



INTELLECTUAL PROPERTY

CYPRUS INTELLECTUAL PROPERTY BOX

Our firm has pioneered the use of Cyprus as a jurisdiction to hold intellectual property rights in order to optimise their cross-border exploitation. The Cyprus IP Box regime offers tax benefits in relation to qualified expenses arising from R D of a Cyprus company conducted in Cyprus.

In selecting a desirable R D location, key considerations include cost of facilities, IP security, regulation, immigration policy and infrastructure. The quality of educational and research institutions may also influence the selection process as well as employment related incentives for both the employer and employee, among others.

Cyprus as a jurisdiction provides a stable legal framework, corporate governance rules, asset protection and tax incentives.

Cyprus Corporate Tax Rate is 15% on income accrued or derived in Cyprus and abroad

TAX ADVANTAGES AND BENEFITS OF THE IP BOX

There is a 80% tax deduction under the nexus approach on the qualifying profits earned from the qualifying assets, allowing for a potential effective tax rate of as low as 2.5%.

QUALIFYING ASSETS

Qualifying assets are assets acquired, developed or exploited by a taxpayer in the course of its business which relate to IP, result from research and development expenditure, and of which the taxpayer is the economic owner. Qualifying assets for IP purposes generally fall under three categories: computer software, patents and any IP that satisfies the Cyprus Inland Revenue Commissioner of their 'innovative' nature.

QUALIFYING PROFIT

The extent of any tax relief depends on the extent of the Qualifying Profits (QP) as determined and calculated by the following formula, which was a key change in the new regime compared to the old IP Box regime as it determines the proportion of the qualifying net income entitled to the benefits as dependent on the ratio of qualifying expenditures and overall expenditures:

$$QP = OI \times \frac{QE + UE}{OE}$$

Where:

- OI is the overall income derived from the QA;
- OE is the overall expenditure
- QE is the qualifying expenditure on the QA;
- UE is the uplift expenditure on the QA; and

ROYALTIES

10% withholding tax will be deducted and paid by the royalty paying company to the authorities, if the payment is for the use of the IP in Cyprus. No withholding tax by the Cyprus tax resident to the non-resident licensor if the use of the IP is abroad.



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IP is an evolving field that affects the functioning of the world at large. Its range of influence is immense, since it dominates areas of technology, social development and economic growth. It encapsulates a number of separate areas of creation.

Cyprus is a signatory to a number of treaties and Cyprus IP law is fully aligned with the Acquis Communautaire, international IP laws and OECD principles.

ABOUT US

Our firm distinguishes itself by providing high level advice to major multinational corporations on the protection and licensing of their intellectual property.

Our IP department has a long and successful record in the fields of trademarks, patents, business names, copyright, computer software, designs and domain names.

OUR SERVICES

- Registration, renewal and assignment of national, European and international trademarks, patents and industrial designs
- Copyright advice and protection on software programs, literary works, artistic works and scientific works
- Search and investigation services
- Trademark monitoring and infringement services, including counterfeiting actions
- Validation of IP
- IP transfer agreements
- Licensing and franchising agreements
- Litigation
- Identifying IP assets for valuation and monetization purposes

Impressed by the hard work of the Neocleous Team in getting the task finalized so quickly. We highly appreciate their professionalism and responsiveness, and that they gave the matter top priority.



Elias Neocleous & Co LLC is one of the largest law firms in Cyprus and a leading firm in the South-East Mediterranean region, with offices located in Limassol, Nicosia, Paphos, Brussels, Budapest, Kiev, and Prague. We are renowned for our expertise and jurisdictional knowledge across a broad spectrum of practice areas, spanning all major transactional and market disciplines, to bring strategic solutions to global clients operating in key industries worldwide.



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