



Cyprus, an ideal business center

## The real return on investment

Republic of Cyprus (“Cyprus”), is an island country in the Eastern Mediterranean Sea and is the third largest and third most populous island in the Mediterranean. The total area of Cyprus is 9.251 square km with population 946.000. The island enjoys the best type of Mediterranean climate with about 300 days of sunshine per year.

Cyprus is one of most recognized business centers in the world. The main pillars of the development of Cyprus as an international business center are the tax, legal and regulatory frameworks and the quality of professional services. Furthermore, other important characteristics of the island are its strategic geographic location as a European gateway to the East and the excellent living conditions.

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

# Cyprus

European Union Member



## Tax System

The efficient tax system established in Cyprus can be considered as the major reason to call Cyprus as an ideal business center.



## Legal Framework

Cyprus' comprehensive and robust legal and regulatory framework, is widely recognized as business-friendly and effective.



## Strategic Location

Cyprus is Europe's eastern outpost at the crossroads of three continents – Europe, Africa and Asia - strategic importance in global trade.



## Business Services

Cyprus is a dynamic business center that provides high level and top-quality professional services in all aspects of business.



## Cost of Business

Lowest labor costs for technical and professional talents and office rental rates in Europe and highly affordable critical business support services.



## Quality of Life

Low crime levels, year-round sunshine, most blue flag beaches, centuries of art and culture, and a delicious gastronomy which all contribute to a high quality of life.

- Tax System
- Legal Framework
- Strategic Location
- Business Services
- Cost of Business
- Quality of Life

## Cyprus Tax Incentives

Tax Incentives		Legal Entities	Individuals	
Corporation / Personal Income Tax		12,50%	0 – 19,500: 0% 19,501 – 28,000: 20% 28,001 – 36,300: 25% 36,301 – 60,000: 30% Over 60,000: 35%	
Tax Residency	Management & Control rule	√	N/A	
	183 days rule	N/A	√	
	60 days rule	N/A	√	
IP Regime	Qualifying IP Assets	Software	√	N/A
		Patents	√	N/A
		Other (upon confirmation)	√	N/A
		Trademarks	X	N/A
	Qualifying Income	Exploitation Income (i.e. Royalties, Licenses etc.)	√	N/A
		Embedded Income	√	N/A
		Disposal of IP Asset	√	N/A
	Qualifying Expenditure	Directly related expenses	√	N/A
		Notional Interest Deduction (NID)	√	N/A
		Third Party outsourced services	√	N/A
		Acquisition of IP	X	N/A
		Interest	X	N/A
		Related Party outsourced services	X	N/A
<b>Effective Tax rate</b>		<b>up to 2,5%</b>	<b>-</b>	

Tax Incentives		Legal Entities	Individuals	
NID Regime	Qualifying New Equity (QNE)	Equity introduced from 2015 onwards <b>and</b> invested to business assets which generate taxable income	√	N/A
	Reference rate (R)	Yield of the 10- year government bond (as at 31 December of the prior tax year) of the country where the funds are employed, plus a 5% premium,	√	N/A
	NID Calculation	QNE * R = NID subject to a cap equal to 80% of the taxable profit (as calculated prior to the NID), arising from the new equity	√	N/A
	<b>Effective Tax rate</b>		<b>up to 2,5%</b>	<b>-</b>
IP & NID Regimes combination	<b>Effective Tax rate</b>	<b>up to below 2,5%</b>	<b>-</b>	

Tax Incentives		Legal Entities	Individuals	
Film Production Scheme	Cash Rebate	Rebate of up to 35% of eligible expenditures incurred in Cyprus	√ (subject to conditions)	N/A
	Tax Credit (Alternative of Cash Rebate)	Reduction of the corporate tax liability (up to 50%) of the company responsible for the implementation of a production	√ (subject to conditions)	N/A
	Tax Discount	Investment in Infrastructure & Equipment will be entitled to be deducted from taxable income	√ (subject to conditions)	N/A
	VAT Refund	Entitlement of VAT refund from the expenditures made in Cyprus	√ (subject to conditions)	N/A

Tax Incentives		Legal Entities	Individuals	
Employment/ Pension Income	Employment Income (Local)	Individual who was residing outside the Country before the commencement of his employment in the Country:	√	
		<100.000 per year	20% exemption or 8.550 (lower of) for 5 years	
		>100.000 per year	50% exemption for 10 years	
	Employment Income (Abroad)	Remuneration for salaried services rendered outside the Country for more than 90 days in a tax year to a foreign resident employer	N/A	Exempt
	Pensions	Overseas	N/A	Taxable flat rate 5% (first €3,420: 0%)
		Local	N/A	Taxable
	Other	Lump sum from life insurance and other pension schemes	N/A	Exempt
		Inheritance	N/A	Exempt
		Gift	N/A	Exempt
		Wealth	N/A	Exempt

Tax Incentives		Legal Entities	Individuals	
Other Tax Considerations	Disposal of Securities	Shares	Exempt	Exempt
		Bonds and Debentures	Exempt	Exempt
		Derivatives, Options, Futures, Swaps	Exempt	Exempt
		Units of collective investment scheme	Exempt	Exempt
		Financial instruments with underlying assets currencies or commodities	Taxable	Taxable
	Dividends	Dividend Income	Exempt (subject to conditions)	Exempt
		Dividend distribution	No withholding	N/A
	Permanent Establishment (PE)	Local PE of overseas Co.	Taxable	N/A
		Overseas PE of Local Co.	Exempt (subject to conditions)	N/A
	Foreign Exchange (FX)	Trading income from FX (including cryptocurrencies)	Taxable	Taxable
		FX differences	Tax neutral	Tax neutral
	Foreign Tax	With or without Double Tax Treaty	Credit	Credit

# About Us



## PICCO Cyprus

PICCO is an accounting, audit and tax consulting firm applying ‘expertise that works’ to minimize risk, maximize value, and save you resources.

At PICCO we provide forward-thinking solutions, service that exceeds expectations, and create opportunity, value, and trust for our clients, our people and our communities. We deliver consistent Five-Star client service with independence, objectivity and integrity. We provide full-service solutions with a high degree of personal attention, believing that strong relationships are built by ensuring clients are satisfied with their service experience. PICCO is a firm of excellence and innovation, providing invaluable services and insights to our clients, fostering a workplace culture that develops leaders, values diversity and working to make our communities better.

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## PICCO Global Alliance

PICCO Global Alliance is an international alliance constituted by independent Audit Firms across the world. All Allies share the same philosophy and mission, to provide exceptional cost-effective services with the principal aim the adding value to their clients. Number of professionals together, they share their combined expertise from around the world with the aim to maximize the quality of services and provide highly-customized business solutions to the clients. Our members provide the best solutions for companies and individuals to achieve their goals with less resources and much more global expertise that result to the minimization of their risk and maximization of their return.



