

The background of the slide is a composite image. At the top, a close-up of a calculator shows buttons for '8', '9', '6', 'CM', 'RM', 'M-', and 'M+'. Below the calculator, a black fountain pen is positioned diagonally over a document. The document contains several lines of financial data, including large numbers like '48,000', '404,000', '88,240,000', '5,071,890,000', '5,663,448,000', '6,511,124,000', '5,812,632,000', '850,575,000', '131,300,000', '11,288,000', '11,346,000', '11,842.60', '12,307.35', '12,209.81', '12,638.32', '12,479.63', '12,986.80', and smaller numbers like '12,638.32', '12,479.63', '12,986.80'.

# **CYPRUS TAX FACTS & FIGURES 2018**

## Table of Contents

<b>Personal Income Tax .....</b>	<b>4</b>
Personal Income Tax Rates .....	5
Special Tax Rates .....	5
Personal Income Tax Exemptions .....	6
Personal Income Tax Deductions.....	8
Personal Income Non – Deductible Expenses.....	9
Loans or other financial assistance provided to company directors or individual shareholders .....	10
Tax credit for foreign tax paid.....	10
Personal Income Tax – Losses.....	11
<b>Corporate Tax .....</b>	<b>12</b>
Corporate Tax Exemptions.....	13
Corporate Tax Deductions .....	14
Corporate Tax Non – Deductible Expenses.....	15
Annual Wear And Tear Allowances.....	16
Corporate Tax – Losses .....	18
Corporate Tax – Reorganisations.....	19
<b>Profits from Intellectual Property (IP Regime) .....</b>	<b>20</b>
The Cyprus IP tax regime .....	20
Tax benefits of Cypriot IP companies.....	20
Qualifying IP assets .....	20
Qualifying Profit .....	21
Assets which do not qualify for the transitional provisions for the IP Box regime. ....	22
Transitional arrangements for precedent IP Box regime .....	22
<b>Tonnage Tax System .....</b>	<b>23</b>
Tonnage Tax Rates .....	24
Tonnage Tax Exemptions .....	24
<b>Yacht Leasing Scheme .....</b>	<b>25</b>
Motor Yachts.....	26
Sailing Yachts.....	26
<b>Aircraft Leasing Scheme .....</b>	<b>28</b>
VAT Charge Percentage Calculation.....	29
<b>Double Tax Treaties of Cyprus .....</b>	<b>31</b>
Double Tax Treaties of Cyprus - Income received in Cyprus.....	31
Double Tax Treaties of Cyprus – Payment from Cyprus .....	33

<b>Special Contribution for Defence .....</b>	<b>34</b>
Dividends.....	34
Interest.....	34
Deemed Distribution.....	35
Reduction of Capital.....	35
Disposal of assets to shareholders at less than market value .....	35
Company dissolution.....	36
Allowance for foreign tax.....	36
<b>Social Insurance .....</b>	<b>37</b>
Social Insurance Contribution Rates .....	37
Other Employer's Contributions .....	37
<b>Immovable Property Tax .....</b>	<b>38</b>
<b>Transfer Fees for Immovable Property .....</b>	<b>38</b>
Exemptions from transfer fees .....	38
<b>Capital Tax Gains .....</b>	<b>39</b>
Capital Gains Tax Exemptions .....	39
Capital Gains Tax Rates .....	40
Please note: The Combination of the above exemptions cannot exceed .....	40
<b>Value Added Tax (V.A.T).....</b>	<b>41</b>
VAT Rates .....	42
Exemptions .....	43
Who is obligated to register to VAT? .....	43
Intrastat registration.....	44
Basic principles of VAT recovery .....	44
VIES registration.....	45
Special VAT Applications.....	46
<b>Tax Calendar .....</b>	<b>47</b>
Tax Calendar.....	47
Public Interest Rate.....	48
Administrative penalties .....	48
<b>Stamp Duty.....</b>	<b>49</b>
<b>Companies Registrar Rights and Fees.....</b>	<b>50</b>
<b>About Stephanou Audit.....</b>	<b>52</b>

# Personal Income Tax

## Imposition of Tax:

An individual, who is a tax resident in the Republic of Cyprus, is taxed on income accruing or arising from sources both within and outside the Republic, including:

- Income from any business
- Income from any office or employment
- Pensions and annuities
- Dividends and interests
- Rents and royalties

An individual who is not a tax resident in the Republic is taxed only on income accruing or arising from sources within the Republic, including:

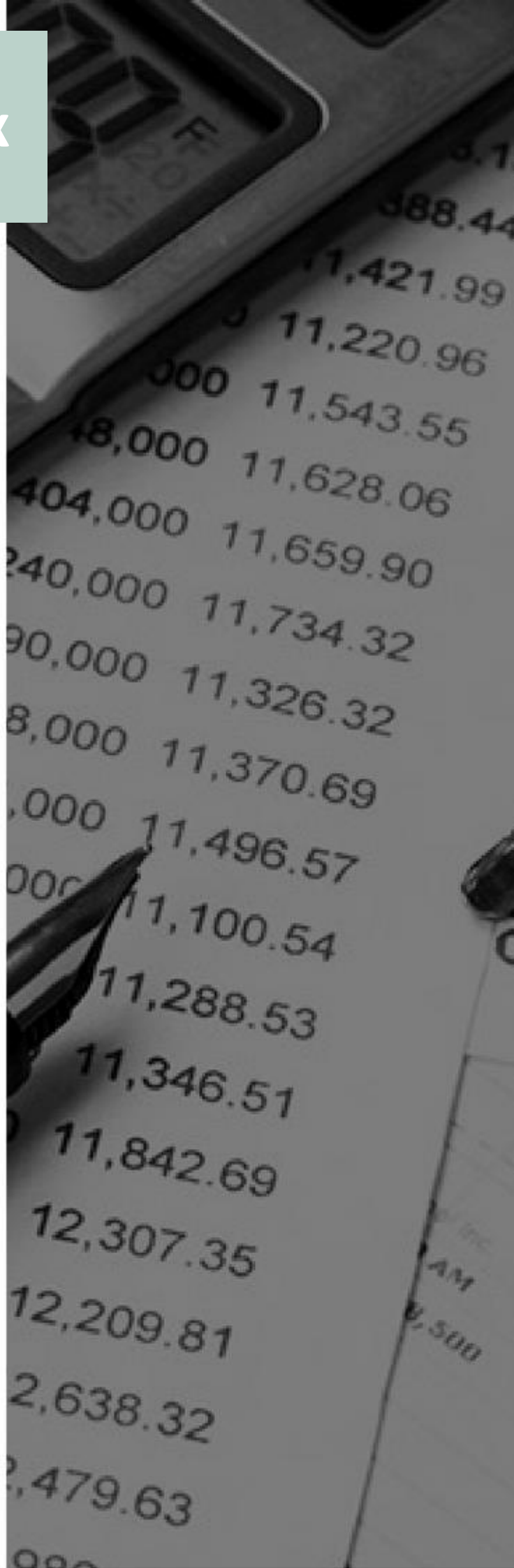
- Profits or other benefits from a permanent establishment situated in Cyprus
- Profits or other benefits from any office or employment exercised in Cyprus
- Pensions derived from past employment in Cyprus
- Rent from property in Cyprus
- The gross income derived by an individual from the exercise in Cyprus of any profession or vocation and the remuneration of public entertainers
- Director's fees and similar remuneration in their capacity as directors of companies considered to be tax resident companies of Cyprus

## Tax residency:

An individual spending more than 183 days is considered a tax resident of Cyprus.

Note that, according to the rule imposed from the 1<sup>st</sup> of January 2017, an individual could be considered as a Cyprus tax Resident if he spends less than or equal to 183 days in Cyprus provided that the individual satisfies all the following conditions within the same tax year: (1 January-31 December)

- Does not spend more than 183 days in any other country
- Is not a tax residence in any other country
- Spends at least 60 days in Cyprus
- Maintains a permanent home in Cyprus that is either owned or rented
- Carries on a Business in Cyprus, is employed in Cyprus or holds an office in a Cyprus tax resident person for that tax year (In the unlikely event that the employment/business or holding of an office is terminated during the year, then the individual would cease to be considered a Cyprus Tax resident for the tax year)



# Personal Income Tax

## Personal Income Tax Rates

Taxable Income	Tax Rate	Tax	Cumulative Tax
€	%	€	€
0-19,500	0	0	0
19,501-28,000	20	1,700	1,700
28,001-36,300	25	2,075	3,775
36,301-60,000	30	7,110	10,885
60,001 and over	35		

## Special Tax Rates

Details	Rate
Foreign Pensions of Individuals: <ul style="list-style-type: none"> <li>Up to €3,420</li> <li>Over €3,420 (Note 1)</li> </ul>	0% 5%
Cyprus source widow(er)'s pension on amounts over €19,500.00 (Note 1)	20%
The gross amount of any intellectual property rights, royalty, other exploitation rights, premium, compensation or other similar income, derived from sources within Cyprus by any non-resident person, is subject to withholding tax. (Note 2)	10%
The gross amount of any rental in respect of the showing of cinematograph films in Cyprus, derived by any non-resident person, is subject to withholding tax.	5%
The gross income derived by an individual non-resident in Cyprus, from the exercise of any profession or vocation and the remuneration of non-resident public entertainers (such as theatrical, musical including football clubs, other athletic missions etc).	10%
The gross income derived within the Republic by a non-resident person that has no permanent establishment in Cyprus in relation to services performed in the Republic with respect to the extraction, exploration or exploitation of the continental shelf, subsoil or natural resources, as well as the installation and exploitation of pipelines and other installations on the ground, the seabed or above the surface of the sea, is subject to withholding tax.	5%
The gross income derived from sources within the Republic, for technical assistance provided by any non-Cyprus resident person, is subject to withholding tax. Such income is exempt from withholding tax if the services are provided by a permanent establishment in Cyprus.	10%
Winnings in excess of €5.000 from games of OPAP and from the National Lottery	20%

**Note 1:** However, the taxpayer can elect, on an annual basis, to be taxed at the normal rates and bands set out above.

