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**STRATEGIC TAX  
PRUDENCE**

 **ELIAS**  
NEOCLEOUS  
& Co LLC

## CYPRUS TAX FEATURES\*


Elias Neocleous & Co LLC has the largest and most experienced tax department of all Cyprus law firms, with an excellent reputation for high quality, practical tax advice and innovative tax planning, and extensive experience in negotiating and handling tax disputes.

- Taxation based on residency status
- Very stable and predictable tax regime, with advanced rulings available
- Investment income of non-domiciled individuals is totally free of Cyprus tax
- No withholding tax on outward payments of dividends, interest and royalties\*\*
- No CFC rules
- No taxation of capital gains apart from gains derived from real estate situated in Cyprus
- No succession taxes
- Extensive network of double tax treaties (more than 60 countries)
- "Most favoured nation" DTTs with Russia and several other countries
- 12.5% corporate tax rate
- Foreign Permanent Establishment profits exempt\*\*\*
- A notional interest deduction on new equity capital
- Tax free corporate re-domiciliation permitted
- EU-approved tonnage tax for international shipping activities
- No thin capitalisation rules
- Taxable losses may be carried forward for relief against future profits
- Group relief (75% holding)
- Tax free re-organizations (cross-border permitted)
- Extremely beneficial IP box, compliant with OECD norms
- Applicability of all EU directives

\* Professional advice on the specific facts and circumstances of each case is always recommended. In common with other members of the EU, Cyprus has introduced anti-avoidance, anti-abuse and other similar rules in its domestic legal order which may affect taxpayers and structures and potentially lead to certain tax features or benefits being disallowed or limited or becoming unavailable altogether in specific cases.

\*\* Except in the case of royalties earned on rights used within Cyprus which are subject to 10% withholding tax (5% in the case of cinematographic companies). Withholding tax can be eliminated or reduced through double tax treaties signed by Cyprus or the EU.


\*\*\* Companies can elect for the foreign permanent establishment to be taxed in Cyprus.



Our clients are involved in a wide range of business sectors, including property, finance, shipping, industrial, trading and energy. We assist them with all aspects of cross-border development, from establishing their initial representative office to joint venture agreements and full-scale mergers and acquisitions. Our tax specialists have extensive experience covering projects worldwide, particularly in Central and Eastern Europe, Asia and the Americas. Through close co-operation with internal and external specialists in international tax law, we are able to assist our clients in structuring their international cross-border activities in the most tax-efficient manner. We offer specialist services in the following areas:

## PEOPLE

- 1 Our strong tax and tax planning resource consists of specialists with a legal, accounting and financial background. Several members of our team are internationally recognized tax experts who frequently author and contribute to well-known professional journals, who speak and lecture at seminars and conferences aimed at tax professionals and who provide accredited taxation courses for local and international professional bodies.
- 2 Our tax group has a dual role: as well as providing stand-alone advice on all aspects of Cyprus tax law, it supports other departments of the firm by devising and implementing innovative, tax-effective structures for international transactions. Cyprus's low-tax, business-friendly tax regime and its wide network of double taxation agreements are a large factor contributing to its attractiveness as an international finance centre. In 2015, in an initiative in which we played a large role, further reforms and incentives were implemented, including a non-domiciled regime and a notional interest deduction for new capital introduced into Cyprus companies.
- 3 As a result, tax is a constant feature of our corporate, commercial and finance work. While cross-border work is our main focus, we nevertheless have significant capacity, expertise and activity in domestic tax work, including taxes such as VAT and stamp duty, and in tax litigation.
- 4 Our tax department keeps abreast with all global developments in the field of transparency, exchange of information (including as regards the scope and ambit of the Common Reporting Standard), as well as the various global and EU initiatives and developments in relation to tackling tax avoidance and tax evasion, treaty shopping and treaty abuse. We are therefore in a position to advise clients on all relevant matters including in particular on the effect and implementation in Cyprus of the various steps of the OECD Base Erosion and Profit Shifting (BEPS) initiative, the EU Anti-Tax Avoidance Directives, the introduction of transfer pricing rules in Cyprus, the Multilateral Instrument and their effect on investors seeking to rely on double taxation treaties between Cyprus and its counterparties.



