

## CYPRUS

### CORPORATION TAX

All Cyprus tax resident companies are taxed on their income accrued or derived from all chargeable sources in Cyprus and abroad. 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.

- A company is a resident of Cyprus if it is managed and controlled in Cyprus.
- Foreign taxes paid can be credited against the corporation tax liability.
- The corporation tax rate for all companies is 12.5%

There are various exemptions available:

<i>Type of income</i>	<i>Exemption limit</i>
<i>Profit from the sale of securities</i>	<i>The whole amount</i>
<i>Dividends</i>	<i>The whole amount</i>
<i>Interest not arising from the ordinary activities or closely related to the ordinary activities of the company.</i>	<i>The whole amount</i>
<i>Profits of a permanent establishment abroad, under certain conditions</i>	<i>The whole amount</i>

#### Notes

- The term "Securities" is defined as shares, bonds, debentures, founders' shares and other securities of companies or other legal persons, incorporated in Cyprus or abroad and options thereon.
- Such dividend income may be subject to Special Defence Contribution
- All the interest income of Collective Investments Schemes is considered to be arising from the ordinary activities of the scheme.
- Such interest income is subject to Special Defence Contribution

## **INTELLECTUAL PROPERTY RIGHTS**

There is specific tax treatment of profits arising from ownership of intellectual property rights. These are taxed at an effective rate of 2.5%. Furthermore, profits from the sale of intellectual property assets are not taxed since Cyprus does not impose tax on capital gains that arise from the sale of movable property in Cyprus.

## **NOTIONAL INTEREST DEDUCTION**

From July 2015 a new tax incentive has been introduced for new Share Capital increases allowing a notional interest tax deduction on taxable income. This initiative aims to make Cyprus more attractive for international companies using Cyprus.

## **CAPITAL GAINS**

Capital Gains are exempt from taxation, unless the company owns property in Cyprus.

## **VAT**

The standard rate of VAT is 19%

## **SPECIAL DEFENCE CONTRIBUTION**

All Cyprus Tax residents are generally liable to Special Defence Contribution on dividends, some interest receipts and net rental income. Non-residents are not subject to Special Defence Contribution.

## **HOW MANN MADE CAN HELP**

We can establish the Cyprus holding structure and provide ongoing services to include the provision of corporate services (the provision of officers, registered office etc.), plus ongoing administration, tax registration, bank account opening, tax compliance, bookkeeping and accounting services and other services if required.

## CONTACT US

For more information concerning the Cyprus structure, the services we can provide and our costs, please contact Alan Hollingsworth at:

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## THE MANN MADE GROUP

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