



Doing business in  
Cyprus 2015





# Introduction

The Moore Stephens Europe *Doing Business In* series of guides have been prepared by Moore Stephens member firms in the relevant country in order to provide general information for persons contemplating doing business with or in the country concerned and/or individuals intending to live and work in that country temporarily or permanently.

*Doing Business in Cyprus 2015* has been written for Moore Stephens Europe Ltd by Moore Stephens (Limassol) Limited. In addition to background facts about Cyprus, it includes relevant information on business operations and taxation matters. This Guide is intended to assist organisations that are considering establishing a business in Cyprus either as a separate entity or as a subsidiary of an existing foreign company. It will also be helpful to anyone planning to go to Cyprus to work and live there either on secondment or as a permanent life choice.

Unless otherwise noted, the information contained in this Guide is believed to be accurate as of 1 December 2015. However, general publications of this nature cannot be used and are not intended to be used as a substitute for professional guidance specific to the reader's particular circumstances.

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Our member firms' objective is simple: to be viewed as the first point of contact for all our clients' financial, advisory and compliance needs. They achieve this by providing sensible advice and tailored solutions to help their clients' commercial and personal goals. Moore Stephens member firms across the globe share common values: integrity, personal service, quality, knowledge and a global view.

**Brussels, February 2016**





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# 1. Cyprus at a glance

## Geography, population and history

The island of Cyprus is situated in the eastern Mediterranean at the hub of three continents, linking Europe with the Middle East, Africa and Asia. Its nearest neighbours are Syria and Lebanon to the east, Israel to the south-east, Egypt to the south, Turkey to the north and Greece to the north-west.

It has an area of 9251 km<sup>2</sup> and a population of 865 900.

The capital city is Nicosia and other major cities are Limassol, Larnaca and Paphos.



The first evidence of human habitation in Cyprus can be traced back to the Aceramic Neolithic period around 10 000 BC. The prehistory of Cyprus covers the period from 7000 to 1050 BC and is divided into three periods: the Neolithic Age, the Chalcolithic Age and the Bronze Age. During the Bronze Age, around 1200 BC, the first Greek-speaking settlers arrived on the island, resulting in its Hellenisation. Given its situation at the hub of three continents, many invaders captured the island, including Romans, Franks, Venetians and Ottomans during the period from 1200 BC to 1878 AD.

In 1878, the United Kingdom took over the government of Cyprus as a protectorate from the Ottoman Empire. Cyprus was at this time, and subsequently, mainly inhabited by two distinct ethnic communities –Greek-speaking and Turkish-speaking. Between 1955 and 1959, the Greek nationalist EOKA movement launched a series of covert attacks on the British administration and military with a view to bringing about *enosis* (union of the island with Greece). However, the end result was not union with Greece, but rather an independent republic, 'The Republic of Cyprus', established in 1960 under the Zürich and London Agreements, which provided for a form of power sharing between the two communities. However, this arrangement soon broke down and the subsequent unrest culminated in a coup staged in 1 July 1974 by the military junta then in power in Athens, for the overthrow of President Makarios. This was soon followed by a Turkish invasion of the northern half of the island. This led in turn to the proclamation of the *de facto* state of Northern Cyprus, which occupies 37% of the island. Forty years on, the issue remains unresolved.

On 1 May 2004 Cyprus joined the European Union, together with nine other countries. Cyprus was accepted into the European Union as a whole, although the European Union legislation is suspended in the northern part of the island, until a final settlement of the Cyprus problem is reached.

## Limassol

Limassol or Lemesos is a city on the southern coast of Cyprus and its second largest city.

Limassol is today the largest ship-management service centre in Europe with a large number of ship-management companies located in the city, as the Cyprus shipping-tax system it makes it very attractive for ship-management companies to have their main offices in Limassol. Thus, the very popular MARITIME CYPRUS shipping conference, which takes place every two years, attracts all the largest shipping companies of the world. The Cyprus registry today is ranked as the tenth among international fleets.

Limassol has begun work on a project to build a new marina located to the west of Limassol Castle, between the old and new ports. This new development will allow berthing of ocean-going yachts and construction is expected to be completed by 2016 with the marina having a capacity of 1000 vessels. Having welcomed its first residents and yachts last year, since June 2014 Limassol Marina is accessible to every local, tourist or visitor, as well as its boat and property residents.

### Language and religion

Cyprus has two official languages, Greek and Turkish. English is widely spoken and is considered to be the main language amongst the business community.

Almost all Greek Cypriots are members of the autocephalous Greek Orthodox Church of Cyprus, whereas most Turkish Cypriots are adherents of Sunni Islam.

### Climate

Cyprus has a subtropical climate – Mediterranean and semi-arid type (in the north-eastern part of the island) – Köppen climate classifications Csa and Bsh, with very mild winters and warm to hot summers. Snow is possible only in the Troodos Mountains in the central part of island. Rain occurs mainly in winter, with summer being generally dry.

Cyprus has the warmest climate (and warmest winters) in the Mediterranean part of the European Union. The average annual temperature on the coast is around 24°C during the day and 14°C at night. Generally, summers last about eight months, beginning in April with average temperatures of 21–23°C during the day and 11–13°C at night, and ending in November with average temperatures of 22–23°C during the day and 12–14°C at night, although in the remaining four months temperatures sometimes exceed 20°C.

### Politics and government

Cyprus is a presidential republic. The head of state and of the government is elected by a process of universal suffrage for a five-year term. Executive power is exercised by the government with legislative power vested in the House of Representatives (Βουλή των Αντιπροσώπων) whilst the judiciary is independent of both the executive and the legislature.

The 1960 Constitution provided for a presidential system of government with independent executive, legislative and judicial branches as well as a complex system of checks and balances including a weighted power-sharing ratio designed to protect the interests of the Turkish Cypriots. The executive was led by a Greek Cypriot president and a Turkish Cypriot vice-president elected by their respective communities for five-year terms and each possessing a right of veto over certain types of legislation and executive decisions. Legislative power rested on the House of Representatives who were also elected on the basis of separate voters' rolls.

The House of Representatives currently has 59 members elected for a five-year term, 56 members elected by proportional representation and 3 observer members representing the Armenian, Latin and Maronite minorities. Twenty-four seats are allocated to the Turkish community but have remained vacant since 1964.

### Currency, time zone, weights and measures

The currency of Cyprus is the euro, which was adopted on 1 January 2008. Previously the currency of Cyprus was the Cyprus pound. On 1 January 2008 the rate of the euro against the Cyprus pound was fixed at EUR 1 = CYP 0.585274. At the time of going to press (late January), the euro was quoted against the US dollar at a rate of EUR 1 = USD1.0840.

Cyprus uses Eastern European Time (EET), which is two hours ahead of UTC/GMT. Daylight saving time (EET+1) is in place between the last Sunday of March and the last Sunday of October.

The metric system of weights and measures and the Celsius scale of temperature are used in Cyprus.



## 2. Doing business

### Main forms of business organisation

The most common forms of business organisations in Cyprus are stated below. Investors are free to choose the form of entity with which to operate in Cyprus.

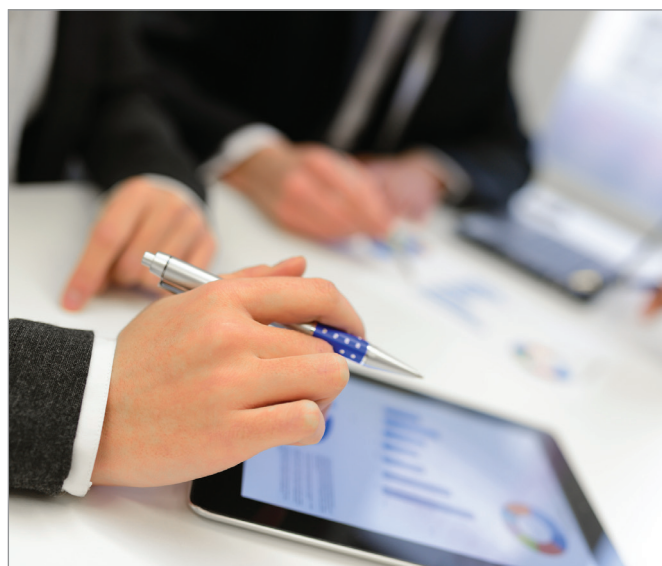
#### Sole Proprietorships

Cypriots and non-Cypriots may carry on business in their own name or under a business name registered under the Partnership and Business Names Law, Chapter 116 (*Ο Περί Συνεταιρισμών και Εμπορικών Επωνυμιών Νόμος, Κεφάλαιο 116*). Non-European Union nationals must secure prior permission under the Aliens and Immigration Regulations.

#### Branches

There are two types of branches in Cyprus:

- A local company's branch
- A foreign company's branch



A foreign company may establish a branch in Cyprus under the provisions of the Companies Law (*Ο Περί Εταιρειών Νόμος*) provided that satisfactory bank references are supplied and the following documents (translated into Greek) are filed with the Registrar of Companies:

- A certified copy of the company's Memorandum and Articles of Association and any other documents designating the establishment of the company
- Particulars of the directors and secretary of the company.
- Personal details of at least one person who is a resident of the Republic of Cyprus. This person will be authorised to receive the official announcements related to the branch.

#### Companies

Under the provisions of Cypriot law, there are two categories of companies that may be established in Cyprus:

- A company limited by shares – the liability of its members is limited to the nominal value of their shares.
- A company limited by guarantee – the liability of its members is limited to the amount of their contribution.

Furthermore, a Cyprus company may be either a private or a public company.