**Note 2:** If rights are used outside Cyprus then 0% is applicable.

# Personal Income Tax - Exemptions

## Personal Income Tax Exemptions

Percentage of Exemption	Exemption
100% exemption	<p><b><u>Dividends</u></b></p> <p>Dividends received by a Cypriot tax resident individual are exempt from income tax (whether received from a company located in Cyprus or abroad) and instead are taxable under special contribution for defence.</p>
100% exemption	<p><b><u>Profits on disposal of shares or securities (titles)</u></b></p> <p>The whole income is exempt from income tax</p>
100% exemption	<p><b><u>Passive Interest</u></b></p> <p>Passive interest received by a Cypriot tax resident individual (i.e. interest not accrued from the ordinary business activities or not closely connected to the ordinary business activities) is exempt from income tax and instead is taxable under special contribution for defence.</p>
100% exemption	<p><b><u>90 days rule</u></b></p> <p>Remuneration from salaried services rendered outside Cyprus for more than 90 days in a tax year of assessment to a non-Cypriot tax resident employer or to a foreign permanent establishment of a Cypriot resident employer is exempt from income tax in Cyprus</p>
100% exemption	<p><b><u>Foreign Exchange Gains</u></b></p> <p>Foreign exchange gains (realized and unrealized), unless they result from trading in currencies and/or currency derivatives.</p>
100% exemption	Lump sum payments on retirement or commutation of pension or a gratuity on death or injury - The whole income is exempt from income tax
100% exemption	Pensions and Special grants under special legislation
100% exemption	Lump sum repayment from life insurance scheme or from approved provident funds - The whole income is exempt from income tax
100% exemption	<p><b><u>Rent from preserved building</u></b></p> <p>The whole income is exempt from income tax</p>



100% exemption	Profits of a permanent establishment maintained outside the Republic of Cyprus (subject to certain conditions)
100% exemption	Gains arising from a loan restructuring
100% exemption	Income from a scholarship or similar educational endowment
100% exemption	Emoluments of foreign diplomatic and consular representatives who in accordance with the rules and principles of International Law enjoy diplomatic immunity on the basis of reciprocity
100% exemption	Emoluments from an institution's foreign officers exercising educational, cultural or scientific function
50% exemption	<p>Applies on remuneration exceeding € 100,000.00 per annum from any office or employment exercised in Cyprus by an individual who was tax resident outside Cyprus prior to the commencement of employment.</p> <p>This exemption applies for the first ten years of employment. The 50% exemption is not available to an individual whose employment commenced on or after 1 January 2015 if such an individual was:</p> <ul style="list-style-type: none"> <li>Tax resident of Cyprus for a period of three out of five years preceding the year of the employment</li> <li>Tax resident of Cyprus in the year proceeding the year of commencement of employment</li> </ul>
20% exemption	<p>20% exemption applies on remuneration from any office or employment exercised in Cyprus by an individual who was resident outside Cyprus before the commencement of his employment. This exemption applies for a period of five years commencing from 1 January following the year of commencement of employment (provided the employment started during or after 2012). This exemption applies for tax years up to 2020.</p> <p>In case the 50% exemption is claimed, the 20% exemption does not apply.</p>

# Personal Income Tax – Tax Deductions

## Personal Income Tax Deductions

All the expenses incurred wholly and exclusively for the production of income are deductible in calculating taxable income.

Deductible Expenses	Percentage of Tax Deductible Amount
Subscriptions to trade unions or professional bodies	100% deductible
Donations to approved charitable organizations <b><u>supported by receipts</u></b>	100% deductible
Expenditure for Scientific Research including Research & Development undertaken by an innovative business	100% deductible
Interest paid on a loan used to acquire the rented property	100% deductible
Contributions to social insurance, provident fund, pension fund, and medical fund. (max. 1.5% of remuneration)	100% deductible
Interest Relating to the acquisition of fixed assets used in the business	100% of the amount is deductible in calculating rental income
Expenditure for investment in an innovative small and medium sized business (subject to conditions)	100% of the amount (Restricted to 50% of taxable income as calculated before this deduction with a maximum deduction of € 150,000.00)
Profits from the exploitation and/or disposal of intellectual property rights	80% of the amount
Expenses for letting of buildings	20% of the rental income is deductible in calculating rental income
Life insurance premiums	Allows the lower between 7% of the capital sum insured and the actual amount of premium paid.
Wear and tear allowance	3% deductible on the cost of building Provided that the rented property is a building
Expenditure for the maintenance of buildings under preservation order	% of tax deductible tax depends on the size of the building

**The maximum deduction allowed for contributions to the social insurance, provided fund, medical fund and life insurance premiums is up to 1/6 of the total taxable income of the individual.**



# Personal Income Tax – Non – Deductible Expenses

## Personal Income Non – Deductible Expenses

The following expenses are not deductible in calculating taxable income:

Non-Deductible expenses	Non-Deductible Percentage of the Amount
Business entertainment expenses	Amount in excess of 1% of the gross income or € 17,086.00 – (whichever is lower)
Expenses not incurred wholly and exclusively for the production of income	100% of the amount
Private Motor Vehicle Expenses	100% of the amount
Interest Payable or Deemed to be payable in relation to the acquisition of a private motor vehicle, irrespective of whether it is used in the business or not, or other asset not used after 7 years from the date of purchase of the relevant (Note 3)	100% of the amount
Expenditure which is not supported by appropriate supporting documentation as required by the relevant Regulations	100% of the amount
Wages and salaries relating to services offered within the tax year on which social insurance and other contributions have not been paid in the year in which they were due. (Note 4)	100% of the amount
Cost of goods taken out of the business for private use	100% of the amount
Domestic or private expenses including the cost of travelling between the place of residence and the place of work	100% of the amount
Rent of premises owned and used by the person carrying on a business	100% of the amount
Rent or cost of repairs of premises not incurred for the production of income	100% of the amount
Expenditure for improvements, alterations or additions to immovable property	100% of the amount
Immovable Property Tax	100% of the amount
Professional Tax	100% of the amount

**Note 3:** Interest expense incurred for the acquisition of shares in a wholly owned (direct or indirect) subsidiary will be deductible for income tax purposes provided that this subsidiary does not own (directly or indirectly) any assets which are not used in the business. If this subsidiary does own (directly or indirectly) assets that are not used in the in the business, the interest expense that corresponds to the percentage of assets not used in the business will not be deductible. This applies to shares acquired from 1 January 2012.

**Note 4:** In case that the above contributions are paid within 2 years following the due date, such wages and salaries will be tax deductible in the tax year in which they are paid.

#### **Loans or other financial assistance provided to company directors or individual shareholders**

Any amount received as a loan or financial assistance by a company's director, or by a company's individual shareholder, or by his/her spouse, or by any relative up to second degree is considered as a monthly benefit equal to 9% per annum calculated on the amount received. **Such benefit is included in the individual's taxable income subject to income tax.** The amount of tax on the monthly benefit should be withheld from the individual's monthly salary and paid to the Tax Department on a monthly basis under the PAYE system.

#### **Tax credit for foreign tax paid**

Credited against any Cyprus income tax payable on such income, irrespective of the existence of a tax treaty is any foreign tax paid on income subject to income tax in Cyprus.

# Personal Income Tax – Losses

## **Tax Losses**

### ▪ **Losses Carried Forward**

Individuals who have an obligation to prepare audited financial statements (those with a turn over exceeding €70.000.00), have the option to carry forward tax losses incurred during a tax year over the next five years, to be offset against taxable income.

Where a person, including a partnership, converts his/her business into a limited liability company, any unutilized tax losses can be transformed to the new company.

### ▪ **Losses of a permanent establishment outside the Republic**

Tax losses arising from a permanent establishment maintained outside the Republic can be offset against taxable profits of the company arising in the Republic in the same year. However, any subsequent taxable profits from such a permanent establishment are taxable up to the amount of tax losses previously offset.

# Corporate Tax

The ease of setting up a company in combination with one of the lowest corporation tax rates in the EU, an extensive Double Tax Treaties network and the availability of special taxation regimes makes the operation of a business through a Cyprus company a very popular option.

## Corporate Tax Rate:

The corporation tax rate for all companies is 12,5%

## Tax residency:

1. All Cyprus tax resident companies are subject to Corporate Income Tax at 12,5% on their worldwide income. In addition to this, the legislation prescribes an extended number of deductions and allowances. A company is considered to be tax resident in Cyprus if it is managed and controlled from Cyprus.

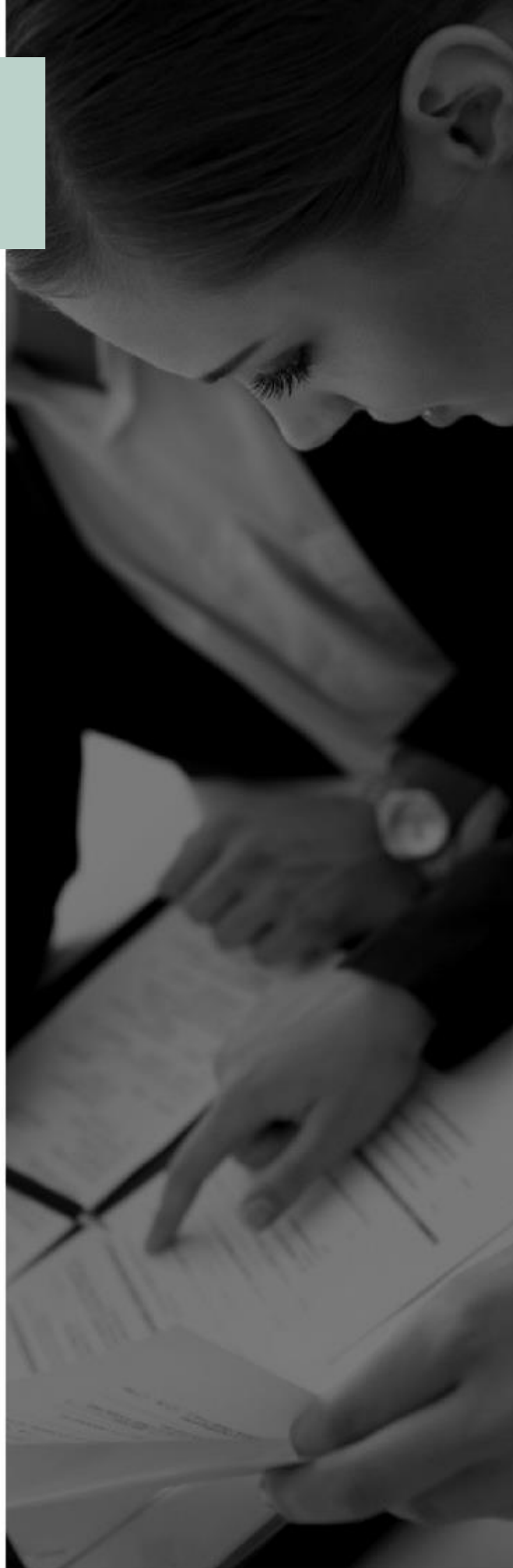
In the case of Insurance Companies, their profits are liable to corporation tax similar to all other companies except in the case where the corporation tax payable on taxable profit of life insurance business is less than 1,5% of the gross premium. In this case the difference is paid as additional corporation tax.

