



The Cyprus Holding Company

THE MOST TAX-EFFICIENT GATEWAY IN THE EU

Anastasios Antoniou LLC is a boutique Cyprus law firm advising on all aspects of Cyprus Law, EU Law and International Law with an expert focus on competition law, commercial and corporate law, investment funds and financial services law, IP and energy law.

What sets our Firm apart is its commitment to the provision of comprehensive legal solutions to contemporary legal challenges in a clear, reliable and unequivocal manner.

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Anastasios Antoniou LLC's Corporate Practice has been selected as the **Recommended Firm for Corporate Law in Cyprus** by Global Law Experts

The Cyprus Tax Regime

The Cyprus Holding Company takes full advantage of the favourable Cypriot tax regime, provided its management and control is situated in Cyprus. The following are the main features of this regime, which has made Cyprus an ideal holding destination for international tax planning purposes:

CORPORATE TAX

Cyprus features an EU-low **10% corporate tax** rate over profits.

DIVIDENDS FROM SUBSIDIARIES OF A CYPRUS HOLDING COMPANY

Low or zero withholding tax rates can be effected when extracting dividends from underlying subsidiaries of a Cyprus Holding Company, through the mechanisms of either:

- an applicable Double Tax Treaty;
- the provisions of EU Directive 90/435/EEC (“the Parent/Subsidiary Directive”)

Where the investment is outside the EU or the conditions of the EU, or where the conditions of the Parent/Subsidiary Directive are not satisfied, Cyprus can rely on its vast Double Taxation Treaties network. The rates applicable through Cyprus’ double taxation treaties concluded with other States are shown below in **Table A**.

INCOMING DIVIDENDS TAXATION

Dividends received by a Cyprus holding company from a Cyprus subsidiary are exempted from any taxation in Cyprus.

Dividends received from outside Cyprus are subject to the Special Contribution for Defence at 15%, however exemption is almost always obtained, **thus resulting in the zero taxation of foreign incoming dividends into Cyprus.**

OUTGOING DIVIDENDS TAXATION

Non-residents receiving dividends from a Cyprus company are **not subject to any taxation.**

CAPITAL GAINS TAXATION

Only gains from the disposal of immovable property in Cyprus are taxed, or gains from the disposal of shares in a company the property of which constitutes immovable property in Cyprus.

The disposal of shares, securities and debentures is exempted from any taxation.

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CAPITALIZATION

A Cyprus company can be capitalized entirely from loans and any arm's length interest paid to a parent company shall be entirely deductible.

OTHER ADVANTAGES

- No withholding tax on royalties for use outside Cyprus
- No withholding tax on interest
- Credit relief available for foreign withholding tax unilaterally
- Ability to carry forward losses indefinitely
- Group relief rules available
- Flexible and tax efficient reorganisation provisions
- Wide network of double tax treaties

The Cyprus Holding Company is one of the most highly regarded investment vehicles globally. Offering the lowest corporate tax rate in the EU at 10%, ensuring compliance with EU requirements as an EU Member State as well as committing to the OECD requirements against harmful tax practice, featuring a substantial number of Double Tax Treaties with other States and boasting one of the most business-friendly legislative frameworks, are some of the reasons behind Cyprus' evolution into an ideal holding and investment destination.

The following circumstances constitute ideal situations for the incorporation of a Cyprus Holding Company, either as an intermediate holding entity or as an ultimate holding company:

- For groups investing outside of Cyprus and expecting dividend income streams, which will in most cases be tax exempt when shares are held by a Cyprus Holding Company;
- To hold subsidiary companies that might be sold in the future, the disposal of which will not be taxable in the case a Cyprus Holding Company holds the shares in these subsidiaries;
- To harness the tax benefits of the withholding tax provisions found in the extensive double tax treaties network of Cyprus and the EU Parent-Subsidiary Directive;
- To enjoy the benefits of no taxation over the payment of dividend, interest and royalties in most cases;
- To enjoy the benefits of no taxation over transactions in securities, making it an appropriate vehicle for funds;
- Where it may be important to achieve a tax free unwind of the holding company at some stage in the future.

Dividends

Dividends received by a Cyprus resident are not taxed under the Income Tax Law but are instead subject to the Special Contribution for Defence, pursuant to the provisions of the relevant legislation.

The Special Contribution rate of 15% is open to an **exemption satisfied in the following cases:**

Dividends paid from one Cyprus resident company to another.

Dividends received from an overseas company by a resident company of Cyprus or a company which is not a resident of Cyprus but has a permanent establishment in Cyprus, holding directly at least one per cent (1%) of the share capital of the overseas company.

