

ELIAS NEOCLEOUS | MANAGING PARTNER | ELIAS NEOCLEOUS & CO LLC

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What are the main reforms expected to be implemented in the legal sector in Cyprus?

My view is that the proposed modernization and digitalization of the justice system will, when fully implemented, prove to be something of a watershed for the legal sector in Cyprus. Our court system has long been associated with delays and inefficiency and the failure to update our courts and procedures was cruelly exposed during the first COVID-19 lockdown. The recently launched e-justice pilot system, if successful, should be instrumental in bringing our justice system into the 21st century. Speeding up access to justice can only be advantageous for our citizens and it should boost the attractiveness of Cyprus for investors. It also complements the intentions of the EU to digitalize all cross-border judicial cooperation procedures in civil, commercial and criminal matters by the end of 2021.

How do you envision the law firms of the future? Which sectors do you expect to grow and what new services do you think will be offered to clients?

The focus of commercial legal services will

remain the protection of the interests of clients and the creation of value through profitable transactions. What I expect to change are transaction trends and the needs of the clients themselves. Most clients are already demanding more from their lawyers than plain legal advice backed by sound general business knowledge. The evolution of financial concepts is rapid and, in the future, lawyers and law firms will need to have a specific and up-to-date understanding of the economic rationale, risks and nature of the investments and transactions of their clients. Of course, clients will also require their law firm to improve performance via engagement in the digitalization of services, the utilization of technological advances and the judicious use of AI. Several notable trends are emerging as a result of the pandemic. Increasingly, as with healthcare, we are seeing growth in combined operations between the public and the private sector. The economic impact is being reflected in a marked increase in work from the banking relationship sector, including corporate restructurings, insolvencies and the handling of NPLs. Moving forward, not everything will be 'negative' in tone. There are signs that many deals which were put on hold during the pandemic will soon be reignited.

What role do technology and digitalization play in the Cyprus legal industry and, more specifically, at your law firm?

Internationally, in recent years, there has been a surge in the use of technology by legal professionals to develop new and niche services, simplify legal advice and generally adapt to the demands of millennial

clients, start-ups and global commerce. We recognize that our clients are becoming increasingly sophisticated and more demanding vis-a-vis the quality of service that they expect to receive from their Cyprus legal counsel. Consequently, our firm actively utilizes new technologies to help meet their expectations and we expect that other Cyprus firm will follow suit. I believe that embracing technological innovation is essential to achieve harmonization with the demands of the modern market and to fully exploit our own growth potential. Elias Neocleous & Co LLC intends to become the point of reference in fast-growing areas such as data protection, cybersecurity, data theft and fraud, blockchain, cryptocurrencies and artificial intelligence (AI). A major step towards this has been our development of an 'Innovation Hub' which, amongst other things, has created an application for the security of our servers and databases, allowing secure access to our colleagues. We have also created an AI toolbox, NEOLAW.ai, which is a platform for accelerating and automating the delivery of legal services. This spirit of innovation and pioneering inspires the full range of modern services offered by Elias Neocleous & Co LLC. Our focus is on quality and the provision of services to clients of all sizes and from all sectors.

Has the increased demand for ESG investments and growing interest in sustainability affected law firms?

For sure. Law firms are made up of people and they are not isolated from the society that they live in. The same is true of our clients. Increasingly, people are looking to work for, and do business with, organisa-

tions that share their ethos. I am pleased to say that our clients expect us to demonstrably follow high environmental, social and governance standards. We are happy to comply with this because it mirrors our own thoughts on these issues. This extends to, for example, the inclusion of our diversity and inclusivity policies in our engagement terms, moving towards a paperless office and engaging in the support of a wide range of community, cultural and educational initiatives.

How do you expect the proposed common global corporate tax rate to affect Cyprus? What, if anything, can be done in order for Cyprus not to lose its competitive advantage in this area?

There is certainly a consensus building among the OECD, the USA and the EU on this. The impact on Cyprus will depend on what the rate is set at and whether it includes the total tax burden imposed on a company or just the corporation tax. For example, whilst we have a low corporation tax rate in Cyprus, our companies are also required to pay SDC, make social insurance contributions and also GHS contributions. The stated intention behind the moves towards a global rate is to shut down tax havens and target multi-nationals paying little or no tax. It is not aimed at wealthy individuals or bona fide tax systems. If this is so, Cyprus should not be afraid. It is also worth noting that low corporate tax is just one of a host of advantages on offer to businesses which choose to set up here. Cyprus does truly offer a business-friendly environment, has a superb location, a fantastic network of double taxation treaties, a wealth of human talent and, a determination to succeed.

**SPEEDING
UP ACCESS
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for investors