2. A non – Cyprus tax resident company is taxed on income accrued or derived from a business activity which is carried out through a permanent establishment in Cyprus and on certain income arising from sources in Cyprus.

The term “permanent establishment” describes a fixed place of business through which the business of an enterprise is wholly or partly carried on. The term “permanent establishment” includes, among others, a place of management, a branch, an office, a factory and/or a workshop.

## Credit for foreign taxes:

Any foreign taxes paid on income subject to corporation tax can be offset as a credit against the Cypriot corporation tax paid on such income. The tax credit cannot exceed the corporation tax due on the same income and any unrelieved foreign tax paid remains as a cost to the company.



# Corporate Tax - Exemptions

## Corporate Tax Exemptions

Percentage of Exemption	Exemption
100% exemption	<b><u>Dividend income</u></b> Dividend income is exempt from income tax as far as the dividends are not tax deductible by the paying company
100% exemption	<b><u>Profits on disposal of shares or securities (titles)</u></b> The whole income is exempt from income tax
100% exemption	<b><u>Interest Income</u></b> Interest not accrued from the ordinary business activities or not closely connected to the ordinary business activities
100% exemption	Profits of a permanent establishment maintained outside the Republic of Cyprus (subject to certain conditions)
100% exemption	Capital gains from the sale of IP assets.
100% exemption	Gains relating to foreign exchange differences (forex) other than FOREX gains arising from trade.
100% exemption	Rent from preserved building (under certain conditions)
100% exemption	Gains arising from a loan restructuring
100% exemption	Income of any local authority
100% exemption	Income of any co-operative society in respect of transactions between its members
100% exemption	Income of any company formed exclusively for the purpose of promoting art, science or sport
100% exemption	Income of any religious, charitable or educational institution of a public character

# Corporate Tax - Deductible Expenses

## Corporate Tax Deductions

Percentage of Deduction	Type of Expense
100% exemption	Interest expense incurred for the direct or indirect acquisition, after 1.1.2012, of the share capital of a subsidiary company when the participation in the subsidiary is 100%, directly or indirectly, and provided that the subsidiary does not own any assets that are not used in the business.
100% exemption	Interest incurred for the acquisition of a fixed asset used in the business
100% exemption	Expenditure on repair of premises, plant, machinery and means of transport
100% exemption	Expenditure for scientific research including research and development undertaken amount by an innovative business
100% exemption	Expenditure incurred wholly and exclusively for the production of income.
100% exemption	Employer's contributions to social insurance and approved funds on employees' salaries
100% exemption	Employer's contributions to: <ul style="list-style-type: none"> <li>▪ Medical fund – 1% on employee's remuneration</li> <li>▪ Provident / Pension Fund – 10% on employee's remuneration)</li> </ul>
100% of the amount	Donations to approved charitable organizations <b><u>supported by receipts</u></b>
100% of the amount	Bad debts on any business
Up to 80% of the taxable profit derived from assets financed by new equity	Notional interest deduction (NID) on new equity (fully paid share capital and share premium) introduced in the business on or after 1st January 2015.
80% of the net profit	Royalty income and other qualifying income derived from the exploitations and / or disposal of intellectual property rights (IP)
Lower of €17.086 or 1% of the gross income of the business	Business Entertainment expenses
Allocated over the lifetime of the IP (with a maximum of 20 years)	Amortization of any expenditure of a capital nature for the acquisition or development of intellectual property
Depend on the size of the building area	Expenditure for the maintenance of building under preservation order (under certain conditions)

# Corporate Tax – Non – Deductible Expenses

## Corporate Tax Non – Deductible Expenses

Non-Deductible expenses	Non-Deductible Percentage of the Amount
Expenses not incurred wholly and exclusively for the production of income	100% of the amount
Private Motor Vehicle Expenses	100% of the amount
Interest applicable to the cost of the acquisition of a private motor vehicle, irrespective of whether it is used in the business or not, in the business.	100% of the amount for 7 years from the date of acquisition of the asset
Interest applicable to the cost of the acquisition of an asset not used in the business	100% of the amount for 7 years from the date of acquisition of the asset
Business entertainment expenses	Amount in excess of 1% of the gross income or € 17,086.00 – (whichever is lower)
Expenditure which is not supported by appropriate supporting documentation as required by the relevant Regulations	100% of the amount
Wages and salaries relating to services offered within the tax year on which social insurance and other contributions have not been paid in the year in which they were due. (Note 4)	100% of the amount
Cost of goods taken out of the business for private use	100% of the amount
Interest expense incurred for the direct or indirect acquisition, after 1.1.2012, of the share capital of a subsidiary company when the participation in the subsidiary is 100%, directly or indirectly, provided that the subsidiary owns any assets that are not used in the business.	100% of percentage of assets not used in the business is not deductible
Domestic or private expenses including the cost of travelling between the place of residence and the place of work	100% of the amount
Rent or cost of repairs of premises not incurred for the production of income	100% of the amount
Expenditure for improvements, alterations or additions to immovable property	100% of the amount



## Corporate Tax – Annual Wear And Tear Allowances

### Annual Wear And Tear Allowances

Plant and machinery	Rate
Plant and Machinery	10%
Plant and Machinery used in Agricultural Business	15%
Furnitures and Fittings	10%
Waterdrillings	10%
Industrial Carpets	10%

Buildings	Rate
Commercial Buildings	3%
Industrial, agricultural and hotel buildings	4%
Flats	3%
Wooden Frame Greenhouses	33.3%
Metallic Frame Greenhouses	10%

Vehicles and Means of Transportation	Rate
Motor Vehicles of all types except for private saloon cars	20%
Excavators, fork lifts, tractors, loading vehicles, bulldozers and oil barrels	25%
Armored Cars (used for businesses which provide security services)	20%
New Airplanes	8%
New Helicopters	8%
Sailing vessels	4.5%
Motor Yachts	6%
Steamships, tugs and fishing boats	6%
Shipmotor launching machinery	12.5%
New commercial ships	8%
New passenger ships	6%
Specialized Machinery for the rail roading (e.g. Ballast wagons, Container wagons, Container sleeper wagons and Locomotive Engines)	20%
Used commercial and passenger ships	Over their useful lifes

Other Fixed Assets	Rate
Wind Power Generators	10%
Photovoltaic Systems	10%
Tools in general	33.3%
Televisions and Videos	10%
Computer hardware and operating software	20%
Application software up to €1.709	100%
Application software above €1.709	33.3%
Videotapes property of video clubs	50%

# Corporate Tax – Losses

## **Losses Carried Forward**

Companies have the option to carry forward tax losses incurred during a tax year over the next five years, to be offset against the profits of the next five years. Under the provisions of the Law the carry back of losses is not allowed.

## **Group Relief**

The current year tax loss of one Cyprus Tax Resident Group Company can be set off against the profit of another group company provided that they are both Cyprus Tax Residents.

As from 1 January 2015, a Group Company which is tax resident in another EU country may also surrender current year tax losses to a Cyprus tax resident company, provided such company firstly exhausts all possibilities available to utilise its tax losses in its country of residence or in the country of any intermediary EU holding company.

**Group relief is available if both companies are members of the same group for the entire tax year. Where a company has been incorporated by its parent company during the tax year, this company will be deemed to be a member of this group for group relief purposes for that tax year.**

### **Two companies are considered to be part of a group for group relief purposes if:**

- One Company is holding directly or indirectly at least 75% of the voting shares of another Company
- Both of the companies are at least 75% (voting shares) held, directly or indirectly, by a third company

As from 1 January 2015, the interposition of a non – Cyprus Tax Resident Company will not affect the eligibility for group relief as long as such company is tax resident of either an EU country or in a country with which Cyprus has wither a double tax treaty or an exchange of information treaty (bilateral or multilateral).

Where a person, including a partnership, converts his/her business into a limited liability company, any unutilized tax losses can be transformed to the new company.

## **Losses of a permanent establishment outside the Republic**

Tax losses arising from a permanent establishment maintained outside the Republic can be offset against taxable profits of the company arising in the Republic in the same year. However, any subsequent taxable profits from such a permanent establishment are taxable up to the amount of tax losses previously offset.

## **Tax credit for foreign tax paid**

Credited against any Cyprus income tax payable on such income, irrespective of the existence of a tax treaty is any foreign tax paid on income subject to income tax in Cyprus.

# Corporate Tax – Reorganisations

Transfers of assets and liabilities between companies can under conditions be effected without tax consequences within the framework of a reorganisation and tax losses can be carried forward by the receiving entity.

## **The types of Reorganisations include:**

- Mergers
- Divisions / Demerges
- Partial Divisions
- Transfer of Assets
- Exchange of Shares
- Transfer of the registered office of a European Company / Societas Europaea (SE) or a European Cooperative Company / Societas cooperativa Europaea (SCE).

## **Provisions for reorganizations**

In order for a Reorganization to qualify as tax-free, the Commissioner must judge that such reorganization has real commercial or financial purpose.

The Tax Commissioner may not exempt from tax, any profits arising from a reorganization, when the main purpose or one of the main purposes of such a reorganization is the reduction, avoidance or postponement of payment of taxes due.

The Commissioner may also request supporting evidence, if in his consideration it is necessary in order to establish the purpose of the reorganization. In any case though, the Commissioner's decision not to grant the relevant tax exemptions due to reorganization should be fully justified.

A decision, by the Commissioner, not to grant the relevant tax exemptions due to reorganization can always be objected in accordance with the relevant provisions of the Assessment and Collection of Taxes Law.