Exemption (2) does not apply if **both** of the following criteria are met: More than 50% of the activities of the company paying the dividend are a direct or indirect result of investment and The foreign taxation imposed on that company's income is substantially lower than the respective Cypriot taxation.

Under the Cyprus tax legislation, dividend income received by a Cyprus resident will not be charged under the income tax law but under the Special Contribution for the Defence Law (SCDL) at 15%.

Non-residents receiving dividends from a Cyprus company are not subject to any taxation in Cyprus.

Our Services

INCORPORATION

Incorporation of a Cyprus Limited Company is reserved to qualified Advocates under Cyprus Law. Our Firm's Members include Advocates that attend to the incorporation of a Cyprus Company, trading or holding, swearing the necessary affidavit before a Court Registrar, drafting the Memorandum and Articles of Association, preparing all corporate documents and ensuring accurate filings with the Registrar of Companies.

COMPANY LAW ADVICE AND COUNSEL

Our Corporate Law practice prides itself for its expertise and know-how in dealing with complex legal issues arising out of corporate transactions, Our corporate legal services cover the following:

- Drafting shareholders agreements and joint venture agreements
- Full legal support in respect of mergers and acquisitions
- Full legal support in respect of financing transactions, including

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venture-capital financing

- Legal advice and counsel in relation to private equity transactions
- [the incorporation and operation of regulated investment firms](#)
- the incorporation of European Companies (Societas Europae)

CORPORATE TAX ADVICE AND TAX COMPLIANCE

The Firm provides tax advice on the structure of corporate operations including:

- Formation of subsidiaries or branches
- Reorganizations, mergers, acquisitions and disposals
- Tax-efficient corporate operations and governance
- Tax Legislation advice and consulting

Our team provides the full range of tax compliance services for your company, assisting in meeting statutory obligations and obtaining full clearance of every desired step for the company's growth and expansion.

- Preparing and filing corporate tax returns
- Attending to all necessary due diligence compliance
- Carrying out discussions and negotiations with Income Tax authorities
- Appeal tax assessments by the authorities
- Obtaining rulings from the competent authorities

FIDUCIARY AND SECRETARIAL SERVICES

Our corporate administration team attends all administrative needs of a Cyprus company, from banking arrangements to obtaining any necessary license for the company to carry out business as smoothly as possible. Our fiduciary and administrative services encompass the following:

- Appointment of company Directors
- Appointment of the company Secretary
- Provision of Registered Office
- Provision of Nominee Shareholders
- Appointment of Bank Signatories
- Opening and reporting on bank accounts
- Arranging for bank credit cards or applications for bank financing
- Provision of bank signatories and execution of bank instructions
- Handling correspondence with third parties, including State authorities
- Monitoring compliance with legislation and updating on new legislative developments affecting your business
- Issuing fee notes, invoices and collecting receivables
- Coordination of audit, tax advice and VAT work

- Attending to the listing of companies to a recognized stock exchange
- Applying and obtaining investment licenses from the Cyprus Securities and Exchange Commission for the operation of FOREX or other investment firms
- Attending to the registration of trademarks, patents and other intellectual property
- Setting up a fully-fledged office in Cyprus for your company
- Assistance in obtaining work permits for expatriate employees
- Reviewing and drafting agreements of any nature and other legal documents

Contact us at corporate@antoniou.com.cy to discuss and solve all of your corporate, holding and corporate taxation requirements.

