



Cyprus for Doing Business

- ***George Campanellas, Board Member CIPA***
- ***Tassos Yiasemides – Partner KPMG***
- ***Andreas Yiasemides – Partner PWC***
- ***Tassos Kotzanastasis – Managing Director 8GCP***

Competitive Advantages

-  **1 EU Member/ Geostrategic location** 
-  **2 EU-endorsed tax and legal framework** 
-  **3 Business-friendly environment** 
-  **4 Highly skilled human talent** 
-  **5 Advanced infrastructure** 
-  **6 High quality of life** 

The Cyprus Tax System at a Glance

- Taxation is based on residency status
- Tax residents are taxed on income earned both in Cyprus and abroad, whereas non-tax residents are taxed on certain income earned from Cypriot sources only
- 12,5% corporate tax on corporate trading profits as from 1.1.2013
- Interest expense on 100% corporate acquisitions permitted
- Notional Interest Deduction on new equity invested
- Fully reformed Intellectual Property Regime
- Capital gains on sale of securities: 100% exemption
- Capital gains from the sale of immovable property situated outside Cyprus are tax exempt
- No withholding tax on outgoing payments (dividends-interest-royalties)
- No taxes on corporate dividend income or on profit on sale of shares
- Applicability of all EU directives
- Advance ruling practice exists
- Extensive and constantly expanding network of attractive Double Tax Treaty network

A Complete Framework for Funds and Management companies

Modernization of the legal framework:

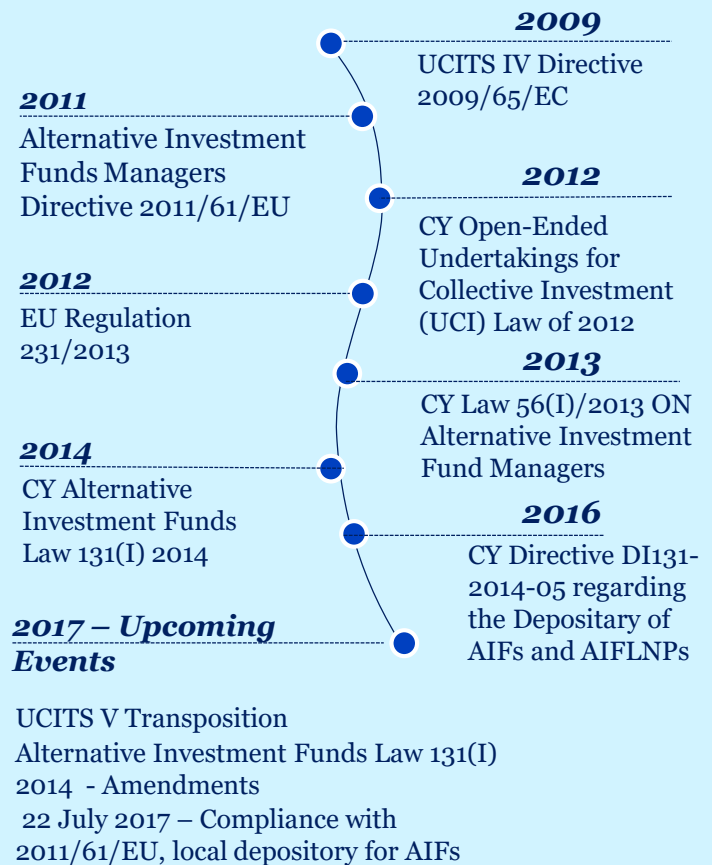
- Transposition of the UCITS IV Directive in 2012.
- Transposition of the Alternative Investment Funds Managers Directive (AIFMD) in 2013.
- Enactment of the Alternative Investment Funds Law in July 2014 (AIF Law)

Modernized provisions of the AIF Law:

