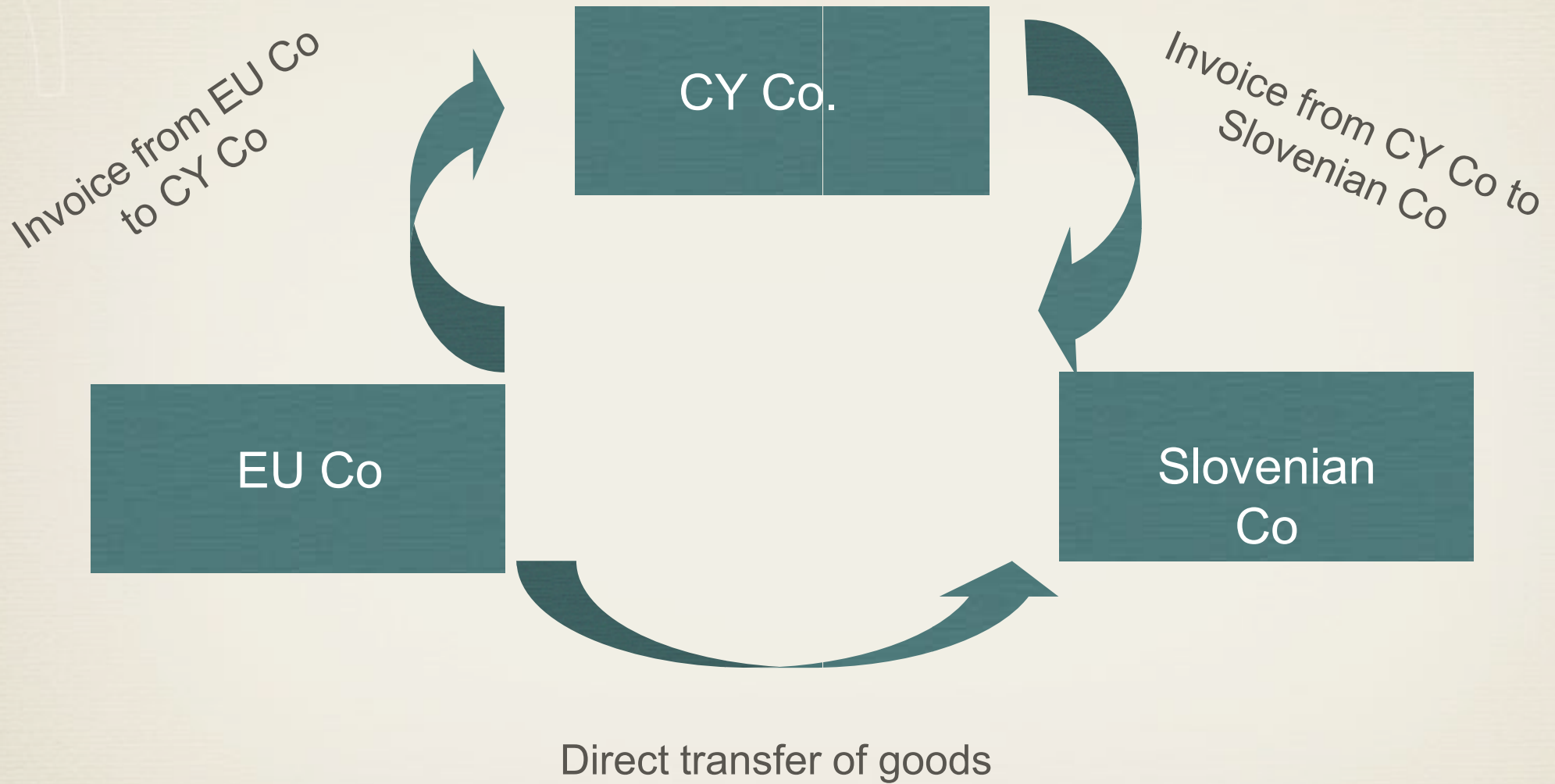
Royalty Structure - Basic Structure



Trading Companies



Triangular Trading



Profits are taxed to Cyprus with corporate tax rate of 10%

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