## **In case the Commissioner decides to approve the tax exemptions as a result of the Reorganization, he may still enforce conditions in relation to:**

- The number of shares which will be issued as a result of the re-organization and
- The period for which the issued shares must be held by the recipient, which cannot exceed 3 years. Please note that any shares listed in an approved stock exchange and any shares transferred due to hereditary succession are exempt from the holding period limitation.

In case the conditions set by the Commissioner are not satisfied, then the reorganization would not qualify under the tax-free reorganization provisions of the Law and any tax initially not due would be considered as payable.

# Profits from Intellectual Property (IP Regime)

## The Cyprus IP tax regime

Intellectual Property (IP) can be one of the most valuable assets of an organization. Choosing the ideal location for establishing an IP structure is a very important strategic business decision. By choosing the ideal location, an IP holder ensures the protection of the IP and takes advantage of the tax incentives offered by the chosen jurisdiction.

Income Tax Law provides for a very attractive intellectual property (IP) rights box regime making Cyprus the one of the most beneficial EU jurisdictions for setting up an IP company.

## Tax benefits of Cypriot IP companies

Cyprus IP Regime provides for an Effective Tax Rate of 2.5% or less. In addition to this, the provisions of IP Regime provide exemptions from tax of income related to IP. More specifically:

- 80% of worldwide royalty income generated from IP owned by Cypriot resident companies, after deducting qualifying direct expenses, is exempt from income tax
- 80% of profit generated from the disposal of IP owned by Cypriot resident companies, after deducting qualifying direct expenses, is exempt from income tax
- Any expenditure of a capital nature for the acquisition or development of IP is claimed as a tax deduction in the year in which it was incurred and the immediate four following years on a straight-line amortization.
- All the above exemptions are also available for IPs acquired or developed before January 2012

## Qualifying IP assets

Cyprus IP tax regime covers a wide range of intangibles including:

- Copyrights, which may take any of the following forms: literary works, dramatic works, musical works, scientific works, artistic works, sound recordings, films, broadcasts, published editions, databases, publications and computer software
- Patents, as defined in the Patents Law
- Utility models, intellectual property assets which provide protection to plants and genetic material, orphan drug designations and extensions of protections for patents
- Non-obvious, useful and novel, intangible assets. It is required that the IP is utilized for the furtherance of business and does not generate annual gross revenues exceeding €7.500.000, or, €50.000.000 in case of a group of companies.

Business names (including brands), trademarks, image rights and other intellectual property rights used to market products and services are not considered as qualifying intangible assets.

**Registrable Intellectual Properties (IPs) need not be registered in Cyprus to benefit from IP regime.**

## Qualifying Profit

The provisions of the regime link the benefits of the regime with R&D expenditure incurred by the taxpayer. As per the new IP box regime, qualifying taxpayers will be eligible to claim a tax deduction equaling 80% of qualifying profits resulting from the business use of the qualifying assets. Every year the taxpayer may elect not to claim the whole or part of this allowance. In the case of a resulting loss, only 20% of the loss can be surrendered to other group companies or be carried forward to subsequent years.

Qualifying profit is defined as the proportion of the overall income derived from the qualifying asset, corresponding to the fraction of the qualifying expenditure plus the uplift expenditure over the overall expenditure incurred for the qualifying intangible asset.

**The qualifying profits shall be calculated by using the following ratio:**

$$\text{Qualifying Profit} = \frac{\text{Overall IP income} \times (\text{Qualifying expenditure} + \text{Uplift expenditure})}{\text{Overall expenditure}}$$

<b>Overall Income</b>	Overall income is defined as the gross income earned from qualifying intangible assets during the tax year, minus any direct costs incurred for generating the income.
<b>Qualifying Expenditure</b>	Qualifying expenditure for qualifying intangible assets is defined as the sum of all R&D costs incurred during any given tax year wholly and exclusively for the development, improvement or creation of qualifying intangible assets, and which costs are directly related to such assets. It should be noted that any R&D expenditure being outsourced to related parties will not be treated as a “qualifying expenditure” for the purposes of the IP box regime.
<b>Uplift Expenditure</b>	An uplift expenditure is added to the qualifying expenditure, which will be equal to the lower of: <ul style="list-style-type: none"><li>▪ 30% of the qualifying expenditure and</li><li>▪ The total cost of acquisition of the qualifying intangible assets, plus the cost of outsourcing to related parties of any R&amp;D activities in relation to such assets.</li></ul>
<b>Overall Expenditure</b>	Overall expenditure relating to qualified intangible assets is defined as the sum of: <ul style="list-style-type: none"><li>▪ The qualifying expenditure and</li><li>▪ The total cost of acquisition of the qualifying assets, plus the cost of outsourcing to related parties of any R&amp;D activities in relation to these assets, incurred during any tax year.</li></ul>

### **Assets which do not qualify for the transitional provisions for the IP Box regime.**

The cost of acquiring an intangible assets which does not qualify for the transitional provisions and which asset is used in furtherance of the business of the person can be amortized over the period of the useful life of the asset in accordance with accepted accounting principles with the maximum period being 20 years. In the case of sale of this intangible then a balancing statement must be prepared, the same way that such statement is calculated for fixed assets. Goodwill does not qualify for amortization.

### **Transitional arrangements for precedent IP Box regime**

In an effort to fully align the IP regime with the parameters of the relevant OECD recommendations of the BEPS Action 5, on 14th October 2016 amendments to the precedent Cyprus Intellectual Property (IP) regime have been adopted and apply retrospectively as from 1st July 2016.

The old IP box regime has been “grandfathered” for a five-year transitional period starting on 1 July 2016 and expiring on 30 June 2021, provided certain conditions are satisfied. The “grandfathered” IP assets will continue obtaining the full tax benefits of the existing IP box regime until 30 June 2021 without the need to apply the abovementioned ratio.

Under the old IP box regime, a deemed deduction of 80% applied to net income and gains derived from patents, copyrights and trademarks as defined in the relevant Cypriot legislation. The cost of the acquisition or development of intangible assets of a capital nature is amortized equally over a five-year period.



# Tonnage Tax System

Cyprus is a renowned International Shipping Centre and home to some of the world's leading names in the global shipping industry, such as the Italian MSC Mediterranean Shipping Company, the German-owned Bernhard Schulte Shipmanagement and the Russian Unicom Management Services.

The maritime sector has historically been one of Cyprus' most successful industries. Capitalizing on its strategic location at the crossroads of busy sea trade routes and offering attractive legislative and operational shipping infrastructure, a solid and efficient tax framework and an excellent communications network, Cyprus has successfully built a diversified and robust maritime industry that accounts for over 7% of the country's GDP (including auxiliary services).

- Largest third party Ship Management Centre within the EU
- 2nd largest Ship Management Centre globally
- 3rd largest merchant fleet in the EU
- 10th largest merchant fleet in the world

Cyprus maintains a wide range of competitive advantages through a high quality maritime cluster, offering efficient and quality services, including:

- The latest EU-approved Tonnage Tax System (TTS) with no direct link to corporate tax
- Competitive ship registration costs and fees
- No crew/officer nationality restrictions
- 28 Merchant Shipping Bilateral Agreements
- Signatory to all international maritime conventions on safety, security and pollution prevention
- Full protection for financiers and mortgagees
- White List of Paris and Tokyo MoUs

Cyprus has an EU-approved "Open Registry" regime, one of the only two 'Open Registries' in the EU, with a very wide and legally endorsed Tonnage Tax System (TTS), which was introduced with the Merchant Shipping Law in 2010 and covers the three main "maritime transport" activities, namely ship-owning, ship-management (crew and technical management) and chartering.

The simplified Cyprus Tonnage Tax System represents a compelling competitive advantage and contributes significantly to the already strong position of the country in the global shipping world.



# Tonnage Tax System

## Tonnage Tax Rates

Tonnage tax is charged on a sliding scale according to net tonnage. The initial rates charged to owners and charterers are outlined below:

Units of net tonnage	Rate per 100 units of the net tonnage	
	Ship owners/ charterers	Ship managers
0 - 1.000	€36,50	€9,13
1.001-10.000	€31,03	€7,76
10.001-25.000	€20,08	€5,02
25.001-40.000	€12,78	€3,20
In excess of 40.000	€7,30	€1,83

## Tonnage Tax Exemptions

Under the Tonnage Tax System the **Qualifying Ship Owners** are exempt from Income Tax on:

- Profits derived from the use/chartering out of the ships
- Interest income relating to the working capital of the company
- Profits from the disposal of qualifying ships
- Dividends received from the above profits at all distribution levels
- Profit from the disposal of ship owning companies and the distribution of this profit

The exemption also applies to the bare boat charterer of a vessel flying the Cyprus flag under parallel registration.

Under the Tonnage Tax System the **Qualifying Charterers** are exempt from Income Tax on:

- Profits derived from the operation of chartered in ships
- Interest income relating to the working capital of the company
- Dividends received from the above profits at all distribution levels

The law grants the exemption provided that the option to register for Tonnage Tax is exercised for all vessels and provided that the total net tonnage of the ships chartered-in and included in the TTS does not exceed 75%

Under the Tonnage Tax System the **Qualifying Ship managers** are exempt from Income Tax on:

- Profits from technical and/or crew management
- Dividends paid out of these profits at all levels of distribution
- Interest income relating to the working capital of the company

# Yacht Leasing Scheme

Since March 2012, after the Cyprus tax Authorities published guidelines clarifying the VAT treatment of the Yacht Leasing Schemes, Cyprus has been running a private yacht regime. In 2015, the Cyprus tax regime Authorities issued new guidelines, making Cyprus' yacht scheme being described as one of the most attractive VAT yacht regimes in Europe, with lowest tax 3.05%.

The Scheme's main aim is to relieve the VAT burden in the purchase of yachts, used mainly for private purposes.

## What do we mean by "Yacht leasing agreement"?

The agreement refers to the lessor (the owner of the Yacht), who enters into a contract with the lessee (the person who leases the yacht) for using the yacht for a consideration. The agreement could also give the opportunity to the lessee to purchase the yacht at a percentage of the price of the yacht.

## Essential pre-requirements for the Regime to operate:

- The lessor's place of origin has to be a company registered under the Republic's Companies Law.
- The lessee has to be a legal or natural person regardless of the place of establishment or residence.
- **The yacht use within the EU territorial waters** is difficult to be calculated. To resolve the problem, the percentage of time that the yacht spends in the EU waters has been predetermined.