TABLE A: Summary of Withholding Taxes under Double Tax Treaties

	Received in Cyprus			Paid from Cyprus		
	Dividends (1)%	Interest (1)%	Royalties (1)%	Dividends (1)%	Interest (1)%	Royalties (1)%
Non-treaty country	Nil	Nil	Nil (2)	Nil	Nil	Nil (2)
Treaty countries:						
Armenia	0	0	0	0	0	0
Austria	10	0	0	10	0	0
Belarus	5 (18)	5	5	5 (18)	5	5
Bulgaria	5 (23)	7 (6,24)	10 (24)	5 (23)	7 (6)	10
Belgium	10 (8)	10 (6,19)	0	10 (8)	10 (6,19)	0
Canada	15	15 (4)	10 (5)	15	15 (4)	10 (5)
China	10	10	10	10	10	10
Czech & Slovakia	10	10 (6)	5 (7)	10	10 (6)	5 (7)
Denmark	10 (8)	10 (6)	0	10 (8)	10 (6)	0
France	10 (9)	10 (10)	0 (3)	10 (9)	10 (10)	0 (3)
Egypt	15	15	10	15	15	10
Germany	10 (8)	10 (6)	0 (3)	10 (8)	10 (6)	0 (3)
Greece	25 (11)	10	0 (12)	25	10	0 (12)
Hungary	5 (8)	10 (6)	0	0	10 (6)	0
India	10 (9)	10 (10)	15 (15)	10 (9)	10 (10)	15 (16)
Ireland	0	0	0 (12)	0	0	0 (12)
Italy	15	10	0	0	10	0
Kuwait	10	10 (6)	5 (7)	10	10 (6)	5 (7)
Kyrgyzstan	0	0	0	0	0	0
Lebanon	5	5 (6)	0	5	5 (6)	0
Malta	0	10	10	15	10	10
Mauritius	0	0	0	0	0	0
Montenegro	10	10	10	10	10	10
Norway	5 (13)	0	0	0	0	0
Poland	10	10 (6)	5	10	10 (6)	5
Russia	5 (17)	0	0	5 (17)	0	0
Romania	10	10 (6)	5 (7)	10	10 (6)	5 (7)
San Marino	0	0	0	0	0	0
Serbia	10	10	10	10	10	10
Seychelles	0	0	5	0	0	5
Singapore	0	10 (6,25)	10	0	10 (6,25)	10
Slovakia	10	10	5	10	10	5
Slovenia	10	10	10	10	10	10
S. Africa	0	0	0	0	0	0
Sweden	5 (8)	10 (6)	0	5 (8)	10 (6)	0
Syria	0 (8)	10 (4)	15	0 (8)	10	15
Tajikistan	0	0	0	0	0	0
Thailand	10	10 (21)	5 (22)	10	10 (21)	5 (22)
Ukraine	0	0	0	0	0	0
United Kingdom	0 (14)	10	0 (3)	0	10	0 (3)
U.S.A.	15 (9)	10 (10)	0	0	10 (10)	0
USSR (20)	0	0	0	0	0	0
Uzbekistan	0	0	0	0	0	0
Yugoslavia	10	10	10	10	10	10

Notes on Table A:

- (1) Under Cyprus legislation there is no withholding tax on dividends, interests and royalties paid to non-residents of Cyprus.
- (2) In case where royalties are earned on rights used within Cyprus there is withholding tax of 10%.
- (3) 5% on film and TV royalties.
- (4) Nil if paid to a Government or for export guarantee.
- (5) Nil on literary, dramatic, musical or artistic work.
- (6) Nil if paid to the Government of the other state.
- (7) This rate applies for patents, trademarks, designs or models, plans secret formulas or processes, or any industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
- (8) 15% if received by a company controlling less than 25% of the voting power.
- (9) 15% received by a company controlling less than 10% of the voting power.
- (10) Nil if paid to a Government, bank or financial institution.
- (11) The treaty provides for withholding taxes on dividends but Greece does not impose any withholding tax in accordance with its own legislation.
- (12) 5% on film royalties.
- (13) 5% if received by a company controlling less than 50% of the voting power.
- (14) This rate applies to individual shareholders regardless of their percentage of shareholding. Companies controlling less than 10% of the voting shares are also entitled to this rate.
- (15) 10% for payments of a technical, managerial or consulting nature.
- (16) Treaty rate 15%, therefore restricted to Cyprus legislation rate.
- (17) 10% if dividend paid by a company in which the beneficial owner has invested less than US\$100,000.
- (18) If investment is less than 200,000 euro, dividends are subject to 15% withholding tax which is reduced to 10 per cent if the recipient company controls 25% or more of the paying company.
- (19) No withholding tax for interest on deposits with banking institutions.
- (20) Armenia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Ukraine apply the USSR/Cyprus treaty.
- (21) 10% on interest received by a financial institution or when it relates to sale on credit of any industrial, commercial or scientific equipment or of merchandise.
- (22) This rate applies for any copyright of literary, dramatic, musical, artistic or scientific work. A 10% rate applies for industrial, commercial or scientific equipment. A 15% rate applies for patents, trademarks, designs or models, plans, secret formulae or processes.
- (23) This rate applies to companies holding directly at least 25% of the share capital of the company paying the dividend. In all other cases the withholding tax is 10%.
- (24) This rate does not apply if the payment is made to a Cyprus international business entity by a resident of Bulgaria owning directly or indirectly at least 25% of the share capital of the Cyprus entity.
- (25) 7% if paid to bank or financial institution.