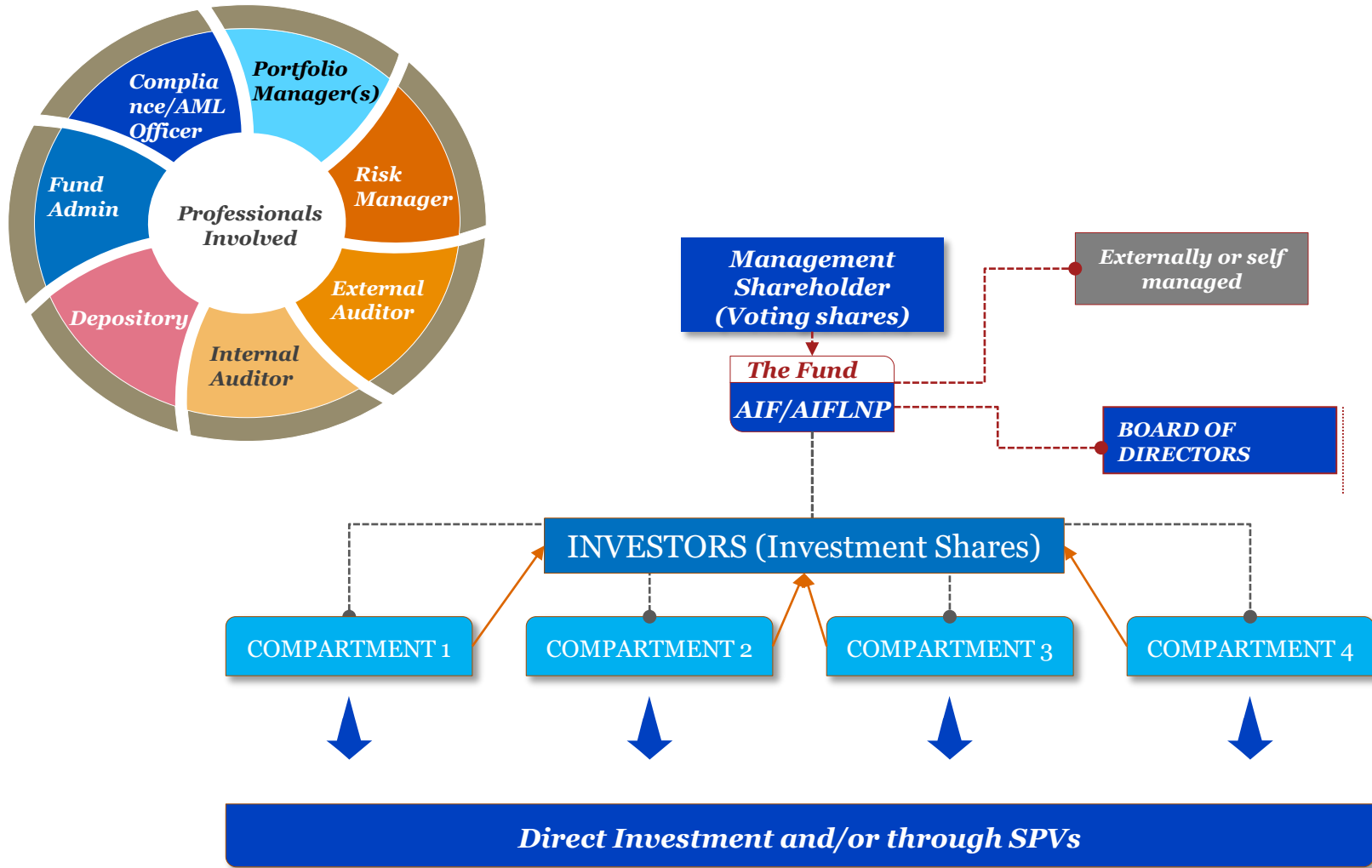
- Establishment of funds marketed to Professional/Well-Informed or Retail investors.
- Introduction of Umbrella Funds with segregated Investment Compartments (Sub-Funds).
- Establishment of the AIF with Limited Number of Persons, a slightly regulated structure with no initial capital requirements.

Regulatory Frameworks

In the recent years the regulatory framework has seen tremendous changes:



The Structure



Benefits for the Individuals

- Taxation is based on residency status
- Amendment of the tax residency definition
- One of the lowest income tax regimes in Europe with taxation reaching up to a maximum of 35%
- **Dividend income and profit on sale of shares and other securities is tax exempt (non domiciled scheme)**
- 50% tax exemption to all newcomers employees with annual salary at least €100.000
- The VAT on acquisition of new residential property can be as low as 5%
- There are no transfer fees if the transaction is subject to VAT and 50% if not
- Immovable Property Tax (IPT) was fully abolished from January 2017
- **Can provide an EU Passport with a minimum investment of €2 million**
- Tax on overseas pensions with one of the lowest rate 5%
- Pensions received from abroad by Cyprus Tax Residents are taxed at 5%
- Special reduced VAT for private yachts
- No inheritance ta. No wealth tax. No gift taxation
- Individuals who are beneficiaries to a Trust, would be exempt from tax in Cyprus, to the extent that the income at/from the Trust would be in the form of interest or dividends