## A six step procedure is required for the approval of the VAT scheme:

- Prior Approval from Cyprus VAT Commissioner; together with the submission of relevant details of the craft, the applicant must submit an inter alia certificate and survey of the vessel, bill of sale and such other documentary evidence.
- Register Cypriot Company (CypCo); the company must have as its main trading objective the power to operate, charter and manage yachts.
- Cypriot Company applies for VAT
- Cypriot Company enters into lease agreement
- Submission of the lease agreement and supporting documentation to VAT Department
- VAT Department issues letter of approval



# Yacht Leasing Scheme

The percentages are determined according to the type and length of the yacht. The Cyprus Yacht Leasing Scheme will charge regarding the size of the vessel versus percentage of time spent in EU territorial waters:

## Motor Yachts

Length	% of deemed time yacht spent in EU waters	Effective % rate of VAT
Greater than 65 meters	10%	3.05%
45.01 to 65 meters	15%	4.02%
24.01 to 45 meters	20%	5.00%
14.01 to 24 meters	30%	6.94%
8.01 to 14 meters	50%	10.84%
8 meters	60%	12.79%

## Sailing Yachts

Length	% of deemed time yacht spent in EU waters	Effective % rate of VAT
Greater than 65 meters	10%	3.05%
45.01 to 65 meters	15%	4.02%
24.01 to 45 meters	20%	5.00%
20.01 to 24 meters	30%	6.94%
10.01 to 20 meters	50%	10.84%
Up to 10 meters	60%	12.79%

## Specific Conditions required for the Yacht Leasing Scheme to apply:

- A lease agreement must exist between a Cyprus company and any legal or natural person, irrespective of origin.
- The Yacht must sail to the Republic within one month from the date of signing of the lease agreement. Any time extension with regards to the one month period may be given only by the Tax Commissioner.
- The initial contribution from the lessee to the lessor must be at least 40% of the yacht's value.
- The Lease Payments must be payable on a monthly basis. The term of a lease agreement cannot exceed the period of 48 months.

- The lessor is expected to take attain a profit margin from the lease agreement of no less than 5% of the total value of the Yacht. In the year the lease agreement commences the total amount of lease payments on which VAT is calculated is increased by half of the calculated profit.
- The lessee may purchase the yacht at the end of the lease period and the final installment which results to the transfer of the ownership of the yacht to the lessee cannot be less than 2.5% of the yacht's value and is subject to the standard VAT rate 19%
- An advanced written approval of the Commissioner is needed for approving the value of the yacht and the applicable amounts on which VAT will be levied according the extent of its use within EU waters. The application must be accompanied with a certified certificate proving that the value of the yacht as well as the leasing agreement which is entered between the parties.
- The Commissioner may reject any application or request additional information by the lessor regarding the use of the yacht.



# Aircraft Leasing Scheme

The new guidelines issued by the Cypriot VAT authorities with regards to the registration of private aircrafts, make Cyprus the most attractive jurisdiction in the European Union (EU) in this area, reducing the effective VAT rate for private aircraft registration to as low as 4,37% through the use of the “Private Aircraft Leading Scheme”.

The scheme involves a lease of the aircraft with an option to purchase it at an agreed price, and is similar to the existing scheme for yachts. The special regime applies to a private aircraft owned by a Cyprus VAT registered company which are leased to any physical or legal person established or permanently resident or ordinarily resident within the Republic of Cyprus and which is not engaged in any business activity.

For the purpose of this scheme, a Private Aircraft Leasing Agreement is an agreement under which the lessor, being the owner of the private aircraft, for a certain consideration, contracts the use of the aircraft (leases the aircraft) to the lessee.

For Cypriot VAT purposes the lease of a private aircraft is subject to the standard VAT Rate (19%) to the extent that the leased aircraft is used within the air space of the European Union (EU).

However, further to the Private Aircraft Leasing Scheme, there is no longer need to keep records (log books) as to the time the aircraft is used within the EU. Instead, the relevant percentage will be calculated based on the aircraft size and type (piston, turbo or jet aircraft).



# Aircraft Leasing Scheme

The purpose of this scheme is to determine the percentage of time a private aircraft spends within the air space of the European Union (EU), bases on the aircraft size and type, and apply VAT according to this percentage.

## VAT Charge Percentage Calculation

Maximum take-off weight (Kg)	Deemed percentage of use within EU	VAT charge percentage
<b>Piston-engine aircraft</b>		
Large: over 15,001	40	7.6
Medium: between 5,000-5,701	60	11.4
Small: between 3,001-5,700	80	15.2
Light: under 3,000	100	19
<b>Turboprop aircraft</b>		
Large: over 15,001	25	4.75
Medium: between 5,701-15,000	35	6.65
Small: between 3,001-5,700	45	8.55
Light: under 3,000	55	10.45
<b>Jet aircraft</b>		
Large: over 15,001	20	3.8
Medium: between 5,701-15,000	30	5.7
Small: between 3,001-5,700	40	7.6
Light: under 3,000	50	9.5

In order for the above percentages to apply a prior written approval from the VAT Commissioner is required. Thus, an application must be filed to the VAT Authorities accompanied by the lease agreement and documentation supporting the purchase price/ value of the aircraft.

## The lease agreement must satisfy the following requirements:

- A lease agreement must exist between a Cyprus VAT registered company and any physical or legal person established or permanently resident or ordinary resident within the Republic of Cyprus and which is not engaged in any business activity.
- The private aircraft must fly to Cyprus within 2 months from the commencement of the lease agreement.
- Lease payments are required to be monthly and the lease period cannot be less than 3 months (91 days) or exceed the period of 60 months.
- The initial contribution from the lessee to the lessor must be at least 40% of the aircraft's value payable at the inception of the lease agreement.
- The lessor is expected to make a total profit from the lease agreement of at least 5% of the aircraft's original value. In the year the lease agreement commences the total amount of lease payment on which VAT is calculated is increased by half of the calculate profit, i.e. by 2,5%.
- The lessee may purchase the aircraft at the end of the lease period and the final installment which results to the transfer of the ownership of the aircraft to the lessee cannot be less than 2.5% of the aircrafts value and is subject to the standard VAT rate (19%).



**With the filling of an application the following information/documentation in relation to the aircraft must also be provide:**

- Noise Certificate
- Type Certificate (Manufacturer)
- Certificate of Airworthiness
- Airworthiness Review Certificate

The private aircraft can be registered under any Aircraft register in the world and not necessarily under the Cyprus Aircraft Register.

Irrespective of the above tables determining the use of the aircraft within the air space of EU, if any private aircraft is used exclusively and solely within the air space of the Republic of Cyprus, its lease its considered to be a taxable transaction and it is taxed at the standard rate applicable in the Republic and is calculated on the total value of the lease. The profit of the leasing company is subject to corporate income tax at 12.5%.

#### **Certificate of VAT Payment**

If the lessee opts to purchase the aircraft at the end of the lease period, a certificate will be issued by the VAT authorities confirming full VAT Payment given that the total of the VAT due has been paid.

#### **Certificate T2L**

When the owner of the aircraft pays VAT on the commencement of the lease (40% on the value of the aircraft), the lessor can import the aircraft into Cyprus and the Director of the Department Cyprus Customs and Excise Office will issue a T2L Certificate. In the case where the owner- lessee does not pay any VAT on the monthly lease installments, the Cyprus Tax Authorities will charge VAT on the total value of the lease installments.

# Double Tax Treaties of Cyprus

## Double Tax Treaties of Cyprus - Income received in Cyprus

Cyprus differs from most other offshore jurisdictions, in that it offers a big number of double tax treaties, for the avoidance of double taxation. In general most of the conventions provide reduced rates of withholding taxes on dividends, interest and royalties paid out of the contracting state, or the avoidance of double taxation in the case where a resident in one of the contracting states derives income from the other contracting state.

Cyprus has concluded an impressive number of Double Tax Treaties, something which tax havens lack in almost all cases.

The following table lists the maximum withholding tax rates that may be deducted from income received by a Cyprus tax resident from a resident of a country that has signed a tax treaty with Cyprus:

	Received in Cyprus		
	Dividends	Interest	Royalties
	%	%	%
Armenia	0 / 5	5	5
Austria	10	0	0
Bahrain	0	0	0
Belarus	5 / 10 / 15	5	5
Belgium	10 / 15	10	0
Bulgaria	5 / 10	0 / 7	10
Canada	15	0 / 15	0 / 10
China	10	10	10
Czech Republic	0 / 5	0	10
Denmark	0 / 15	0	0
Egypt	15	15	10
Estonia	0	0	0
Finland	5 / 15	0	0
France	10 / 15	0 / 10	0 / 5
Georgia	0	0	0
Germany	5 / 15	0	0
Greece	25	10	0 / 5
Guernsey	0	0	0
Hungary	5 / 15	0 / 10	0
Iceland	5 / 10	0	5
India	10 / 15	0 / 10	15
Ireland	0	0	0 / 5

Italy	15	10	0
Kuwait	0	0	5
Latvia	0 / 10	0 / 10	0 / 5
Lebanon	5	5	0
Lithuania	0 / 5	0	5
Malta	0	0 / 10	10
Mauritius	0	0	0
Moldova	5 / 10	5	5
Norway	0 / 15	0	0
Poland	0 / 5	5	5
Portugal	10	10	10
Qatar	0	0	5
Romania	10	0 / 10	0 / 5
Russia	5 / 10	0	0
San Marino	0	0	0
Seychelles	0	0	5
Singapore	0	0 / 7 / 10	10
Slovak Republic	10	0 / 10	0 / 5
Slovenia	5	5	5
South Africa	5 / 10	0	0
Soviet Union	0	0	0
Spain	0 / 5	0	0
Sweden	5 / 15	0 / 10	0
Switzerland	0 / 15	0	0
Syria	0 / 15	0 / 10	10 / 15
Thailand	10	10 / 15	5 / 10 / 15
Ukraine	5 / 15	2	5 / 10
United Arab Emirates	0	0	0
United Kingdom	0 / 15	10	0 / 5
United States of America	5 / 15	0 / 10	0
Yugoslavia	10	10	10

## **Double Tax Treaties of Cyprus – Payment from Cyprus**

The following table lists the maximum withholding tax rates that may be deducted from income received by a Cyprus tax resident from a resident of a country that has signed a tax treaty with Cyprus:

Paid from Cyprus			
Country	Royalties	Country	Royalties
	%		%
Armenia	5	Malta	10
Austria	0	Mauritius	0
Bahrain	0	Moldova	5
Belarus	5	Norway	0
Belgium	0	Poland	5
Bulgaria	5/10	Portugal	5/10
Canada	0/5/10	Qatar	5
China	10	Romania	0/5
Czech Republic	10	Russia	0
Denmark	0	San Marino	0
Egypt	5/10	Seychelles	5
Estonia	0	Singapore	5/10
Finland	0	Slovak Republic	0/5
France	0/5	Slovenia	5
Georgia	0	South Africa	0
Germany	0	Soviet Union	0
Greece	0/5	Spain	0
Guernsey	0	Sweden	0
Hungary	0	Switzerland	0
Iceland	5	Syria	10/15
India	5/10	Thailand	5/10
Ireland	0/5	Ukraine	5/10
Italy	0	United Arab Emirates	0
Kuwait	5	United Kingdom	0/5
Latvia	0/5	United States of America	0
Lebanon	0	Yugoslavia	10
Lithuania	5	Countries without agreement	0/5/10

# Special Contribution for Defence

## Another Tax is that of Special Contribution for Defense (SDC).

SDC is imposed on Dividends Income, "Passive" Interest Income and Rental income earned by companies which are tax residents in Cyprus and individuals who are both (a) tax residents in Cyprus and (b) domiciled in Cyprus.

