

Top Reasons to Invest in Cyprus

Cyprus is a modern, cosmopolitan, transparent business centre offering opportunities for investment across a wide range of sectors.

In Cyprus, laws and regulations, systems and infrastructures, are all continuously enhanced to ensure we remain one step ahead. Cyprus is committed to offering a high-quality service in a duly regulated environment in order to ensure the best possible experience for investors and business people worldwide.

Strategic location

With its ideal geographical position at the crossroads of three continents - Europe, Africa and Asia, Cyprus plays a key stabilising role in the region of the Eastern Mediterranean.

The island is an ideal investment gateway to the European Union, as well as a portal for investment outside the EU, particularly into the Middle East, India and China.

Tax System

Cyprus has a simple and transparent tax system with one of the lowest corporate tax rates in the EU and multiple exemptions for both corporates and individuals.

The main characteristics of the Cyprus tax system are outlined below:

- Low corporate income tax rate of 12.5%
- EU & OECD Compliant
- Access to EU directives (e.g. Parent-Subsidiary)
- Extensive double tax treaty network with over 60 countries
- Dividend participation exemption (subject to conditions)
- Exemption from tax on gains from the disposal of securities (e.g. shares, bonds)
- Notional interest deduction on equity applies to all taxpayers and all business activities
- No withholding taxes on interest and dividends
- No taxation of capital gains (except for disposal of real estate in Cyprus or shares of company holding real estate in Cyprus)
- No succession taxes
- No Controlled Foreign Company (CFC) rules
- Tax neutrality on foreign exchange differences unless they arise from trading in currencies or currency derivatives
- Foreign tax relief on income subject to both Cypriot and overseas tax
- Exemption on profits of foreign permanent establishments (subject to conditions)
- Company reorganisation rules based on the EU Mergers Directive allow for tax-neutral group restructuring
- Attractive Intellectual Property regime in line with “modified nexus approach” (OECD Action 5)
- No exit tax rules
- 50% exemption on employment income exceeding €100,000 per annum for non-residents taking up employment in Cyprus
- No tax on dividends, interest and rental income of non-domiciled individuals

EU & Eurozone Member State

As a member of the European Union since 2004 and the European Monetary Union since 2008, Cyprus is committed quality, efficiency and transparency in transactions.

Its EU membership ensures safety and stability for investors, also offering them market access to more than 500 million EU citizens.

Legal and Regulatory Framework

Our country's competitive advantages are significantly enriched by a robust and transparent legal and regulatory framework and an attractive tax regime, which offers a wide range of incentives and advantages both for legal and natural persons.

Cyprus' legal system, based on English Common Law principles, is widely recognised as a business-friendly and effective system that ensures transparency and reliability in business practices. Offering foreign businesses a familiar and reliable framework within which to operate, Cyprus' legal system is also fully compliant with the EU, the Financial Action Task Force on Money Laundering (FATF), OECD, FATCA, the Financial Stability Forum laws and regulations and EU AML directives.

The very core script of the Cyprus Companies Law (CAP. 113) is a replica of the UK Companies Law. However, it is important to note that since its adoption several decades ago, the Law was, and still is, a subject of numerous amendments in the effort of the government to implement all the reforms necessary in order to remain competitive. The Companies Law, as all other legislation in the Republic of Cyprus, is fully compliant with EU Directives and Regulations. As such, any physical person, both from the EU or a third country, who registers his or her company in Cyprus, can engage in business activities without any restrictions.

Human Talent & Quality of Professional Services

Human talent constitutes one of Cyprus' most compelling advantages, complemented by a broad range of high quality professional services.

As a dynamic business centre, Cyprus offers an abundance of highly educated and skilled individuals, multilingual in their majority, ready to serve the needs of any business. Cyprus ranks amongst the top countries in Europe for tertiary education per capita.

Advanced Infrastructure

With a constantly evolving system of advanced and modern infrastructure, Cyprus offers sophisticated road, air and sea transport solutions and services, which are widely recognised as an important competitive advantage in attracting foreign direct investment.

Cyprus' two multi-purpose deep sea ports are located in the coastal cities of Limassol and Larnaca. The Limassol port handles both passenger and freight cargo while offering logistics solutions through advanced facilities for cost-effective transport and processing. In addition, the Limassol port is a renowned cruise liner hub and a popular "stop-over" for international cruise ships.

Two modern international airports in Larnaca and Paphos, offer their services to approximately 10 million visitors per year, connecting the island to the most popular transit hubs throughout the world.

Considerable investment has also been made to transform the island into a major telecommunications hub in the region, connecting Cyprus via submarine fibre optic cable and satellite to other networks in the Eastern Mediterranean basin and beyond.

High Quality of Life

Cyprus offers an enviable lifestyle in a safe, clean and healthy environment with high living standards. Low crime levels, year-round sunshine, centuries of art and culture, and a delicious gastronomy all contribute to a high quality of life.

Safety is amongst the biggest advantages of Cyprus, which has been ranked the safest smaller country in ValuePenguin's Safest Countries in the world (2015) and fifth worldwide.

Economic Prospects & Opportunities

The government's commitment to the continuous introduction of progressive measures for reform and growth has resulted in the impressive recovery of the Cypriot economy, much earlier than expected. Cyprus constitutes today a success story for the EU, a fact enhanced by continuous upgrades from credit rating agencies, such as Standard & Poor's, Fitch and Moody's.

By continuously enhancing and developing key economic sectors, introducing structural changes and important reductions in expenses and operational costs, Cyprus has regained its credibility and reinforced its competitiveness as an attractive investment destination offering numerous opportunities and potential.