#### Private company

A private company must comply with the following provisions of the law:

- The right of share transfer is restricted
- It may not issue an invitation to the public to subscribe for its shares or debentures
- The company must have at least one shareholder and no more than 50
- It may not issue bearer shares

#### Public company

The main feature of a public company that differentiates it from other companies is the ability that it has to offer its shares or debentures to the public. A public company must fulfil the following criteria:

- It has at least seven members, with no maximum
- It has at least two directors
- It must issue a prospectus or statement in lieu of prospectus before issuing any of its shares or debentures to the public

### Partnership

Partnerships in Cyprus are governed by the Partnership and Business Names Law Chapter 116. The substance of a partnership is a relationship between at least two individuals with a common goal – profit. There are two types of partnerships, general and limited.

#### *General partnership*

The main feature of a general partnership is that all partners are jointly and severally liable with the other partners for all debts and obligations of the partnership incurred without any limit. That liability exists only for the time the partner is a member of the partnership.

#### *Limited partnership*

A limited partnership must consist of one or more persons called general partners and one or more persons called limited partners. The general partners have unlimited personal liability, whereas the limited partners are only liable up to their contribution to the partnership.

### Labour relations and working conditions

Since 2013 the Cyprus economy has been adversely affected by the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund ('the Troika'), for financial support, which resulted in an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through bail-in. During 2013 the Cyprus economy contracted further with a decrease in gross domestic product.

The negotiations also resulted in an agreement on the key elements necessary for a future macroeconomic adjustment programme, which includes the provision of financial assistance to the Republic of Cyprus of up to EUR 10 000 million. The programme aims to address the exceptional economic challenges that Cyprus is facing and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

The above had a significant impact on the labour market in Cyprus, characterised mainly by a decrease in the salaries and other benefits of public and private-sector employees as well as a dramatic increase in unemployment rates, which reached an all-time high of 16.80% in October 2013 from a record low of 3.30% in March 2002. The unemployment rate decreased to 15.10% in September 2015. Unemployment rates in Cyprus averaged 7.21% in the period 2000 – 2015

### Working hours and leave

#### *Working hours*

Working hours vary according to sector and profession. Most offices and businesses work from 08.00 to 17.30 hours with a break from 13.00 to 14.30 hours. In many cases, one afternoon, usually Wednesday, is free, and on that day work stops at 13.00 hours. Shops' opening hours were liberalised in 2013; thus shops stay open also on Sundays. Shop assistants work 38 hours.

Working time (maximum number of hours worked) is fixed by employment contracts or collective agreements. Generally, weekly working time ranges from 38 to 40 hours in most companies. Overtime is paid for work performed outside the specified working hours. The maximum working week is 48 hours, inclusive of overtime. The weekly working time, overtime and weekly rest time of shop assistants, office workers, drivers and hotel and entertainment-centre workers are regulated by special legislation.

#### *Leave (annual leave, parental leave etc)*

The legislation provides 20 working days of leave for workers on a five-day week and 24 working days of leave for workers on a six-day week over a period of one year's employment. The contract of employment or the collective agreement may give more days of paid annual leave. The number of official holidays, on which offices and organisations are closed, varies from 14 to 17 annually.

Sickness leave is fixed by agreement between employers and employees through collective or individual agreements. A worker who does not receive sick pay from his employer is entitled to sickness benefit from the Social Insurance Fund under certain conditions.

Eighteen weeks of maternity leave are given. Nine weeks must be given before the period commencing two weeks before the expected date of the birth. An adoptive mother is entitled to 14 weeks of maternity leave from when she takes over the care of the child. Both the father and the mother are entitled to parental leave. A parent who has worked for a company for more than six months is entitled to parental leave of up to 13 weeks after a birth or adoption in order to attend to the care and raising of the child. The law also provides for leave for reasons of force majeure (e.g. ill dependants) until the child is six.

A number of companies in the accounting profession offer ACCA and ACA training schemes, whereby study leave is granted to employees based on the terms of their training contracts to enable the employee to obtain professional qualifications.

#### Remuneration and social security

Salaries are usually paid monthly or weekly.

The Minimum Wages Decree of 2012, KDP 180/2012 (*Το περί Κατωτάτων Μισθών Διάταγμα του 2012, Κ.Δ.Π 180/2012*) lays down the minimum wage payable by law to persons pursuing the professions of sales person, office worker, nursing assistant, child-care assistant, nursery assistant, school assistant, guard, carer and cleaner. Under the Decree, the minimum wage on recruitment is set at EUR 870, which increases to EUR 924 after uninterrupted service of six months with the same employer. Although there are no legal provisions laying down the minimum wage for all other professions, the minimum payment stated above is offered as remuneration also in other professions and to Public Employment Service employees.

The employer is responsible under the Pay As You Earn (PAYE) system for withholding income tax and social security contributions from the employee's pay and accounting for those contributions to the relevant authorities (see further Chapters 7 and 9).

#### Main types of employment contract

A contract of employment is not obligatory, but it is good practice that is followed by many private-sector companies that do not have collective agreements with the employees' trade unions. Usually, contracts are for an indeterminate duration. A contract of indeterminate duration may be terminated by either side in accordance with the legislation governing the specific employment and stipulating the period of notice for terminating employment and the reasons for doing so.

Collective agreements between trade unions and employers usually have a duration of two years. The employer must inform the employee of any changes in the terms of employment within one month. If the employer intends to amend the terms of employment, he must discuss and agree their amendment with the employee before doing so. If such an amendment worsens the conditions of employment, the employee can invoke enforced resignation and take the matter to the Labour Disputes Court.

#### Trade unions

The system of industrial relations in Cyprus is based on voluntary regulation of relations by employers' associations and trade unions. The right of labour to organise is safeguarded and employees are protected against the possibility of dismissal because of union membership.

Matters pertaining to collective negotiations, collective agreements and the settlement of disputes and the conditions governing the calling of strikes and the imposition of lockouts are regulated by the Industrial Relations Code.

Many workers are members of a union. Negotiations between unions and employers' associations culminate in collective agreements which determine the terms of employment, including payment levels and increases. The agreements are usually renewed every three years.

The largest trades unions in Cyprus are:

- ΣΕΚ (SEK) – Cyprus Workers' Federation
- ΠΕΟ (PEO) – Pan-Cyprian Federation of Labour
- ΔΕΟΚ (DEOK) – Democratic Labour Federation of Cyprus
- ΠΑΣΥΔΥ (PASYDY) – Pan-Cyprian Public Employees' Trade Union
- ΕΤΥΚ (ETYK) – Cyprus Union of Bank Employees

The main employers' and professional organisations are:

- ΟΕΒ (OEV)- Employers' and Industrialists' Federation of Cyprus
- ΚΕΒΕ (KEVE) - Cyprus Chamber of Commerce and Industry

### Termination of employment

Employment may be terminated by the employer or the employee. The first 26 weeks constitute a probationary period. During this period the employer or the employee may terminate the employment without notice.



The employee is entitled to compensation if the employer dismisses him or her after the probationary period has expired. The amount of compensation depends on the employee's length of service.

An employee who has been with the same employer for more than 104 weeks and is dismissed before reaching the pension period because he or she is surplus to requirements is entitled to a payment from the redundancy fund. The employment of a seasonal worker totalling more than 15 weeks with one employer is treated as continuous.

### Work permits, residence permits, visas etc

#### Expatriates working in Cyprus

All EU citizens have the right to reside and work in Cyprus. They need to register with the Civil Registry and Migration Department and apply for a European Union Registration Certificate within three months of moving to Cyprus. This is a simple, one-off procedure which does not need renewal.

Non-EU nationals wishing to reside and work in Cyprus need to apply for a Temporary Employment and Residence Permit at the Civil Registry and Migration Department. These permits are usually issued for a period of one year and upon expiry they are renewed provided the required documents are submitted two months before the permit's expiration date. For executive staff there are fewer restrictions on the duration of their residence in Cyprus

#### *Foreign investors – attractive schemes to obtain Cyprus citizenship and a Permanent Residence Permit*

Since 2013 new legislation has been introduced, updated in 2014, allowing investors the opportunity to obtain the Cyprus/European Union Citizenship or Permanent Residence Status. Provided the necessary documentation is duly submitted to the authorities, approvals normally take 2-4 months. Strict due-diligence processes are applied along with strict confidentiality safeguards. In both cases, investors do not need to reside in Cyprus and unless they spend over 183 days in Cyprus they do not become tax-resident.



**Cyprus Citizenship – The Cyprus naturalisation scheme**

Non-Cypriot investors can acquire Cyprus citizenship if they fulfil specific financial criteria and other conditions based on the Decision by the Council of Ministers of the Republic of Cyprus dated 19 March 2014 and set out in the Scheme for Naturalisation of Investors In Cyprus By Exception on the basis of section 111A(2) of the Civil Registry Laws of 2002-2013 (*Σχέδιο για την κατ' εξαίρεση πολιτογράφηση επενδυτών στην Κύπρο με βάση το εδάφιο (2) του άρθρου 111Α των περί Αρχείου Πληθυσμού Νόμων του 2002-2013*)

Citizenship is also granted to the investor's spouse, under-age children and adult dependent children up to 28 years old. The investor and his/her family obtain a Cyprus passport with the full rights of an EU citizen (i.e. free travel, residence and investment in any EU Member State).

**Economic criteria**

As per the Decision, a non-Cypriot citizen who meets one of the following economic criteria, either personally or through a company/companies in which he or she participates as a shareholder - proportionally based on the percentage of participation, or even as a high-ranking senior manager of a company/companies that meets one of the economic criteria, may apply for Cyprus citizenship through naturalisation by exception.