Special contribution for defence is imposed on the following sources of income at the rates indicated below:

Source	Rates
Dividends	17%
Interest Income	30%
Interest Received by an individual from Government Savings Certificates and Government Bonds	3%
Interest earned by an approved provident fund	3%
Interest earned by the Social Insurance Fund	3%
Rental Income (less than 25%)	3%

## Dividends

### Exemptions:

- Dividends received directly or indirectly from dividends on which defence contribution has already been paid
- Dividends received by a company resident in the Republic by another company which is also considered as a resident in the Republic, excluding dividends paid indirectly after the lapse of 4 years from the end of the year in which the profits which were distributed as dividends were generated.
- Dividends received by a company which might be a resident of the Republic of Cyprus, or a company not resident in the Republic of Cyprus and maintains a permanent establishment in the Republic from a company which is not resident in the Republic.

### Note that the exemption is not applicable when:

- A great portion of that of 50% of the activities of the non-resident dividend paying company lead to investment income;
- The foreign tax burden on the income of the dividend paying company is lower than the tax burden of the Cyprus tax resident company or the non-resident company which has a permanent establishment in the Republic.

## Interest

Interest earned by the company as a result of its ordinary business activities, as well as interest earned by a collective investment scheme, they are not considered interest for special defense contribution purposes and is exempt from special defense contribution.

Additionally, an individual whose total annual income of which interest is included does not exceed €12000, where the interest was subject to defence contribution, has the right to refund the amount of defence contribution suffered in excess of 3%.

### **Deemed Distribution**

As from 2003 the resident Cyprus companies are deemed to have distribute, in the form of dividends, 70% of their accounting profits after deducting the Cyprus corporation tax (Cyprus corporation tax means income tax, capital gains tax, special defence contribution and foreign taxes), from the end of the second year of the year when the profits have been related and accounted for 17% (apply from 1/1/2014) special defense contribution (3% in Collective Investment Scheme). The deemed distribution is reduced by any actual dividends distributed.

Deemed Dividend distribution does not apply with respect to profits for the years 2012, 2013 and 2014 to the extent that the company acquires pant, machinery and buildings. For the purpose of deem dividend distributions, it is not allowed any cost of acquisition of property, plant and equipment after 1/1/2015

When an act dividend was paid after the deemed distribution, then special defence contribution was imposed on the dividend previously deemed which had been distributed.

In calculating the amount of deemed distribution, the term “profits”, refers to the accounting profits raised through the use of acceptable accounting methods, after the deduction of any transfers to reserves as specified by any law.

The losses brought forward, including any additional depreciation from revaluations of movable or immovable property are ignored.

### **Reduction of Capital**

In the case of a reduction of capital, amounts paid or due to shareholders exceeding the paid up share capital will be considered as dividends distributed and will be subject to special defence contribution at the rate of 17% (20% for 2013) after deducting any amount which have been deemed as distributable profits.

### **Disposal of assets to shareholders at less than market value**

When a Cyprus Company disposes an asset to an individual shareholder or a relative of his spouse, at a price less than its market value, the difference between the consideration and the market value will be deemed to have been distributed to the shareholder. The provision doesn't apply for assets gifted by an individual shareholder or a relative of his up to second degree or his spouse.

### **Company dissolution**

The cumulative profits of the last five years prior to the company's dissolution, which have not been distributed or deemed to have been distributed, will be considered as distributed on dissolution and will be subject to special contribution for defence at the rate of 17% (20% for 2013)(3% for Collective Investment Schemes). This provision does not apply in the case of dissolution under Reorganization.

### **Allowance for foreign tax**

If a foreign tax paid on income, was subject to special contribution, that amount could be given as a credit for the special contribution payable on the income, irrespective of the existence of a double tax treaty with the foreign country.



## Social Insurance

Social insurance and other contributions are calculated on the employee's gross weekly/monthly emoluments at the following rates:

<u>Social Insurance Contribution Rates</u>	
Employer Contributions	7.8%
Employee Contributions	7.8%
Self – Employed Contributions	14.6%

<u>Other Employer's Contributions</u>	
Social Cohesion Fund (Note 6)	2.0%
Redundancy Fund (Note 5)	1.2%
Human Resource Development Fund (Note 5)	0.5%
Holiday Fund (Note 5)	8.0%

**Note 5:** The above rates are applied to a maximum level of emoluments. The maximum level of annual emoluments for 2017 (as with 2016 and 2015) is €54.396 (weekly €1.046 / monthly €4.533).

**Note 6:** The contributions of self-employed persons are 14,6% of their income. The amount of the contributions is subject to a lower and a maximum limit, depending on the profession or trade of the Self - Employed Person. These limits are set on an annual basis.

# Immovable Property Tax

Immovable property tax has been abolished as from 1st January 2017.

## Transfer Fees for Immovable Property

At the time of transfer of a title of land and buildings, land registration fees are payable by the transferee to the Department of Land and Surveys.

The fees are calculated on the market value of the property or lease / sublease at the following rates:

Value €	Tax Rate %	Transfer Fees €	Cumulative €
Up to 85.000	3	2.550	2.550
85.001 – 170.000	5	4.250	6.800
Over 170.000	8		

**Please Note:** In the case where the immovable property transferred is subject to VAT, no transfer fees are paid. In the event where the transfer is not subject to VAT, land transfer fees are reduced by 50%.

**In case of free transfers of properties between the following parties, the transfer fees are calculated as follows:**

Parties	Tax Rate
From parents to children	0%
Between spouses	0.1%
Between third degree relatives	0.1%

### Exemptions from transfer fees

#### The following transfers are exempt from transfer fees:

- In the case where the immovable property transferred is subject to VAT, no transfer fees are paid.
- In the case of bankruptcy, liquidation, disposal of mortgaged immovable property by the lender
- Under a Qualifying Reorganization
- Under a Qualifying Loan Restructuring

# Capital Tax Gains

**Capital Gains Tax (CGT) is imposed at the rate of 20% on profits from the disposal of:**

- Immovable property situated in Cyprus including gains from the disposal of shares in companies which directly own such immovable property.
- Shares of companies not listed on a recognized stock exchange and whose property consists of, inter alia, immovable property in Cyprus
- Shares of companies which either directly or indirectly own immovable property located in Cyprus and at least 50% of the market value of the said shares is derived from such immovable property

In the case of share disposals only that part of the gain relating to the immovable property situated in Cyprus is subject to CGT.

**In order to compute the capital gain, the following are deducted from the sale proceeds:**

- The value of the immovable property as at 1 January 1980 (or cost if the date of the acquisition was later)
- The cost of any additions after the acquisition date
- Any expenditure incurred for the production of the gain
- The indexation allowance

**The following expenses though, are not considered expenses wholly and exclusive for the production of gain and therefore are not deductible:**

- Immovable Property Tax
- Immovable Property Fees
- Sewerage Council Fees

## **Capital Gains Tax Exemptions**

**The following disposals of immovable property are not subject to Capital Gains Tax (CGT):**

- Transfer on Death
- Gifts to relatives within the third degree of kindred
- Gift to a company of which the shareholder are members of the donor's family and continue to be members for five years after such gift
- Gift by a family company to any of its shareholders, when the property gifted was also acquired by the company as a gift. However the shareholder must keep the gifted property for a period of at least 3 years.
- Gift of property made to the Republic or to a local authority or to any approved charitable institution in Cyprus for educational, instructive or other charitable purposes
- Shares of companies which are listed on a recognized stock exchange
- Disposal of principal residence (under certain conditions)
- Expropriations

- A transfer of immovable property between estranged spouses that their marriage has been dissolved by a court constitutes a settlement of property between them under the relevant laws.
- A transfer under a qualified Loan Restructuring
- An exchange or sale in accordance with the Agricultural Land (Consolidation) Laws
- An exchange of property where the market values of the exchanged properties are the same.
- An exchange of property provided that the gain is used for the acquisition of new property. In that case the gain derived from the exchange reduces the cost of the new property and the tax is paid when the latter is disposed.
- A transfer of property in the course of approved company reorganization.

**The lifetime exemptions applicable for individuals for gains from the sale of immovable property are as follows:**

Capital Gains Tax Rates	
	Gain up to €
Any disposal of immovable property	17.086
Disposal of Agricultural Land by a Farmer	25.683
Sake if own / private residence (under certain conditions)	85.430

**Please note:** The Combination of the above exemptions cannot exceed **€85.430 per individual**

# Value Added Tax (V.A.T)

Adopted by the EU and most of non-EU members, VAT refers to the tax on consumer expenditure. VAT is based on a number of EU Directives which, subject to certain exceptions, have been incorporated into the Cypriot VAR Legislation. As a result, companies trading or offering services within EU are required to obtain an EU VAT registration number.

Value Added Tax (VAT) was introduced in Cyprus on July 1st, 1992 and is imposed on the supply of goods and provision of services in Cyprus, as well as on the acquisition of goods from the European Union (EU) and the importation of goods into Cyprus.

