

Introduction on Cyprus - Economy, Geography, Infrastructure

The Republic of Cyprus is an eastern Mediterranean island strategically located at the crossroads of three continents; Europe, Asia, and Africa. A European Union member since May 1, 2004 and a member of the Euro-Zone since January 1, 2008 Cyprus enjoys excellent business relations and flight connections with the Middle East.

With one of the lowest corporate tax rate in the European Union (EU) at only 12.5%, the island is an ideal jurisdiction for Holding Companies. Moreover, Cyprus has concluded on 49 bilateral tax treaties, including with the United States. Cyprus has no withholding tax imposed on dividend income, interest, or royalty payments effected to non-Cypriot beneficiaries. Profits from overseas permanent establishments are tax exempt.

Cyprus' banking sector has been undergoing considerable restructuring since March 2013, when Cyprus became the fifth Eurozone country to receive bailout assistance. Despite the recent downsizing of its financial sector, Cyprus continues to offer efficient and high-quality accounting, legal, and other professional services, which are one of the strong points of the economy. The labour force is largely multilingual and highly qualified and the labour costs are low compared to the EU average. Cyprus has an advanced telecommunications network and infrastructure, as well as a wide network of air-routes offering excellent connections with Europe, Africa, and Asia, as well as modern ports and first-rate sea connectivity.

Cyprus ranks among the 10 leading maritime nations in the world and is a highly reputable international shipping centre with a merchant fleet exceeding 21 million gross tonnage (accounting for 16% of the EU fleet) and nearly 2000 vessels. It constitutes one of the largest ship-management centres in the world with around 50 ship-management companies and marine-related foreign enterprises that conduct their international activities in the country. Cyprus has also developed into a transshipment centre for Asia Pacific trade with Europe and with shipping markets situated along the coasts of the Levant and Black Sea, or the North Adriatic. The island is a natural hub for other main-line deep sea trades passing through the Mediterranean, to North Africa and the Middle East.

Business opportunities for the establishment of a new business exist and continue to develop. There are a great numbers of sectors that offer opportunities for business, most of them linked to the leisure and tourist industry, property investment and development, renewable energy sources, maritime and shipping and trade in general.

Why Cyprus?

Cyprus is one of the most attractive places in the world for the establishment of IBC's activities. The generous Tax incentives, the efficient Banking system, the European standard of living, the hospitality, friendliness and the high level of competence of Cypriot people as well as the strategic geographical location and the good social and industrial infrastructure are the main factors for this success. Some of these factors are summarised as follows:

Tax Incentives

- Cyprus has the lowest tax rate in the European Union, which is 12.5%
- Cyprus is not a Tax Heaven business centre.
- Cyprus has signed Double Tax Treaties with 49 countries all over the world, some of which are very attractive for the international clients.
- Cyprus has a stable tax system regime.
- No tax is deducted in paying dividends out of a company which is directly or indirectly (through nominees) controlled by non-residents of Cyprus.
- Profits from the disposal of shares and other securities are fully exempt from corporate taxation. This planning point makes Cyprus an ideal place for holding company establishment.
- Income from dividends is exempted from taxation.

Non-Tax Incentives

- Cyprus companies are required to submit audited financial statements to income tax authorities and The Registrar of Companies. This requirement enhances the status of the company.
- Cyprus is using the International Financial Reporting Standards (IFRS) and International Standards on Auditing.
- Cyprus is a full E.U. member country.
- Business transactions in Cyprus are fully allowed.

- Cyprus professional community is very well experienced and organised to serve international clients (accountants and tax experts, lawyers, banks, financial analysts, property developers etc.)

Geographical position

- Cyprus is located at the crossroads of Europe, Asia and Africa
- At a flying distance of less than three hours from the important centres of Europe, the Middle East and North Africa
- It is convenient time zone in relation to the rest of Europe and the Middle East
- It is a convenient place for transit of goods and between West and East and vice versa

Infrastructure

- Low establishment and operational costs
- European standard of living
- Competent communication system as well as excellent telecommunications
- Relatively low cost of living
- Modern banking system
- High quality of professional and management services and availability of highly skilled staff
- The legal system is based on English Law
- Availability of high standard foreign schools and colleges
- Hospitable and friendly Cypriot people
- Good industrial relations
- Modern and well equipped clinics and hospitals
- Accommodation of a high standard at fair cost
- English language widely spoken and used

Our multi-awarded Tax advisory department is excellent in position to answer all your questions as well as to provide you with more information. Please [contact us via email](#) or [telephone](#) so that a non-binding initial appointment can be arranged.