A high-ranking senior manager may apply, provided that he or she receives remuneration sufficient to generate tax revenue for the Republic of at least EUR 100 000 for a three-year period and provided that this tax has already been paid or prepaid. The applicant should have concluded the necessary investments during the three years preceding the date of the application and must retain the said investments for a period of at least three years following the date of naturalisation.

At least one of the following economic criteria (or a combination where applicable) must be met by the main applicant:

- **A.1 Investment in government bonds:**

The applicant must have purchased state bonds of the Republic of Cyprus to the value of at least EUR 5 million

or

- **A.2 Investment in financial assets of Cyprus companies or Cyprus organisations:**

The applicant must have purchased financial assets of Cyprus companies or Cyprus organisations (bonds/ securities/ debentures registered and issued in the Republic of Cyprus) to the value of at least EUR 5 million.

It is noted that these financial assets may be purchased either at issuance, or subsequently on the market

or

- **A.3 Investment in real estate, land development and infrastructure projects:**

The applicant must have made an investment of at least EUR 5 million for the purchase or construction of buildings or for the construction of other land-development projects (residential or commercial developments, developments in the tourism sector or other infrastructure projects).

or

- **A.4 Purchase or creation or participation in Cyprus businesses or companies:**

The applicant must have made an investment of at least EUR 5 million in the purchase, creation or participation in businesses or companies based and operating in the Republic. These businesses or companies should evidently have a tangible presence in Cyprus and employ at least five Cypriot citizens.

It is noted that the mandatory conversion of deposits into shares is included in this criterion.

or

- **A.5 Deposits in Cyprus banks:**

The applicant must have personal fixed-term deposits for three years in Cyprus banks or deposits of privately owned companies or trusts (in which he or she is the beneficial owner) in the Republic of Cyprus to the value of at least EUR 5 million.

or

- **A.6 Combination of the aforementioned criteria A.1, A.2 , A.3, A.4 and A.5:**

The applicant is required to have a combination of the above amounting to an investment of at least EUR 5 million

or

- **A.7 Persons whose deposits with the Cyprus Popular Bank Public Company Ltd have been impaired due to the measures implemented after 15 March 2013:**

The applicant has incurred an impairment in deposits amounting to a total of at least EUR 3 million.

In the case where the applicant has incurred an impairment in his or her deposits of under EUR 3 million he or she may apply, having made an additional investment through the criteria A.1, A.2, A.3, A.4 and A.5 for the balance of the required amount of the aforementioned criteria.

or

- **A.8 Major Collective Investments:**

The Council of Ministers has the right on special occasions to reduce the above criteria [A.1 (Investment in Government Bonds), A.2 (Investment in financial assets of Cypriot companies or Cypriot organisations), A.3 (Investment in real estate, land development or infrastructure projects) and A.4 (Purchase or creation or participation in Cypriot businesses and companies)]: to a value of no more than EUR 2 million for investors who demonstrably participate in a special collective investment scheme, provided that the total value of the investment scheme is more than EUR 12.5 million.

In addition, it is noted that for the above mentioned provision, the investment for the Criteria A.1 to A.4 may be realised through a different provider (physical or legal entity).

### *Terms and conditions*

In addition to the financial criteria mentioned above, the investor must fulfil the following terms and conditions:

- A clean criminal record issued by the country of origin or the country of residence if different (to be obtained by the applicant)
- Confirmation that the applicant's name is not included in the list of persons whose property is ordered to be frozen within the boundaries of the European Union (the responsibility to obtain this is with the Ministry of Interior)

- The investor must own a private residence in the Republic of Cyprus, the purchase cost of which must exceed the amount of EUR 500 000 plus VAT and must be fully paid

If through periodic inspections by the authorities, it is ascertained that any condition is violated, Cyprus naturalisation may be revoked.

#### ***Permanent Residence Permit***

The Permanent Residence Permit (F 6(2)) grants investors (non-EU nationals) and their families visa-free travel to Cyprus and the right of residence. Granted for life, this permit includes spouses, under-age children and adult dependent children up to 25 years old. Applications are reviewed by the Civil Registry and Migration Department and the Minister of the Interior grants final approval. The permit is granted for an indefinite duration.

#### ***Conditions required for the Permanent Residence Permit***

Applicants must have:

- Deposits of a minimum capital of EUR 30 000 in a bank operating in Cyprus into a Fixed Deposit Account pledged for a period of at least three years and the said amount should be transferred to Cyprus from abroad
- The applicant, together with his or her spouse, should prove that they have at their disposal a secure annual income of at least EUR 30 000. This annual income should increase by EUR 5000 for every dependent person. This income should derive from abroad, and may include salaries from employment, pensions, dividends from shares, fixed deposits, rents and other sources of income and should be transferred on a regular basis from abroad to a bank operating in Cyprus
- Purchased in Cyprus one or two new properties with a total purchase cost of at least EUR 300 000 (excluding VAT). The properties in question may be two residences or one residence and one office, or one residence and one shop. At least EUR 200 000 of the purchase cost must be settled. The above-mentioned amounts must be proven to have been transferred to Cyprus from abroad. An immigration permit may also be granted to children of the applicant over the age of 18, who are not financially dependent on the applicant, provided that for each such child property has been acquired of at least EUR 300 000 (excluding VAT). In such an event a confirmation of payment for the 66% of the market value of the dwelling must be submitted with the application and each child shall also submit all the other necessary documentation with his own application.
- Unmarried children aged between 18 and 25, who may prove that they are students or undergraduates and are financially dependent on the applicant, may submit a separate application to obtain an Immigration Permit. In such a case, the father or mother and/or both parents together must present an additional annual income of EUR 5 000 for every such dependent child. The said permit is still valid even if the holder has exceeded the age of 25.

#### ***Qualitative criteria:***

- The applicant and spouse must submit a confirmation of a clean criminal record from their country of residence and generally they should not be considered as a threat in any way to public order or public security in Cyprus.
- The applicant and spouse must confirm that they do not intend to be employed in Cyprus in any direct or indirect manner. It is to be noted that the applicant and/or spouse may be shareholder(s) in a company registered in Cyprus and the income from the dividends of such a company in Cyprus are not deemed an impediment for the purpose of obtaining an immigration permit
- The applicant and the applicant's family included in the immigration permit must visit Cyprus at least once every two years
- All the necessary documentation attached to the application for an immigration permit, including the translation of the same into the Greek or English language, must be duly certified

## 3. Finance and investment

### Business regulation

The main type of business structures available to foreign investors are outlined in Chapter 2 under the section 'Main forms of business organisation'.

### Banking and finance

Commercial banking follows the British and EU models and is of a very high standard of service and products. There are currently over 40 Cyprus and international banks operating in Cyprus. Many Cyprus banks have branches or representative offices outside Cyprus while international banks also have branches in Cyprus.

Non-Cypriot citizens have the opportunity to open foreign deposit accounts in any currency very easily, after passing the anti-money laundering tests that the financial institutions must follow under the provisions of The Prevention and Suppression of Money Laundering Activities Act of 2007 as amended in 2010, 2012 and 2013 (*Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007 όπως αναθεωρήθηκε το 2010, 2012 και 2013*) as amended.

The banking system conforms to European Commission Directives, under the regulation of the constitutionally independent Central Bank of Cyprus (CBC), as integrated with the Eurosystem. The Bank's governance is compatible with the provisions of the Treaty establishing the European Community and the Statute of the European System of Central Banks and of the European Central Bank.

Under the Central Bank of Cyprus Acts, 2002-2007 (*Οι περί της Κεντρικής Τράπεζας της Κύπρου Νόμοι, 2002-2007*), and the Banking Act 1997-2009 (*Οι περί των Τραπεζικών Εργασιών Νόμοι, 1997 - 2009*), the Central Bank of Cyprus is the competent authority for the supervision and licensing of banks. In exercising its supervisory rôle, the CBC is guided by the recommendations of the Basel Committee on Banking Supervision, the guidelines issued by the European Banking Authority (EBA), and the rules of the European Union, which promote the adoption of best practices and standards. The supervision of banks incorporated in Cyprus, including both their domestic and foreign subsidiaries and branches, is exercised by the CBC on a consolidated basis.

The Cyprus Securities and Exchange Commission (*Κυπριακή Επιτροπή Κεφαλαιαγοράς*) (CySEC) supervises and controls the operation of the Cyprus Stock Exchange and the issuers of securities listed on the Stock Exchange. The Central Bank and CySEC supervise and license investment-services companies, collective investment schemes, brokerage firms, investment consultants and mutual-fund management companies.

The register of banks operating in Cyprus may be consulted on the official website of the Central Bank of Cyprus ([http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=8154&lang=en](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=8154&lang=en))

### Exchange controls

There are no exchange controls in Cyprus on inward or outward investment. Foreign currencies may be bought and sold freely. There are no restrictions on the maintenance of foreign-currency bank accounts.

### Incentives to investment

The Cyprus Government has introduced legislation to encourage applications for Cyprus citizenship or permanent residence for foreign individuals, details of which are outlined in Chapter 2 under the section 'Work permits, residence permits, visas etc'.

Businesses have available access to grants and incentives provided by the EU and National Government Programmes subject to meeting certain criteria.



## 4. The accounting and audit environment

### Accounting regulations

All companies registered in Cyprus according to the Cyprus Companies Act, Cap. 113 (*Ο περί Εταιρειών Νόμος, Κεφ.113*), must prepare financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and submit them once every year to the Registrar of Companies together with the Annual Return.