Taxable persons charge VAT on their taxable supplies (output tax) and are charged with VAT on goods or services which they receive (input tax).

If output tax in a VAT period exceeds total input tax, a payment has to be made to the state. If input tax exceeds output tax, the excess input tax is carried forward as a credit and set off against future output VAT.



VAT Rates	
<b>Standard Rate 19%</b>	The standard rate applies to the supplies of all goods and services in Cyprus which are not subject to the zero rates, the reduced rate or are not exempt.
<b>Reduced Rate 9%</b>	<p><u>The rate of 9% applies to:</u></p> <ul style="list-style-type: none"> <li>▪ All restaurant and catering services – including the supply of alcoholic drinks, beer and soft drinks</li> <li>▪ Accommodation in hospitals, tourist lodgment and any other similar lodgments including the provision of holiday lodgments.</li> <li>▪ Transportation of passengers and their accompanying luggage within the Republic using urban and rural taxis and tourist and buses.</li> <li>▪ Movement of passengers in inland and their accompanying luggage.</li> </ul>
<b>Reduced Rate 5%</b>	<p><u>The rate of 5% applies to:</u></p> <ul style="list-style-type: none"> <li>▪ The supply of foodstuff</li> <li>▪ The supply of prepared or unprepared foodstuff and/or beverages (excluding alcohol drinks, beer, wine and soft drinks) or both, irrespective of whether the goods are delivered from the supplies to the customer or taken away by the customer</li> <li>▪ The supply of pharmaceutical products and vacancies that are used for health care, prevention of illnesses and as treatment for medical purposes</li> <li>▪ The supply of animals used for preparation of food</li> <li>▪ Books, newspapers and magazines</li> <li>▪ Entry fees to theaters, circus, festivals, Luna parks, concerts, museums etc.</li> <li>▪ Entry fees at sports events and fees for using athletic centers</li> <li>▪ Hairdressing services</li> <li>▪ Renovation and repair of private households after three years of first residence</li> <li>▪ Supply of catering services from school canteens</li> <li>▪ Acquisition or construction of residence (subject to conditions)</li> </ul>
<b>Zero Rate 0%</b>	<p><u>The zero applies to:</u></p> <ul style="list-style-type: none"> <li>▪ The exportation of goods</li> <li>▪ Supply, modification, repair, maintenance, chartering and hiring of sea-going vessels, which are used for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or other activities</li> <li>▪ Supply, modification, repair, maintenance, chartering and hiring of aircrafts, used by airlines operating for reward mainly on international routes</li> <li>▪ Supply of services to meet the direct needs of sea going vessels and aircrafts</li> <li>▪ Transportation of passengers from the Republic to a place outside the Republic and vice versa using a seagoing vessel or aircraft</li> <li>▪ Supplies of gold to the Central Bank of the Republic</li> </ul>

## **Exemptions**

### **Certain goods or services are exempt from VAT. They include:**

- The letting of immovable property (the letting of immovable property with the right of purchase is not exempt)
- Most banking and financial services and insurance services
- Most hospital, medical and dental care services
- Certain cultural educational and sports activities
- Supplies of real estate (except supply of buildings before their first use) including supplies of land and of second-hand buildings
- Postal services provided by the national postal authority
- Lottery tickets and betting coupons for football and horse racing
- Management services provided to mutual funds

### **Difference between zero rate and exempt supplies:**

The difference between zero rate and exempt supplies is that businesses that make exempt supplies are not entitled to recover the VAT charged on their purchases, expenses or imports.

### **Who is obligated to register to VAT?**

#### **Every individual or company is obligated to register if:**

- At the end of any month, the value of taxable supplies recorded in the last 12 months exceeds €15,600.00
- At any point in time the value of taxable supplies are expected to exceed €15,600.00 in the next 30 days
- Provides services to a VAT registered person within European Union with nil registration threshold
- Is involved in the acquisition of goods from other EU member states (related persons who offer exempt supplies of goods and services or are non-profitable organizations) with registration threshold of €10,250.00
- Offers zero rated supplies of goods or services
- Acquires a company on a going concern basis
- A taxable person from abroad makes distance sales with registration threshold of €35,000.00

### **Voluntary registration**

A person who has a business establishment in Cyprus, or whose usual place of residence is in Cyprus, and delivers supplies outside Cyprus which would be taxable supplies if delivered within Cyprus, is entitled to voluntary registration.

## Intrastat registration

Intra-Community Acquisitions	A taxable person who acquires goods in Cyprus from other EU Member States for a value greater than €100.000 for the year 2016 should register for Intrastat for arrivals purposes in Cyprus and submit monthly Intrastat for arrivals forms.
Intra-Community Supplies	<p>A taxable person who dispatches goods from Cyprus to other EU Member States for a value greater than €55.000 for the year 2016 should register for Intrastat for dispatches purposes in Cyprus and submit monthly Intrastat for dispatches forms.</p> <ul style="list-style-type: none"><li>▪ Intrastat forms are submitted to the Tax Authorities within 10 days from the end of the month, in electronic form. The condition only applies when the supplies of a taxable person exceed the registration threshold for intrastate purposes.</li><li>▪ The Recapitulative statement is submitted to the tax authorities within 15 days from the end of the related month, only in electronic form.</li></ul>

## Basic principles of VAT recovery

In general, VAT-registered businesses can normally reclaim all input tax on taxable supplies, but cannot recover input tax on exempt supplies or non-economic activities. Input tax on supplies performed outside Cyprus, which would be taxable if supplied within Cyprus, is also recoverable.

In addition, input tax on insurance and financial services may be reclaimed, provided that these services are supplied to persons who reside outside the EU. Any registered person has to submit to the Commissioner a VAT return, not later than the 10<sup>th</sup> day following the end of the month, following the end of each VAT period and pay the VAT due.

**Note that,** as from the 2<sup>nd</sup> of May 2017, all taxable persons will have to submit their quarterly VAT returns on line, via the Taxisnet system. Every person who makes a claim for VAT refund are entitled to repayment of the VAT amount with interest, in the event that the repayment is delayed for a period exceeding 4 months from the claim day.

**In the case of a VAT audit regarding the claim is conducted by the Commissioner, the time period of four months is extended to eight months.**

## Non recoverable VAT

- Expenditure for entertainment of persons other than staff
- Purchase/hire/import of private saloon cars up to nine seats



## **VIES registration**

A taxable person delivering intracommunity supplies of goods and/ or services to taxable persons in other EU Member States has an obligation to register with VIES. In addition, the taxable person has an obligation to submit monthly electronic VIES forms.

Date	Obligation	Form	Penalties
By the 10th of the second month after the end of the VAT period	Submission on VAT Return and payment of VAT amount	VAT 4	1.2
By the 10th of the month following the end of the VAT period	Submission of Intrastat form	INTRASTAT 1.1	3.4
		INTRASTAT 1.2	3.4
By the 15th of the month following the end of the reporting month	Submission of VIES form for goods and services	VIES 1	5.6

### **PLEASE NOTE!**

1. Late submission of VAT returns results in the imposition of a penalty of €51 per VAT return.
2. Late payment of outstanding VAT amount results in the imposition of a penalty of 10% on the outstanding amount and interest at 3, 5%\* per annum on the outstanding amount and the penalty (interest is calculated for complete months).
3. Late submission of Intrastat forms results in the imposition of a penalty of €15 for each Intrastat form.
4. Any omission or delay in submission of Intrastat forms for a period beyond 30 days constitutes a criminal offence and in case of conviction the penalty may reach up to €2.562.
5. Late submission of VIES form results in the imposition of a penalty of €50 for each VIES form.
6. Omission to submit the VIES form constitutes a criminal offence and in case of conviction the penalty may reach up to €850.

### **Imposition of the reduced rate of 5% on the acquisitions and/or construction of residences for use as the primary and permanent place or residence:**

The reduced rate of 5%, established on the 8<sup>th</sup> of June 2012, applies to the acquisition and/or construction of residences to be used by eligible persons (residents of the Republic or/and other EU member states or other not-EU member states) as the primary and permanent place of residence, only after obtaining a certified confirmation from the Commissioner.

The statutory declaration may be filled at any stage at the time of construction of the residence, or in case of supply prior to the eligible person obtaining possession.

Application as of the reduced rate of 5% as from the 18<sup>th</sup> of November on the first 200 square meters of the evidence's buildable area as determined by the building coefficient. Note that, not on the first 200 square meters of a residence which does not exceed 275 square meters as was the case until the 17<sup>th</sup> of November 2016.

The allowable total covered area increases respectively in case of families with 3 children. From the 8<sup>th</sup> of June 2012 and onwards, a reduced rate of 5% applies to the acquisition and/or construction of residences to be used by eligible persons (residents of the Republic or/and other EU member states or other non EU member states) as the primary and permanent place of residence, only after obtaining a certified confirmation from the Commissioner.

From the 18<sup>th</sup> of November 2016, a new provision of the law applies, where a person can exercise the right to purchase a residence with a reduced rate of VAT as well as, has the right to exercise this right again for the purchase of another residence before 10 years have elapsed, only if that person has ceased to use the residence as the primary and permanent place of residence, before the period of 10 years have elapsed, has noticed the Tax Commissioner accordingly and has the difference in the VAT between the reduced VAT rate and standard VAT rate as were applicable during the time of delivery or construction of the residence.

### **Imposition of the reduced rate of 5% on the renovation and repair of private residences:**

As from 4 December 2015 the renovation and repair of old private residences (for which a period of at least three years has elapsed from the date of their first use) is subject to VAT at the reduced rate of VAT of 5%, excluding the value of materials which constitute more than 50% of the value of the services.

In addition, as from 4 December 2015 the renovation and repair of old private residences (for which a period of at least three years has elapsed from the date of their first use), and which are used as the place of residence of vulnerable groups or residences that are used as the place of residence and which are located in remote areas are subject to VAT at the reduced rate of VAT of 5%.

