

Having as from 1 January 2003 amended its tax legislation in anticipation for EU accession, Cyprus has set up a tax system which is ideally suited both to inbound and outbound EU investors. It resulted in aligning Cyprus with EU directives, abolishing all distinctions between international business (formerly “offshore”) and local companies whilst maintaining a favorable tax regime for the international investor that includes the following features:

- ☐ Corporate profits are taxed at 10 percent
- ☐ Investment income from dividends is, subject to certain conditions, tax free
- ☐ Profit on sale of shares and securities is tax free
- ☐ Repatriation of profits from Cyprus companies (dividends, royalties, interest) to non-residents is tax free.
- ☐ No time restriction on carrying forward tax losses
- ☐ Group relief provisions
- ☐ No CFC rules apply

The island’s 42 double tax treaties offer ample opportunities for international tax planning to legitimately reduce the overall tax burden for businesses and their shareholders.

Cyprus has double tax treaties in force with the following countries:

Armenia, Austria, Belarus, Belgium, Bulgaria, Canada, China, Czech Republic, Denmark, Egypt, France, Germany, Greece, Hungary, India, Ireland, Italy, Kuwait, Kyrgyzstan, Lebanon, Malta, Mauritius, Moldova, Montenegro, Norway, Poland, Romania, Russia, San Marino, Serbia, Seychelles, Singapore, Slovakia, Slovenia, South Africa, Sweden, Syria, Tadjikistan, Thailand, Ukraine, United Kingdom and United States of America.

The Cyprus business and tax environment is particularly suited to the following investment activities:

- ☐ Holding companies.
- ☐ Investment funds and companies.
- ☐ Finance companies.
- ☐ Royalty companies.
- ☐ South Europe, Middle East, Russia, central and eastern Europe headquarter business activities.

European enlargement and the accession of Cyprus opens up a new gate to investors who

wish to invest in and from the EU.