These standards require Cyprus holding companies to prepare consolidated financial statements on an annual basis. Consolidation is not required when the Cyprus holding company is an intermediary holding company and a holding company further up the ownership chain prepares consolidated financial statements under approved accounting standards, or when the consolidated financial statements are below certain limits set by the Act for the so called 'Small group consolidation exemption'.

Listed companies on the Cyprus Stock Exchange must publish their audited financial statements within four months of the financial year-end.

### Audit requirements

Auditors and audit firms are licensed, monitored and reviewed by the Institute of Certified Public Accountants of Cyprus (ICPAC) (*Σύνδεσμος Εγκεκριμένων Λογιστών Κύπρου*), a member of IFAC and accountable to the Cyprus Public Oversight Board (CPOB) (*Κυπριακή Επιτροπή Δημόσιας Εποπτείας*).

All auditors and audit firms have to comply with the IESBA Code of Ethics and follow the International Standards on Auditing as issued by the IAASB.

Although there are audit-exemption limits set by the Companies Act all companies must prepare audited-entity financial statements for the purposes of the Tax Act (*Φορολογικός Νόμος*). A tax return is submitted to the Income Tax Office for each tax year accompanied by a declaration on the audited financial statements and the audit report made by the company's auditor. The tax year is the calendar year. Financial statements must be audited by an independent auditor holding a practising certificate from ICPAC.



## 5. Overview of the tax system

### The tax authorities

As from 1 July 2014, the Inland Revenue Department has merged with the VAT Service to form the Tax Department. The Tax Department (*Τμήμα Φορολογίας*) administers the assessment and payment of direct and indirect taxes.

### Principal taxes

The principal taxes levied in Cyprus are:

- Corporate income tax (*Φόρος εισοδήματος για εταιρείες*)
- Personal income tax (*Φόρος εισοδήματος για φυσικά πρόσωπα*)
- Special defence contribution (*Έκτακτη αμυντική εισφορά*)
- Capital gains tax (*Φόρος κεφαλαιουχικών κερδών*)
- Tonnage tax (*Φόρος χωρητικότητας*)
- Value added tax (*Φόρος προστιθέμενης αξίας*)
- Immovable property tax (*Φόρος ακίνητης ιδιοκτησίας*)
- Transfer fees for immovable property (*Δικαιώματα κτηματολογίου*)
- Estate duty (*Φόρος κληρονομιάς*)



### Appeals

If a taxpayer is not satisfied with the tax assessment issued by the Tax Department – Direct Taxes, he or she has the right to object. The objection should be made in writing and should state precisely the reasons for objection. It must be submitted to the Commissioner of Taxation (*Εφορός Φορολογίας*) not later than the end of the month following the month in which the assessment was delivered to the taxpayer.

Where a final assessment is determined after an objection without the agreement of the taxpayer, attention is drawn to the fact that the taxpayer has the right to exercise a hierarchical recourse to the Tax Tribunal within 45 days or appeal to the Supreme Court within 75 days from the date the assessment comes to the taxpayer's knowledge.

## 6. Taxes on business

### Corporate income tax

NB: in this Chapter and Chapters 7 to 9, the term 'resident' should be understood to mean 'resident for tax purposes'.

#### Scope and extent

Companies resident in the Republic of Cyprus are in principle subject to corporate income tax on their worldwide income. Tax is imposed on income accruing or arising both from sources in and outside the Republic.

Non-resident companies are subject to Cyprus corporation tax on their income accruing or arising only from sources in the Republic.

Profits derived by companies from a permanent establishment abroad are exempt from corporation tax in Cyprus unless the foreign permanent establishment is engaged, directly or indirectly, predominantly (i.e. by more than 50%) in activities that lead to the generation of investment income and the foreign tax burden on the profits of the permanent establishment is substantially lower than the Cyprus tax burden. For the exemption to be denied, both of the above conditions must apply. 'Permanent establishment' for this purpose means a fixed place of business through which the business of an enterprise is wholly or partly carried on. A building site or construction or installation project or supervisory activities constitute a permanent establishment only if it lasts more than three months.

The term permanent establishment includes especially:

- A place of management
- A branch
- An office
- A factory
- A workshop
- A mine, an oil or gas well, a quarry or any other place of extracting of natural resources



#### Company residence

Companies are considered to be resident in the Republic if they are managed and controlled in the Republic.

There is no definition in Cyprus tax legislation of what are the management and control requirements. However, it is generally accepted and in line with international tax principles that the following conditions should be considered as determinative of a company's residence for tax purposes in Cyprus:

- All strategic management decisions are taken in Cyprus by the directors exercising their duties from Cyprus. This is usually achieved by having meetings of the Board of Directors take place in Cyprus and signing written resolutions, contracts, agreements, and other relevant company documents
- The majority of the directors of the company are resident in Cyprus and exercise their office from Cyprus
- An actual (administrative) office is maintained in Cyprus, where the actual management and control of the business of the company is exercised
- Hard copies of commercial documentation (agreements, invoices etc) are stored in the office facilities of the company
- Accounting records of the company are prepared and kept in Cyprus
- Bank accounts of the company are operated from Cyprus, even if the accounts are maintained with banks established outside Cyprus

#### Taxable entities

Companies and branches (see Chapter 2) are subject to corporate income tax. Partnerships and sole proprietorships are taxed at partner or proprietor level.

The following taxpayers are exempt from the payment of corporate income tax:

- Any religious, charitable or educational institution of a public character
- Any registered cooperative society or any cooperative savings bank in respect of transactions with its members
- Any local authority where its income is not derived from any business carried on by the local authority
- Any approved pension or provident fund or any other insurance fund established in the Republic or outside the Republic
- Any company formed exclusively for the purpose of promoting art, science or sport, not involving the acquisition of gain by such company or by its individual members and whose activities are confined solely to that purpose
- Shipping companies (ship owners, charterers, ship managers) who have opted to be taxed under the tonnage tax system (for more information see under 'Tonnage Tax' below).

### Taxable period

The taxable period is the company's accounting period, which is normally the calendar year. The year of assessment or fiscal year is the period of twelve months commencing on the first day of January in each year. If the company's accounting year is different from the year of assessment, then the taxable income will be apportioned and allocated to the relevant fiscal years.

### Taxable income

Income and expenses are recognised on an accruals basis and in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Act.

Taxable income is determined by the net profit before tax recognised in the statement of comprehensive income, adjusted as follows:

- By deducting non-taxable (exempt) income
- By adding back non-tax deductible expenses

Non-taxable income includes:

- Interest income. However, interest income arising in the ordinary course of business, including interest closely connected with the carrying on of the business, is not exempted but included in the calculation of profit
- Dividend income. This type of income is, however, subject to the special defence contribution (see under 'Special defence contribution' below).
- Gains from the disposal of securities including the redemption of units or other ownership interests in an open-ended or closed-ended collective investment scheme.
- Profits from a permanent establishment situated outside Cyprus, under certain conditions (see under 'Scope and extent' above).

### Tax-deductible expenses

All expenses incurred wholly and exclusively for the production of income are considered as tax-deductible expenses, and include the following:

- Interest incurred for the acquisition of a fixed asset used in the business. Interest incurred in connection with the acquisition of shares in a 100%-owned subsidiary company is deductible provided that the assets of the subsidiary do not include assets not used in the business
- Donations to approved charities
- Employer's contributions to social insurance and approved funds on employees' salaries
- 80% of profit from the exploitation and/or disposal of intellectual property rights (see under 'Tax incentives' below).
- Special contribution for employees in the private sector (see under Chapter 7).
- Expenses in relation to rents receivable
- Interest relating to a rented property
- Notional interest deduction (NID) on qualifying equity



### Non-tax-deductible expenses

The following expenses are not deductible for corporate income tax purposes:

- Business entertainment expenses (to the extent that they exceed the smaller of 1% of gross income and EUR 17 086)
- Private motor-vehicle expenses
- Professional tax
- Immovable property tax
- 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 in the business. This restriction is lifted after seven years from the date of purchase of the relevant asset
- Expenses with no supporting documents, e.g. invoices, receipts
- Wages and salaries relating to services offered within the tax year on which contributions to the Social Insurance Fund and other related funds have not been paid by the due date
- Default and late-payment interest and fines
- Expenses related to exempt sources of income
- General provision for bad debts

### Depreciation

Depreciation (allowance for the annual wear and tear) is calculated on a straight-line basis at the rates shown in Table 1:

Table 1

Type of asset	Rate of depreciation
Land	0%
Plant and machinery <sup>(1)</sup>	10%
Furniture and fittings	10%
Commercial buildings	3%
Industrial, agricultural and hotel buildings <sup>(2)</sup>	4%
Motor vehicles of all types except private saloon cars	20%
Computer hardware and operating software	20%
Application software up to EUR 1709	100%
Application software above EUR 1709	33.3%
Water drillings, industrial carpets, video recorders, televisions	10%
Tools in general	33.3%
New commercial ships	8%
New passenger ships	6%
Used commercial and passenger ships	Remaining useful economic life
Sailing vessels	4.5%
Motor yachts	6%
Wind generators	10%
Photovoltaic systems	10%

### Notes

- <sup>(1)</sup> Plant and machinery acquired during the tax years 2012, 2013 and 2014 is eligible for accelerated tax depreciation at the rate of 20% (excluding such assets which are already eligible for a higher annual rate of tax depreciation).
- <sup>(2)</sup> In the case of industrial and hotel buildings acquired during the tax years 2012, 2013 and 2014, accelerated tax depreciation at the rate of 7% per annum may be claimed.