Consummate PROFESSIONAL  
Elias Neocleous is 'at the TOP of his game' "  
- The Legal 500



# OUR SERVICES

## 1. TAX ADVISORY

### Corporate tax advisory

- Use of Cyprus-resident entities in global structures for investment, financing or other purposes
- Corporate tax optimization
- Obtaining advance tax rulings from the Cyprus tax authorities
- Ongoing tax compliance
- Restructurings, including mergers and acquisitions, takeovers, and transfers of seat from and into Cyprus
- Advanced structuring to ensure eligibility for tax relief under domestic laws, double taxation agreements and EU directives
- Transfer pricing
- Advice on new tax incentives and schemes

### Private wealth planning

- Individual tax advisory and compliance
- Advice on individual tax domicile and residency issues
- Exchange of information under the Common Reporting Standard
- The Cyprus non-domiciled regime
- Tax efficient schemes and incentives for HNWIs such as yacht and aircraft leasing schemes and the use of trusts
- Obtaining advance tax rulings from the Cyprus tax authorities
- Exemptions and incentives available for individuals relocating to Cyprus

## 2. INTERNATIONAL TAX PLANNING IN THE CURRENT GLOBAL ENVIRONMENT

- Our tax specialists keep abreast of all recent developments in the global tax planning sphere and provide professional detailed advice on all matters including:
- The OECD BEPS Initiative as implemented in Cyprus and its effect on existing and new structures
- The new EU Parent Subsidiary Directive and other developments in the field of EU and international taxation
- The proper interpretation and application of double taxation agreements, including the effect of avoidance and anti-treaty shopping clauses and the Multilateral Instrument (in line with Action 15 of OECD BEPS)
- The Common Reporting Standard (CRS) for automatic exchange of information
- The implementation in Cyprus of the EU Anti-Avoidance Directives
- The establishment of business and operational substance to meet the requirements of the new environment



### • 3. ADVANCED BUSINESS STRUCTURING

- Our firm offers specialist advice for the purposes of establishing and implementing efficient and robust corporate structures that will meet all business, commercial and operational needs and comply with all local and international requirements in terms of business, management and infrastructural substance for tax purposes. Our team of experts can provide the following services:
- Advising and assisting with the establishment of effective corporate governance models
- Advising and assisting with the identification and recruitment of directors (executive and non-executive) with appropriate skills, expertise and experience
- Advising and assisting with the establishment of offices and corporate regional headquarters in Cyprus, and allocation of appropriately qualified human capital and other resources to corporate structures for operational purposes and tax optimization
- Drafting and processing all necessary documents, directors' appointment letters, employment agreements and other documents
- Assisting with the registration of the various officers and employees with the local authorities for social insurance, taxation and immigration law purposes
- Provision of payroll, compliance and HR services, or assistance with establishing in-house systems
- Drafting and processing legal, corporate and commercial documents including lease agreements
- Performing legal due diligence in the context of acquisitions and corporate restructurings and establishment of headquarters
- Assisting with registration of offices with authorities and utilities in Cyprus, including reviewing all necessary documents and attending to all necessary filing

### 4. TRANSFER PRICING SERVICES

We provide specialist advice and assistance with complex transfer pricing matters. Global organizations are operating in an environment of unprecedented challenges and changes. The increasing volume of intercompany transactions combined with more rigorous enforcement efforts on the part of tax authorities worldwide have made transfer pricing a substantial compliance priority for organizations engaged in cross-border transactions. Cyprus implemented detailed transfer pricing rules in 2017

Our firm can help clients meet the new compliance requirements by introducing practical transfer pricing solutions into their overall global business operations and objectives, assist with the preparation of documentation to support their transfer pricing practices, and represent clients before authorities and courts for the purposes of resolving disputes. In particular, we offer specialist advice and assistance with the following matters:

- Transfer Pricing Planning and Documentation
- Advance Pricing Agreements (APAs)
- Dispute Resolution

We offer representation and professional assistance with disputes in relation to transfer pricing strategies.

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and assistance with complex transfer pricing matters





Elias Neocleous & Co LLC is the largest law firm in Cyprus and is internationally recognised as a leading law firm in the South-East Mediterranean region.

We are the only Cyprus firm selected for Legal Business magazine's "Euro Elite" top 100 firms in Europe. We have more than 140 fee-earners and management team whose skills we leverage to assist clients. We serve clients out of three offices in Cyprus and out of an international network of offices in the main destinations for investment via Cyprus.

Our staff have unmatched experience in assisting clients in cross-border investment projects in Europe, Asia, Africa and the Americas. Our attention to client service is what sets us apart. For us the client comes first.

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