Key Benefits of a Cypriot Fund

Flexibility

- Any asset can be included in the investment strategy of the AIF

Transparency

- Annual audited and half yearly reports to be sent to the CySEC and the Investors

Cypriot Citizenship

- An Investor can apply for Cyprus Citizenship if makes an investment of €2m in a Cyprus AIF investing in Cyprus and take delight of all the benefits of an EU passport holder

Regulations/Modern Legislation

- EU directives / business friendly jurisdiction (no onerous reporting requirements)
- Designed legislation to take into consideration new market realities and conditions
- Strong legal Framework based on UK Common Law

Low set-up and operational costs

- Easy and cost efficient to set up and maintain Cyprus funds

Tax benefits at the level of Investor and the Fund

Exploitation of Troodos State Assets



Synopsis of TSA per Area (as stated on the Decree)

Area	Residences/ Buildings	Land Area	Camping Site	Roads	Clusters & Uses
Troodos Square	<ul style="list-style-type: none"> 74 residences/ premises/ buildings 	<ul style="list-style-type: none"> Restaurant Area of 10.560m² Maklouf Area of 19.040m² 	<ul style="list-style-type: none"> 1 site (127.000m²) 	<ul style="list-style-type: none"> 5 roads (5,38km) 	<ul style="list-style-type: none"> 9 clusters (T1-T9) Various uses tourist, residential and commercial
Amiantos	<ul style="list-style-type: none"> 25 residences 11 workers' houses 1 (former) hospital and 3 buildings around it 1 (former) factory and 3 buildings around it 24 buildings in the disturbed part of the mine 	<ul style="list-style-type: none"> workers' housing area of 8.675m² 6.250m² around the hospital 30.600m² around the factory 62.280m² within the disturbed part of the mine 8.160m² football field 		<ul style="list-style-type: none"> 480m internal road network 3,20km secondary road network 	<ul style="list-style-type: none"> 9 clusters A1-A9 Various uses tourist and commercial
Platania	<ul style="list-style-type: none"> 13 residences/ premises/ buildings 		<ul style="list-style-type: none"> 1 site (55.234m²) 	<ul style="list-style-type: none"> 0,30km forest roads 	<ul style="list-style-type: none"> 2 clusters P1-P2 Camping and Residential or Tourist accommodation
Stavros tis Psokas	<ul style="list-style-type: none"> 28 premises and buildings 		<ul style="list-style-type: none"> 1 site (3.570m²) 	<ul style="list-style-type: none"> 2,60km forest roads 	<ul style="list-style-type: none"> 1 cluster S1 Tourist accommodation

The timing/magnitude/method of exploitation actions is determined by various parameters relevant to each asset/cluster

1st Transaction

Cluster T7

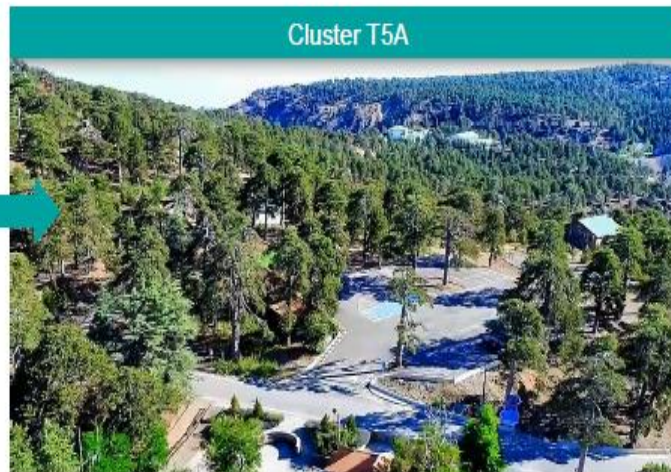


- Cluster T7 consists of a land area of 20.000 square meters
- It includes 15 residences of good quality (2 or 3 bedrooms)
- Total building area of 1.852 square meters
- The residences are leased by civil servants on short term basis
- Subjects are considered immediately available

Cluster T8



- Cluster T5A consists of a land area of 18.000 square meters
- It includes 3 residences (2 or 3 bedrooms) in good condition and an old youth hostel in fair condition
- A total built area of 454 square meters
- Subjects are considered immediately available
- Cluster T5A is envisaged as the new epicentre for Troodos Square and support the activities of the other two clusters



Cluster T5A

- Cluster T8 consists of a land area of 13.000 square meters
- It includes an unfinished hotel structure and 2 poor condition residential properties
- The unfinished hotel structure can provide approximately 100 beds
- Subjects are considered immediately available