### Capital gains tax

Capital gains tax is imposed on gains from the disposal of immovable property situated in the Republic, including shares of companies not listed on a recognised Stock Exchange which own immovable property situated in the Republic, at the rate of 20%.



Liability is confined to gains accruing since 1 January 1980. The costs that are deducted from gross proceeds on the disposal of immovable property are its market value at 1 January 1980, or the costs of acquisition and improvements of the property, if made after 1 January 1980, as adjusted for inflation up to the date of disposal on the basis of the consumer price index in Cyprus. Expenses that are related to the acquisition and disposal of immovable property e.g. transfer fees, legal expenses etc. are also deducted, subject to certain conditions.

The following expenses are not considered expenses wholly and exclusively for the realisation of the gain and therefore are not deductible for capital gains tax purposes:

- Immovable property tax
- Immovable property fees
- Sewerage council fees

The following disposals of immovable property are exempt from capital gains tax:

- Transfers on death
- Gifts between spouses, parents and children and relatives up to the third degree
- Gifts to a company whose shareholders are members of the donor's family and continue to be members of the family for a period of five years from the date of the gift
- Gifts by a family company to its shareholders, provided such property was originally acquired by the company by way of donation. The property must be kept by the transferee for at least three years
- Gifts to charities and the Government
- Transfers as a result of reorganisations
- Exchange or disposal under the Agricultural Land (Consolidation) Acts
- Expropriations
- Exchanges of immovable property provided the gain is used for the acquisition of new property. The gain that is not taxable is deducted from the cost of the new property, i.e. the payment of tax is deferred until the disposal of the new property
- Gains on the disposal of shares listed on any recognised Stock Exchange
- Gains on the disposal of immovable property which is acquired between 16 July 2015 and 31 December 2016 and purchase or purchase agreement and not through an exchange or donation, at market value, from a non-related party

### Dividends, interest and royalties receivable

#### Dividends

Dividend income in general is exempt from corporate income tax but is subject to the Special Defence Contribution (SDC), for which see under 'Special Defence Contribution' below.

Dividends received from both Cyprus and abroad by resident and domiciled individuals are subject to SDC. Dividends received by resident companies from other resident companies are not subject to SDC (subject to the four-year rule as explained below under 'Special defence contribution' in this Chapter).

Dividends received by a resident company from abroad are exempt from SDC provided that either:

- The distributing company engages to the extent of more than 50% directly or indirectly in activities that give rise to income other than investment income or
- The tax burden on the distributing company's income is not lower than 6.25%.

Dividends are not considered to be sourced from investment income if they are derived directly or indirectly from trading subsidiaries.

Any tax suffered abroad on dividend income subject to SDC will be credited against any SDC payable on such income irrespective of the existence or otherwise of a double taxation treaty.

#### ***Interest income***

Interest income received, which is recognised on an accruals basis, by resident companies is subject to corporate income tax at the ordinary corporate tax rate, provided that such income is considered to be generated in the ordinary carrying on of a business or is considered closely connected thereto.

Interest income on loans provided to related and associated parties is typically considered as arising in the ordinary course of the business or closely connected thereto and as such should be subject to corporate income tax and should not be subject to SDC.

Any other interest income is subject to SDC and is not subject to corporate income tax.

Any tax suffered abroad on interest income subject to SDC will be credited against any SDC payable on such income irrespective of the existence or otherwise of a double taxation treaty.

#### ***Income from intellectual property (e.g. royalties)***

The legislation for the taxation of income from intangible property, the so called 'IP Box régime', applies to the following types of income:

- Profits from the use of the intangible (e.g. royalties)
- Penalties for the improper use of the intangible
- Profits on the disposal of the intangible

Expenditure incurred on the development or acquisition of intangible assets as defined in the Patent Rights Act, the Intellectual Property Act and the Trademarks Act is tax-deductible. These Acts cover trademarks, patents and IP rights (scientific work, literary work, musical work, artistic work, movies, databases, recordings, broadcasts and publications). The annual capital-allowance deduction (amortisation) on such intangible assets is equal to 20% of the acquisition cost. The capital allowance is tax-deductible over five years including the year of acquisition.

The net profit is calculated after deducting from the income or profit that is generated from the exploitation or disposal of such intangible assets, all direct expenses (such as amortisation of the assets, interest expense to finance the acquisition or development of the assets, any other direct expenses) associated with the production of this income or profit.

The taxable income derived from the intangible asset is determined by deducting an additional 80% deemed expense (being 80% of the net profits) from the net profits as explained above.

#### **Group taxation**

Losses of the current year may be surrendered by one Cyprus-resident group company to another Cyprus-resident group company. Group relief will be given, provided that both companies are members of the same group for the whole 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 they are resident in Cyprus and:

- One is a 75% subsidiary of the other, or
- Both are 75% subsidiaries of the same parent company

### Losses

Losses may be carried forward for five years from the end of the tax year in which they were incurred. The carry-back of losses is not permitted.

Where there is any change in the ownership of the shares of a company and a substantial change in the nature of the business of the company within any three-year period from the year of the loss, the loss cannot be carried forward to following years.

Losses arising from a permanent establishment outside the Republic can be offset against profits arising in the Republic. However, when a profit arises from such a permanent establishment, an amount equal to the losses that have been utilised in the past against profits arising in the Republic will be included in taxable income.

### Withholding taxes on outgoing income

#### *Dividends*

Dividends payable to resident and Cyprus-domiciled individuals are subject to 17% SDC whereas dividends payable to resident but non-Cyprus domiciled individuals are exempt from SDC.

Companies are deemed to have distributed 70% of their accounting profits after the deduction of taxation (corporation tax, SDC, capital gains tax and overseas tax) to their resident shareholders by the end of two years from the end of the year in which the profits were earned. On such a deemed distribution, 17% SDC should be withheld and paid over to the tax authorities. The deemed-distribution provisions do not apply to companies or groups where the ultimate shareholders are either non-resident or non-domiciled in Cyprus.

#### *Interest*

Interest paid to other resident companies or individuals is free of any withholding tax.

#### *Royalties*

There is no withholding tax on royalties paid to other resident companies.

### Thin capitalisation

Cyprus does not have any thin-capitalisation rules or minimum capitalisation requirements.

### Transfer pricing

There are no specific transfer-pricing rules, or any transfer-pricing documentation requirements in the Income Tax Act. However, all transactions between related parties should be carried out on an arm's length basis, being at fair values and on normal commercial terms.

### Controlled foreign company (CFC) rules

There are no controlled foreign company rules in Cyprus.

## Tax incentives

### *Attractive corporate income tax rate*

Cyprus has a very competitive corporate income tax rate of 12.5%. This is one of the lowest corporate tax rates in the European Union, second only to Bulgaria's 10%.

### *Notional interest deduction on qualifying equity*

Companies resident in Cyprus or companies not resident in Cyprus but which maintain a permanent establishment in Cyprus, are entitled to a notional interest deduction (NID) on equity, which is effectively a tax-allowable deduction against the taxable profits of the company. The NID is calculated by multiplying the 'new equity' held and used by the business in the conduct of its activities with the 'reference interest rate'.

New equity is any new fully paid-up share capital or share premium introduced after 31 December 2014. The reference interest rate is set by reference to 10-year Cyprus government bonds or the equivalent bonds of the state in which the equity is invested.

The NID may not exceed 80% of taxable profits before deduction of the NID.

### *Accelerated depreciation*

Plant and machinery acquired during the tax years 2012, 2013 and 2014 is eligible for accelerated tax depreciation at the rate of 20% per annum.

Industrial and hotel buildings acquired during the tax years 2012, 2013 and 2014 qualify for accelerated tax depreciation at the rate of 7% per annum.

### *Wide network of double tax treaties*

Cyprus boasts an extensive network of double tax treaties, currently with more than 50 countries, including countries in North America, Western and Eastern Europe as well as emerging markets such as China, India and Russia (see Appendix 1).

### *Unilateral tax credit relief*

Relief for taxes paid abroad in the form of a tax credit if the respective income is subject to tax in Cyprus. The relief is given unilaterally irrespective of the existence of a double tax treaty. Where a treaty is in force, the treaty provisions apply if more beneficial.

### *Rulings and prior approvals*

The Cyprus tax authorities provide interpretations of the law under a ruling system in advance.

### *Income from intellectual property*

The taxable income from intellectual property is determined by deducting all direct expenses, such as capital allowances and interest, and an additional 80% of net profit (income less direct expenses). Consequently, the effective tax rate is less than 2.5%.

### *Capital gains and income tax exemption for immovable property*

Cyprus companies may be used to hold immovable property or other assets outside Cyprus with no Cyprus capital gains tax implications on the disposal of such assets, as Cyprus capital gains tax applies to gains on the disposal of immovable property only where the property is situated in Cyprus or on the disposal of unlisted shares in a company owning immovable property situated in Cyprus.

### *Exemption from capital gains tax*

Gains from the disposal of immovable property consisting of land or land and buildings are exempt from CGT.



### *Permanent establishment abroad*

Profits from a permanent establishment maintained abroad are generally exempt from tax in Cyprus.

### *Shipowning and management company*

Cyprus has a very competitive tonnage tax regime for shipowners, ship managers and charterers.

### **Tax rate**

The corporate income tax rate is 12.5%.

### **Assessment procedure**

Corporate income tax is subject to self-assessment.

### **Returns and payments**

#### **Returns**

The annual company income tax return (IR4 form) must be filed by 31 December following the tax year concerned. However, where the tax return is submitted electronically via the taxinet system, which is obligatory for companies, the deadline is extended by three months. Hence, the last filing date for the tax year 2015 would be 31 March 2017.