# Tax Calendar

<u>Tax Calendar</u>	
<b>End of each month</b>	<ul style="list-style-type: none"> <li>▪ Payment of PAYE (tax deducted from employees salary) in the preceding month (IR61A)</li> <li>▪ Payment of special contribution for defense withheld on payments of dividends, interest or rents (when the tenant is a company, partnership, the state or local authority) paid in the previous month to Cyprus Tax Residents (IR61AM, IRIR602, IR614)</li> <li>▪ Payment of tax withheld on payments to non-Cyprus residents during the previous month (IR11)</li> </ul>
<b>31 January</b>	<ul style="list-style-type: none"> <li>▪ Submission of declaration of deemed dividend distribution for the tax year 2014(I.R.623)</li> </ul>
<b>31 March</b>	<ul style="list-style-type: none"> <li>▪ Electronic submission of the income tax return for individuals and companies preparing audited financial statements for the tax year 2015</li> <li>▪ Submission of return and payment of the first instalment of the special tax levy by Credit Institutions for 2017</li> </ul>
<b>30 April</b>	<ul style="list-style-type: none"> <li>▪ Submission of 2016 personal tax return (TD1) by salaried individuals whose gross income exceeds €19.500 for the tax year 2016</li> <li>▪ Payment of the first instalment of the premium tax for insurance companies for the first quarter of 2017</li> </ul>
<b>30 June</b>	<ul style="list-style-type: none"> <li>▪ Submission of the 2016 Personal Tax Return (TD1), for the previous year, by individuals who do not prepare audited financial statements and whose gross income exceeds €19.500 for tax year 2016</li> <li>▪ Payment of tax balance for the tax year 2016 through self-assessment individuals (excluding those individuals who prepare audited financial statements)</li> <li>▪ Payment of special contribution for defense on rent, dividends or interest from sources outside Cyprus for the first six months of 2017</li> <li>▪ Payment of the second instalment of the special tax levy by Credit Institutions for 2017</li> </ul>
<b>31 July</b>	<ul style="list-style-type: none"> <li>▪ Electronic submission of the 2016 employer's return (IR7)</li> <li>▪ Submission of the 2017 provisional tax return and payment of the first instalment.</li> <li>▪ Electronic submission of 2016 personal tax return, for the previous year, by salaried individuals whose gross income exceeds €19.500 for the tax year 2016</li> </ul>
<b>1 August</b>	<ul style="list-style-type: none"> <li>▪ Payment of the 2016 tax balance through self – assessment by individuals and companies preparing audited financial statements (I.R.158)</li> </ul>
<b>31 August</b>	<ul style="list-style-type: none"> <li>▪ Payment of the second instalment of the premium tax by life insurance companies for the last quarter of 2017</li> </ul>

<b>30 September</b>	<ul style="list-style-type: none"> <li>▪ Electronic submission of the 2016 personal tax return by individuals who do not prepare audited financial statements and their gross income exceeds €19.500 for the tax year 2016</li> <li>▪ Payment of the third instalment of the special tax levy by Credit Institutions for 2017</li> </ul>
<b>31 December</b>	<ul style="list-style-type: none"> <li>▪ Payment of the second instalment of the 2017 provisional tax (I.R.6)</li> <li>▪ Payment of special contribution for defense on dividends, interest or rents from sources outside Cyprus for the last 6 months of 2017 (I.R. 601)</li> <li>▪ Payment of the third instalment of the premium tax by life insurance companies for the last quarter of 2017</li> <li>▪ Payment of the fourth instalment of the special tax levy by Credit Institutions for 2017</li> </ul>

### **Public Interest Rate**

If the above mentioned deadlines are not adhered to, annual interest at the rate of 3.5% per annum as well as a penalty is imposed depending on the circumstances.

The applicable interest rates for the previous years are as follows:

<b>Period</b>	<b>Interest Rate (%)</b>
Up to 31/12/2006	9
01/01/2007 – 31/12/2009	8
01/01/2010 – 31/12/2010	5,35
01/01/2011 – 31/12/2012	5
01/01/2013 – 31/12/2014	4,75
01/01/2014 – 31/12/2014	4,5
01/01/2015 – 31/12/2015	4
01/01/2016 – 31/12/2016	4

### **Administrative penalties**

In addition to the interest, administrative penalties of €100 or €200 are also charged for the late submission of a tax return or late submission of supporting documentation requested by the Commissioner (depending on the circumstances). In the case of late payment of the tax due, an additional penalty at the rate of 5% is imposed on the unpaid tax.

# Stamp Duty

Every instrument (agreement/contract) is liable to Cyprus stamp duty if:

- It relates to any matter performed in Cyprus
- Relates to any property situated in Cyprus

**The stamp duty on agreements with a fixed value is levied as follows:**

Value of Contract	Stamp Duty Rate
For amounts up to €5000	0%
For amounts between €5001.00 - €170,000.00	0.15%
For amounts over €170,000.00	0.2% (maximum duty €20,000.00)

**The stamp duty on other documents is levied as follows:**

Type of Document	Amount (€)
Issue of Tax residency certificate by the Tax Department	80
Contracts without a fixed value	35
Customs documents	18/35
Will	18
Charter hire Document	18
Estate Administration Document	9
General Power of Attorney	6
Bills of landing	4
Letters of Guarantee	4
Letter of Credit	2
Special power of attorney	2
Certified copies of contracts and documents	2
Bills of Exchange	1
Receipts for amounts over €4	0.07

**Please note:** Exemptions include documents related to the transactions that take place in relation to a company reorganization or loan restricting which are exempt from stamp duty.

## Companies Registrar Rights and Fees

Service	Amount
Registration of a limited company by shares or guarantee, with share capital	€105 plus 0.6% on the authorized share capital
Registration of a company without share capital	€175
Registration of an increase in the company's share capital	€40 plus 0.6% on the additional amount of increase
Registration of issue of shares where the value of the shares issued is payable in cash or in kind	€20
Change of name of company	€40
Reduction of capital	€80
Application for registration of a general or a limited partnership	€160
Application for registration of a business name	€120
Filing of Annual Report	€20
Late filing of Annual Report	€40
Notification of a registered mortgage on immovable property in the Republic of Cyprus	€20
<b>Registration of a charge apart from a mortgage on immovable property within the Republic of Cyprus:</b>	
On the form of notification of the charge	€40
On the charge document securing maximum amount:	
For a sum of money up to €17.086	€100
For a sum of money between €17.087 - €34.172	€200
For a sum of money between €34.173 - €85.430	€340
For a sum of money between €85.431 - €170.860	€500
For a sum of money over €170.861	€600

In accordance with article 391 of the Companies Law, all companies and branches registered under the Registrar of Companies (including dormant companies) are liable to pay the annual levy of €350 for the year 2015 by the 30th of June 2015.

In the case of group companies the total sum payable is capped at €20,000. This amount should be equally divided between the companies. For late submissions, within 2 months, there is a penalty of 10%, and for late submissions but within 5 months, 30%.

If a company does not pay its annual levy within these time frames then the Registrar of Companies may proceed with the strike off of the Company in accordance with article 327 of the Companies Law.

In the event that the strike-off procedure has been exercised and the company wishes to be reinstated then it should pay €500 within 2 years from the date of the removal of the name of the company from the register kept by the Registrar of Companies. After the 2-year period, the fee for reinstating the company will be €750. Companies undergoing liquidation and considering that the liquidation has been initiated prior the 30th of June (evidenced by the appointment of the Liquidator), have no obligation to pay the annual levy.



# Stephanou Audit

Audit • Tax • Assurance

## **About Stephanou Audit**

Stephanou Audit is a dynamic firm of Qualified Auditors, Certified Accountants and Business Advisors. Since its establishment, in 1984, the company has gained an enviable reputation for providing excellent advice and service to its clients.

At Stephanou Audit we put our clients first. With our business support services, we can take care of your financial and accounting operations, leaving you free to do what you do best - growing your business.

We are dedicated in helping our clients minimize their tax costs, protect their assets, develop their business and generally manage their financial affairs.

### **Our Services include:**

1. Audit & Assurance
2. Accounting and VAT services
3. Tax Consultancy
4. Corporate and Fiduciary Services
5. Incorporation of Cyprus Companies
6. Incorporation of Companies in other Jurisdictions
7. Secretarial and Administration Services
8. Business Planning & Consulting
9. Financial Advisory
10. Cyprus (EU) Citizenship Programme
11. Real Estate Consulting

Our staff is trained comprehensively in anti - money laundering and “know your client” procedures. As one would expect, confidentiality is paramount in all our dealings, and our staff is bound by law to maintain professional confidence.

Innovative thinking and practical business approach are the reasons why companies choose to work with us.

Our different clients’ success stories reflect the company’s expertise in a range of industry sectors, including Banking and Investment Banking, Financial Services Firms, Manufacturing Companies, Shipping Companies, Aircraft Leasing Companies and Internet Based Companies.

We are one of the leading corporate providers and we bring a depth of experience to our work and dealings with clients. Our personnel consists of certified accountants, financial advisors, tax specialists, administrators and company secretaries as well as a highly trained and knowledgeable corporate and support staff.

Currently our Company has its headquarters in Limassol and a branch office in Paphos.

Stephanou Audit is the firm you need to help you achieve your goals whether they are local, national or global."

**"OUR MISSION: TO HELP OUR CLIENTS PROSPER, BY PROVIDING PERSONALIZED PROFESSIONAL SERVICES OF THE HIGHEST QUALITY"**



# MEET THE TEAM

## PEOPLE BEHIND THE BRAND



**STEPHANOS  
STEPHANOU**



**KATERINA  
STEPHANOU**



**CONSTANTINA  
STEPHANOU**



**CHARALAMBOS  
STEPHANOU**

Here, at Stephanou Audit, we strongly believe that the strength of our reputation comes from our people. The expertise, professionalism, commitment, passion and diversity of our employees are the foundations of our success. We work together to provide a holistic range of financial services.

Our team is made up of young, dynamic, experienced and committed professionals with a guaranteed common concern to deliver a high quality service.

All personnel adhere to the firm's philosophy that dictates a priority to a high degree of integrity, absolute confidentiality and loyalty to clients in whatever it does.

The firm's work methodologies are designed to deliver its services without compromise to professional standards and ethics. Personnel are specialists in their own fields and are also given ongoing training in various competences which is ultimately a benefit to all its clients.



STEPHANOU AUDIT

# Got any Questions?

Don't hesitate to come in contact with us!

Email: [info@stephanou.com.cy](mailto:info@stephanou.com.cy)

Website: [www.stephanou.com.cy](http://www.stephanou.com.cy)

Tel: (+357) 25 87 80 10