The employer's return (IR7 form) must be filed by 30 April following the tax year concerned. However, where the tax return is submitted electronically via the taxinet system, which is obligatory for companies, the deadline is extended by three months.

#### **Payments**

A provisional tax return (IR6 form) should be completed every year based on the estimated taxable income for the year and the resulting tax for that year is due for payment in two equal instalments, on or before 31 July (1st instalment) and 31 December (2nd instalment).

The deemed-dividend distribution return (IR623 form) must be submitted, and relevant payment must be made, at the latest by 31 January following the 31 December of the second year following the year in which the profits are deemed as distributed.

Administrative penalties amounting to EUR 100 or EUR 200 depending on the specific case are imposed for late submission of returns or late submission of supporting documentation requested by the Commissioner. In the case of late payment of the tax due, an additional penalty at the rate of 5% will be imposed on the unpaid tax plus interest.

### **Appeals**

See Chapter 5.

### **Tonnage tax system (TTS)**

The Merchant Shipping legislation, fully approved by the European Union, provides for exemption from all direct taxes and taxation under the tonnage tax of qualifying shipowners, charterers and ship managers, from the operation of qualifying ships in qualifying activities. The law imposes tonnage tax on the net tonnage of the vessels.

Exemption is also given in relation to the salaries of officers and crew aboard a Cyprus-registered ship.

The application of the TTS is compulsory for owners of Cyprus-flagged ships and optional for owners of non-Cyprus flagged ships, charterers and ship managers. Those who choose to enter the TTS must remain in the system for at least 10 years.

The following types of income are covered by TTS for each category of taxpayer.

### Shipowners

- 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 of the disposal of shipowning companies and its distribution

### Charterers

- 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

### Ship managers

- 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

## Value added tax

### Taxable activities

As a Member State of the European Union, Cyprus has a value-added tax (VAT) régime similar to other VAT régimes throughout the European Union. In general, VAT is imposed on the supply of goods and provision of services, the import of goods from outside the European Union and intra-EU Union acquisitions of goods from other EU Member States. If these transactions take place in Cyprus, they are in principle subject to Cyprus VAT.

Businesses (taxable persons) charging VAT to their customers are liable to report and pay this VAT to the tax authorities. Any VAT incurred in the course of the taxable person's taxable activity (e.g. charged by the taxable person's suppliers), can in principle be deducted or set off against the VAT due. Only the net amount must be paid to the tax authorities. If there is a balance of deductible VAT, the amount can be recovered from the tax authorities. Consequently, the real burden of VAT falls on the final consumer, with the intervening businesses effectively acting as collecting agents for the tax authorities.

### Services from abroad

A supply of services that takes place in Cyprus is subject to Cyprus VAT. Services supplied by taxable persons established in other Member States or third countries follow two basic rules:

#### *Business to Business (B2B)*

A supply of services from a foreign taxable person to a Cyprus taxable person is subject to Cyprus VAT (reverse charge). The supplier does not charge his own country's VAT.

#### *Business to Consumer (B2C)*

Exceptions to the above rules include:

- Services relating to immovable property – where the property is located
- Services relating to passenger transport – taxed where the transport services take place
- Short-term hire of means of transport – where the means of transport is actually put at the disposal of the customer
- Admission and services ancillary to admission in relation to cultural, artistic, sporting, scientific, educational, entertainment, or similar services – taxed where those events actually take place
- Restaurant and catering services – taxed where the services are physically carried out

- Restaurant and catering services on board ships, aircraft and trains – taxed in the country of departure
- Electronically supplied services, radio and TV broadcasting services and telecommunications services to private consumers are deemed to be supplied where the consumer is established

### VAT rates and exemptions

The standard rate applies to the supplies of all goods and services in Cyprus which are not subject to the zero rate, the reduced rate or are not exempt.

#### *Standard, reduced and zero rates*

The non-zero VAT rates currently in force in Cyprus are:

- Standard rate: 19%
- Reduced rates: 9% and 5%

The reduced rate of 9% is applied to the supply of:

- All restaurant and catering services (including the supply of alcoholic drinks, beer, wine and soft drinks)
- Accommodation provided by hotels and other similar establishments, including the provision of holiday accommodation
- Transportation of passengers and their accompanying luggage within the Republic

The reduced rate of 5% is applied to the supply of:

- Foodstuffs, prepared and unprepared, for human consumption and/or beverages (excluding alcoholic drinks, beer, wine and soft drinks)
- Pharmaceutical products and vaccines
- Supplies of animal feeding stuff
- Books, newspapers and magazines
- Entry fees to theatres, concerts, circuses, festivals, fun fairs, museums, sports events etc
- Renovation and repair of private households after three years of first residence
- Acquisition or construction of a private residence (subject to conditions)

The zero rate applies to:

- The exportation of goods
- 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
- Supply, modification, repair, maintenance, chartering and hiring of aircrafts, used by airlines operating for reward mainly on international routes
- Supply of services to meet the direct needs of sea going vessels and aircrafts
- Transportation of passengers from the Republic to a place outside the Republic and vice versa using a seagoing vessel or aircraft
- Supplies of gold to the Central Bank of the Republic etc

### Exempt supplies

There are a number of supplies that are exempt for the purposes of VAT. This means that VAT is not charged on these goods or services. A business making wholly exempt supplies is not eligible to register for VAT and therefore cannot reclaim any VAT suffered on its purchases (input VAT). A partially exempt business making both exempt and taxable supplies (standard, reduced, or zero rated) can only reclaim input VAT insofar as it relates to taxable supplies.

Exempt supplies include:

- Financial services (with some exceptions)
- Rental of immovable property
- Hospital and medical caring services
- Postal services
- Insurance services
- Disposal of immovable property where the application for building permission was submitted prior to 1 May 2004
- Educational services at all levels of education under certain conditions

The basic difference between zero-rated transactions and exempt transactions is that businesses making exempt supplies of goods or provision of services are not eligible to recover the VAT paid on their purchases and expenses, whereas on zero-rated transactions the VAT input can be recovered.

#### VAT registration and thresholds

A taxable person must register for VAT if:

- At the end of any month, the value of taxable supplies recorded in the last 12 months exceeds EUR 15 600
- At any point in time the value of taxable supplies is expected to exceed EUR 15 600 in the next 30 days
- He provides services to a VAT-registered person within European Union with a nil registration threshold
- He offers zero-rated supplies of goods or services
- He acquires a company on a going concern basis

The registration threshold for intra-EU acquisitions by an otherwise non-taxable person is EUR 10 500. The registration threshold for non-established persons making distance sales into Cyprus is EUR 35 000.

Foreign taxable persons with a fixed establishment for VAT purposes in Cyprus must register in the same way as a Cyprus taxable person.

Taxable persons not permanently established in the Republic may be subject to registration in the VAT Register if the value of the taxable transactions carried out by them in the Republic exceeds the amount of EUR 15 600. Otherwise, taxable persons not permanently established in Cyprus may voluntarily register in the VAT Register if they carry out taxable activities in the Republic (i.e. where there is no application of the reverse charge, which makes the customer liable for payment of the tax due). This can, for example, be the case where the taxable person:

- Imports goods from outside the European Union
- Makes intra-EU acquisitions of goods from other Member States
- Makes local supplies of goods or services to non-taxable persons

Foreign taxable persons without a fixed establishment in Cyprus from which taxable transactions are carried out who need to register may either do so directly or appoint a tax representative to act on their behalf. The approval of the Commissioner is needed unless a representative is appointed.

#### VAT returns

The return period is quarterly but taxable persons may apply for a different filing period, subject to the Commissioner's approval.

The Commissioner of Taxation also has the right to request from a taxable person that he file his VAT returns for a different period.

VAT returns must otherwise be submitted quarterly and the payment of the VAT must be made by the 10th day of the second month that follows the month in which the tax period ends.

If there is an excess of input tax over output tax for a period, the excess is normally carried forward, but the taxable person may apply to have the excess refunded, in which case the authorities will first set the excess against any other tax liabilities the person may have.

Every taxable person who makes a claim for a VAT refund will be entitled to repayment of the principal amounts together with interest (currently set at 4% p.a.), in the event that the repayment is delayed for a period exceeding four months from the date of the submission of the claim. In case a VAT audit regarding the claim is conducted by the VAT Commissioner, the time period of four months is extended to eight months.

### VAT grouping

Cyprus offers the facility to form VAT groups provided that certain criteria are satisfied such as:

- Each of the members of the group must be established or maintain a fixed establishment in Cyprus
- The members of the group are closely connected with financial, economic and organisational bonds

### Special defence contribution (SDC)

All persons resident and domiciled (for individuals) in Cyprus are subject to SDC on the sources of income indicated below. Tax-resident but non-domiciled individuals are not subject to SDC:

Table 2

Source of income	Rate of SDC
Dividends <sup>(1)</sup>	17%
Interest income <sup>(2)</sup>	30%
Interest earned by an approved provident fund	3%
Interest earned by the Social Insurance Fund	3%
Rental income (reduced by 25% instead of actual expenses)	3%

### Notes

<sup>(1)</sup> Dividends received by a resident company from another resident company, excluding dividends paid indirectly more than four years from the end of the year in which the profits that were distributed as dividends arose, are exempt.

Dividends received by a resident company or a non-resident company that has a permanent establishment in the Republic from a company that is non-resident in the Republic are also exempt.

This exemption does not apply if:

- The non-resident distributing company engages to the extent of more than 50% directly or indirectly in activities giving rise to investment income and
- The foreign tax burden on the income of the distributing company is substantially lower than the tax burden of the resident company or the non-resident company with a permanent establishment in the Republic

<sup>(2)</sup> Interest that is received as a result of carrying on a business activity, including interest closely connected to the ordinary activities of the business is not considered interest for SDC purposes.



## 7. Personal taxation

### Income tax

#### Scope and extent

Individuals who are resident in Cyprus are liable to personal income tax on their worldwide income. Non-residents are liable to personal income tax only on income accruing or arising from sources within the Republic.

#### Tax residence

An individual is considered to be resident in Cyprus if he or she is present in the Republic for a period exceeding 183 days in a tax year. The calculation of the days of presence in the Republic is carried out based on the following rules:

- The day of departure from the Republic is considered to be a day out of the Republic
- The day of arrival into the Republic is considered to be a day in the Republic
- Arrival in the Republic and departure from the Republic on the same day amounts to a day in the Republic and
- Departure from the Republic and return to the Republic on the same day amounts to a day out of the Republic

#### Categories of income

Cyprus tax law classifies taxable income into the following categories:

- Income from employment and pensions
- Income from business activity
- Income from capital (e.g. dividends, interest, royalties, immovable property)
- Capital gains

#### Exempt income

Categories of income exempt from income tax include:

- Dividend income. This type of income is subject to SDC
- Interest income. However, interest income arising in the ordinary course of business, including interest closely connected with the carrying on of the business, is not considered as interest but trading profit and is not exempt
- Lump-sum payments from life insurance schemes or from approved provident funds
- Remuneration from salaried services rendered outside the Republic for more than 90 days in a tax year to a non-resident employer or to a foreign permanent establishment of a resident employer
- Profits from a permanent establishment maintained outside the Republic under certain conditions
- Gains from disposals of securities including units in an open-ended or closed-ended collective investment scheme

#### Taxation of employment income

Income from employment includes all types of remuneration from an employment – wages, salaries, benefits-in-kind, bonuses, compensation for termination of employment, directors' remuneration etc. In principle, all benefits-in-kind are taxable at their market value.

#### *Benefits-in-kind*

Any amount received as a loan or financial assistance by a company's director, or by a company's individual shareholder, or by his or her spouse, or by any relative up to the second degree, is considered a monthly benefit equivalent to 9% per annum calculated on the above amount. Such benefit will be included in the individual's income subject to income tax.

The amount of tax on benefits-in-kind is withheld from the individual's monthly salary under the PAYE system (see below).

#### *Director's remuneration*

Director's remuneration is treated as income from employment.



### **Deductions**

Any expenditure wholly and exclusively incurred in deriving the income are deductible. This is a rigorous test, and generally excludes expenditure with a wholly or partly personal nature, such as travel to work or relocation expenses. However, subscriptions to trade unions and professional bodies are specifically allowable, as are social security contributions.

For life assurance premiums and pension contributions, see below under 'Deductions and allowances'.

### **Salary tax**

Employers are obliged to deduct income tax and social security contributions from employees' remuneration and account for the deductions, along with their own social security contributions, to the tax authorities, under the PAYE (Pay As You Earn) system.

### **Taxation of income from business**

Individuals carrying on a trade, business or profession are subject to income tax on the profits of that trade, profession or business on a worldwide basis.

In computing those profits, deductions may be made in respect of expenditure wholly and exclusively incurred in the production of that income. Supporting documentation must be retained for the expenditure to be deductible. Allowable deductions include:

- Interest relating to the acquisition of fixed assets used in the business
- Contributions to trade unions or professional bodies
- Interest paid in respect of rented buildings

Capital expenditure is not deductible, but capital allowances are available on the same basis and at the same rates as apply to companies (see under 'Capital allowances' in Chapter 6).

Expenditure that is not deductible includes:

- Business-entertainment expenses, to the extent that they exceed the lower of 1% of the gross income and EUR 17 086
- Private motor-vehicle expenses
- Immovable property tax
- 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 in the business. This restriction is lifted after seven years from the date of purchase of the relevant asset
- Expenses with no supporting documents, such as invoices, receipts etc
- Wages and salaries relating to services provided within the tax year on which contributions to the Social Insurance Fund and other related funds have not been paid in the year in which they were due

### **Taxation of investment income**

#### **Dividends**

Dividend income in general is exempt from corporate income tax but is subject to SDC at the rate of 17%.

Dividends received from both Cyprus and abroad by tax resident and Cyprus-domiciled individuals are subject to SDC at the rate of 17%.

Dividends received by tax-resident but non-domiciled individuals are not subject to SDC.

**Interest income**

Interest income from bank deposits is generally exempt from income tax but is subject to SDC.

Interest that is received as a result of carrying on a business activity, including interest closely connected to the ordinary activities of the business, is not considered interest for SDC purposes and is subject to income tax as income from a business.

**Royalties**

Income from the exploitation of intellectual property, together with the profits of disposal of such property, is exempt from income tax to the extent of 80%.

From the remaining 20%, all direct expenditure incurred in deriving the income, as well as capital allowances, may be deducted in arriving at taxable income.

**Rental income**

Taxable income from rents is aggregated with other income and taxed accordingly. The taxable rental income is derived from gross rental income after deducting the following allowances and expenses:

- 20% of gross rental income
- 3% of building costs
- interest in respect of the immovable property

**Capital gains**

With the exception of gains from the disposal of immovable property situated in Cyprus, private capital gains are generally exempt from tax.

Capital gains from the disposal of immovable property situated in the Republic, including disposals of shares of unquoted companies owning immovable property situated in the Republic, are subject to capital gains tax at the rate of 20% except where the immovable property is acquired between 16 July 2015 and 31 December 2016 through purchase from a non-related party at market value.

Individuals are entitled to make the following deductions over their lifetime from taxable gains:

- Disposal of principal private residence: EUR 85 430
- Disposal of agricultural land by a farmer: EUR 25 629
- Other disposals: EUR 17 086

**Losses**

Individuals carrying on a business who have an obligation to prepare audited financial statements (i.e. with turnover in excess of EUR 70 000) may carry forward tax losses incurred over the next five years from the end of the tax year in which they were incurred, to be offset against taxable income.

Losses arising from a permanent establishment maintained outside the Republic may be offset against profits from any other sources in the same year. However, when a profit arises from such a permanent establishment, an amount equal to the losses that have been utilised in the past against profits taxable in the Republic will be included in the taxable income.

**Deductions and allowances**

The following categories of expenses may be deducted without limit in arriving at taxable income:

- Donations to approved charities supported by receipts
- Special contribution on salaries and pensions (for details see 'Special contribution by employees etc of the private sector')

The following personal expenditure is deductible subject to a cap of one-sixth of taxable income:

- Social security contributions
- Provident fund contributions
- Pension fund contributions
- Medical fund (maximum 1% of remuneration)
- Life insurance premiums (maximum 7% of the insured amount)

### Personal allowances

No deductions in respect of a taxpayer's personal circumstances are given, but the first EUR 19 500 of taxable income is free of tax for all taxpayers.

### Rate of income tax

Table 3

Band of taxable income (EUR)	Rate of tax (%)
First 19 500	0
Next 8500	20
Next 8300	25
Next 23 700	30
Balance over 60 000	35

### Special contribution for employees etc of private and public sectors

Additional tax, by way of a 'special contribution to the Republic' is imposed on the gross earned income of employees, pensioners and the self-employed for the period from 1 January 2014 to 31 December 2016 on salaries, income of the self-employed and pensions in the private and public sectors at the rates shown in Table 4.

Table 4

Gross monthly earnings (EUR)	Special contribution(%)
0 – 1500	0
1501 – 2500	2.5 (minimum EUR 10)
2501 – 3500	3
3501 and over	3.5

With regard to employees, the contribution is shared equally between the employee and the employer.

### Returns and payment

#### Returns

The personal tax return (IR1 form) for employees whose gross income exceeds EUR 19 500 must be submitted to the tax office by 30 April following the tax year concerned.

The personal tax return (IR1 form) for the self-employed who do not prepare audited accounts and whose gross income exceeds EUR 19 500, must be submitted to the tax office by 30 June following the tax year concerned. The deadline for those who prepare audited accounts is extended to 31 December following the tax year concerned.

The self-assessment form (IR158 form) must be completed and the tax due must be paid by 1 August of the year following the year of assessment concerned.

Those filing electronically have their filing deadlines extended by three months.

#### **Payment**

At the end of each month the employer is obliged to pay over deductions collected under the PAYE system from employees' salaries in the previous month.

Each self-employed individual should complete every year the provisional tax form (IR5 form) based on his or her estimated taxable income for the year and resulting tax for that year is due for payment in two equal instalments, on or before 31 July and 31 December.

Administrative penalties amounting to EUR 100 or EUR 200, depending on the specific case, will be imposed for late submission of declarations or late submission of supporting documentation requested by the Commissioner. In the case of late payment of the tax due, an additional penalty at the rate of 5% will be imposed on the unpaid tax plus interest.

#### **Appeals**

See Chapter 5.

#### **Incentives for expatriates**

Remuneration from any office or employment exercised in the Republic by an individual who was not resident in the Republic before the commencement of his or her employment benefits from a special tax relief. For a period of three years from 1 January following the year of commencement of the employment, the individual's income from employment is partly exempt, to the extent of the lower of 20% of the remuneration and EUR 8550.

Another exemption scheme applies to expatriate employees whose annual remuneration exceeds EUR 100 000. Employees are eligible if they have not been resident in the Republic before the commencement of their employment in the Republic. The exemption applies for a period of five years starting from the first year of employment and covers 50% of the remuneration.

#### **Inheritance and gift tax**

There is no inheritance or gift tax in Cyprus.

#### **Wealth tax**

There is no wealth tax in Cyprus.



## 8. Other taxes

### Immovable property tax

#### Charge to tax

Immovable property tax (IPT) is imposed on the market value of immovable property as valued at 1 January 1980 and applies to the immovable property owned by the taxpayer on 1 January of each year. This tax is payable on 30 September each year. Both natural and legal persons are liable to IPT.

The bands and rates for IPT, as per Table 5 below, apply per owner and not per property. Property owners whose property has a total value of no more than EUR 12 500 (at 01/01/1980 values) are exempt from IPT.

#### Rates

The immovable property tax rates are outlined in Table 5 below:

Table 5

Aggregate property value (EUR)	Rate of IPT (%)
First 40 000	0.6
Next 80 000	0.8
Next 50 000	0.9
Next 130 000	1.1
Next 200 000	1.3
Next 300 000	1.5
Next 2 200 000	1.7
Balance over 3 000 000	1.9

### Transfer fees for immovable property

These are paid on transfers of immovable property and are calculated on the market value of the property as estimated by the Land Registry Department.

#### Rates

The transfer-fee rates for immovable property are outlined in Table 6 below:

Table 6

Band of market value (EUR)	Rate of fee (%)
First 85 000	3
Next 85 000	5
Balance over 170 000	8

For any transfer of immovable property as well as the registration of any lease/sublease until 31 December 2016, a 50% reduction in transfer fees and registration fees respectively is provided. Furthermore no transfer fees are payable when the transfer relates to a transaction subject to VAT.

## 9. Social security contributions

Contributions are paid into four funds:

- Social insurance fund
- Redundancy fund
- Industrial training fund
- Social cohesion fund

The employee contributes solely to the Social Insurance Fund. The employer is the sole contributor to the other funds.

### Contribution rates

The contribution rates are outlined in Table 7 below.

Table 7

	Employer (%)	Employee (%)	Self-employed (%)
Social insurance	7.8	7.8	14.6
Redundancy fund	1.2	-	-
Industrial training	0.5	-	-
Social cohesion fund	2.0	-	-
<b>Total</b>	<b>11.5</b>	<b>7.8</b>	<b>14.6</b>

The contributions by employees and employers to the social insurance, redundancy and industrial funds are subject to earnings ceilings (see Table 8 below for 2015 values), whereas the contributions by employers to the Social Cohesion Fund are payable on the total annual emoluments.

### Emoluments ceiling for employee and employer contributions

Table 8

	Per week (EUR)	Per month (EUR)	Per annum (EUR)
Weekly employees	1046	-	54 392
Monthly employees	-	4533	54 396

### Ceilings and thresholds for self-employed contributions

Whereas there is a single ceiling of EUR 1046 per week (equivalent to EUR 54 392 per annum), different trades and businesses have differing thresholds (the minimum income to trigger a liability to contributions). These thresholds are illustrated in Table 9 overleaf.

Table 9

Occupational Category	Lower weekly limit (EUR)
Person exercising a profession for a period of not more than 10 years	383.64
for a period of more than 10 years	775.99
Wholesalers, estate agents and other entrepreneurs	775.99
Teaching professionals (University, Secondary education, Primary and pre-primary education, Teaching associates, Special education teaching professionals) persons with up to 10 years' practice	374.92
persons with more than 10 years' practice	749.83
Builders and related occupations	470.83
Street vendors, mail carriers, refuse collectors, miners and quarry workers, underwater workers, sweepers, service providers, salesmen, farmers, dairy and livestock producers, fishermen and related occupations	261.57
Clerks, typists, cashiers, secretaries, drivers, excavator operators and related occupations, technicians, mass-media associates, stationary-plant (not related to building occupations) and metal, rubber, plastic, wood and related-product assemblers	374.92
Cleaners, messengers, guards, dry-cleaner owners, shopkeepers	357.48
Butchers, bakers, pastry-cooks, meat, milk, fruit, tobacco-product makers/preservers and related occupations	287.73
Draughtspersons, computer-equipment operators, ships' engineers, agents and related occupations, musicians, magicians, persons not falling under any other occupational category	383.64

### Payment

The contributions that the employer is obliged to pay are due no later than the end of the calendar month following the month to which the contributions relate.

The deadlines for payment of self-employed contributions is shown in Table 10 below.

Table 10

Months to which the contributions relate	Due date
January – March	10th of following May
April – June	10th of following August
July – September	10th of following November
October – December	10th of following February

# 10. Moore Stephens in Cyprus

Moore Stephens is represented in Cyprus by the following member firms:

## **Moore Stephens (Limassol) Limited**

**Ariel Corner**

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**3030 Limassol**

**Cyprus**

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F +357 25 344237

E [info@moorestephens.com.cy](mailto:info@moorestephens.com.cy)

W [www.moorestephens.com.cy](http://www.moorestephens.com.cy)

International liaison and tax: Christos Christodoulou, [c.christodoulou@moorestephens.com.cy](mailto:c.christodoulou@moorestephens.com.cy)

## **Moore Stephens Stylianou & Co**

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# Appendix 1: Double tax treaties

## Comprehensive double taxation treaties

Cyprus has comprehensive double tax treaties with the following countries:

Armenia	India	Seychelles
Austria	Ireland	Singapore
Azerbaijan <sup>(1)</sup>	Italy	Slovakia <sup>(3)</sup>
Belarus	Kuwait	Slovenia
Belgium	Kyrgyzstan <sup>(1)</sup>	South Africa
Bulgaria	Lebanon	Spain
Canada	Lithuania	Sweden
China	Malta	Switzerland
Czech Republic <sup>(3)</sup>	Mauritius	Syria
Denmark	Moldova	Tajikistan <sup>(1)</sup>
Egypt	Montenegro <sup>(2)</sup>	Thailand
Estonia	Norway	Turkmenistan <sup>(1)</sup>
Finland	Poland	Ukraine
France	Portugal	United Arab Emirates
Germany	Qatar	United Kingdom
Greece	Romania	United States
Guernsey	Russia	Uzbekistan <sup>(1)</sup>
Hungary	San Marino	
Iceland	Serbia <sup>(2)</sup>	

<sup>(1)</sup> The treaty between the Republic of Cyprus and the former USSR still applies.

<sup>(2)</sup> The treaty between the Republic of Cyprus and the former Socialist Federal Republic of Yugoslavia still applies.

<sup>(3)</sup> The treaty between the Republic of Cyprus and the former Socialist Republic of Czechoslovakia still applies.

Treaties have been signed with Bahrain, Georgia and Iran but have yet to be ratified.

## Double tax treaties: air transport and shipping

Cyprus has double tax treaties covering profits from shipping only, with the following jurisdictions.

Algeria	Iran	Philippines
Cuba	Latvia	Sri Lanka

## Double tax treaties: estates, gifts and inheritances

Cyprus has no treaties covering these taxes.



**Agreements on mutual administrative assistance**

Within the European Union, administrative assistance in respect of direct taxes is guaranteed under EU Directive 2010/24/EU, as amended by Directive 2014/107/EU. As regards VAT, administrative assistance is governed by Council Regulation (EU) No 904/2010, as amended by Regulation (EU) No 517/2013. Several of Cyprus’s double tax treaties also contain provisions for mutual administrative assistance.

**Social security agreements**

The interaction of national social security systems within the European Economic Area is governed by EU Regulations Nos 883/04 and 987/09, as amended by Regulation (EU) No 465/12, which also extend, by agreement (and with some differences), to Switzerland. Cyprus has pre-existing bilateral agreements with some of these states. These have largely been superseded by the EU Regulations, but may be applied where, occasionally, they give a more beneficial result. The following non-EEA jurisdictions have social security agreements with Cyprus, the terms of which differ from case to case.

Australia	Egypt
Canada	Québec

## Appendix 2: Moore Stephens around the world

Moore Stephens member firms may be found in 103 countries and territories around the world, with correspondent firms in another seven.

Albania	Czech Republic	Kuwait	Russia
Algeria	Denmark	Latvia	Saudi Arabia
Argentina	Dominican Republic	Lebanon	Senegal
Australia	Ecuador	Liechtenstein*	Serbia
Austria	Egypt	Lithuania	Seychelles
Azerbaijan	El Salvador*	Luxembourg	Singapore
Bahamas	Estonia*	Macedonia	Slovakia
Bahrain	Finland	Malaysia	South Africa
Bangladesh	France	Malta	South Korea
Belgium	Germany	Mauritius	Spain
Belize	Gibraltar	Mexico	Sri Lanka*
Bermuda	Greece	Monaco	Sweden
Bolivia	Guatemala	Morocco	Switzerland
Botswana*	Guernsey	Netherlands	Taiwan
Brazil	Honduras	New Zealand	Thailand
British Virgin Islands	Hong Kong	Nicaragua	Tunisia
Bulgaria	Hungary	Nigeria*	Turkey
Burundi	India	Norway	Ukraine
Canada	Indonesia	Oman	United Arab Emirates
Cayman Islands	Iraq	Pakistan	United Kingdom
Chile	Ireland	Papua New Guinea	United States
China	Isle of Man	Paraguay	Uruguay
Colombia	Israel	Peru	Venezuela
DR Congo	Italy	Philippines	Vietnam
Costa Rica	Japan	Poland	Yemen
Croatia	Jersey	Portugal	Zambia
Curaçao	Jordan	Qatar	Zimbabwe*
Cyprus	Kazakhstan	Romania	

\* denotes a correspondent firm only

For more detail, see [www.moorestephens.com](http://www.moorestephens.com) under 'Locations'.

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