

● INFORMATION ON CYPRUS INTERNATIONAL BUSINESS COMPANIES (I.B.Cs.)

The term International Business Company refers to legal entities whose beneficial ownership and business activities lie outside the country of registration.

The most common type of Companies incorporated in Cyprus is an entity which is limited in its liability by shares (Cyprus Limited Liability Company / LTD).

The corporate infrastructure in Cyprus is well developed and this allows the quick registration of an I.B.C. as well as obtaining resident and employment permits or any other permits necessary. All such permits are subject to approval by the local authorities. Registration of an I.B.C. usually takes about seven (7) days, if the name is approved in advance. Such list of approved names is always available by our office.

Upon registration the following documents are obtained from the Ministry of Commerce Industry and Tourism:

- Certificate of incorporation;
- Certificate of director(s) and secretary;
- Certificate of registered office address;
- Certificate of shareholders;
- Original Memorandum and Articles of Association.

Share Capital

The Cyprus Companies Law provides for a minimum of one share and at least one registered shareholder. The shareholder can be a resident or non resident, individual or corporation.

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Documents required for the registration of an International Business Company (I.B.C.) by a non resident, for due diligence (KYC) purposes:

- a. Certified True Copy of passport;
- b. Full details of overseas address / Utility bill or other proof of residential address;
- c. Bank reference letter from an overseas bank.

Directors

At least one director is necessary. The directors may be local Cypriot individuals or foreigners. It is generally advisable to appoint local directors if one wishes to have effective management and control in Cyprus. A corporate entity may act as director.

Nominee directors may be provided by our company.

Secretary

An individual or a secretarial company must be appointed. Oxford Management Limited is almost always appointed to act as secretary.

Registered Office

The registered office of the company must be in Cyprus. The registered office address is the official address of the company where the statutory books, registers, and the seal of the company should be kept. Summons and writs are also served at the registered office address.

Oxford's office address as below is used as the registered office and business address of client companies.

Agias Fylaxeos & Zenonos Rossidi 2
P. O. Box 59655, 4011 Limassol, Cyprus

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Reporting Requirements

The directors are responsible to maintain appropriate books and records in order to establish a true and reasonable view of the company's affairs and to allow the preparation of the financial statements. The directors are responsible to present the financial statements of the company to its shareholders at the annual general meetings.

An obligation to notify the Registrar of Cyprus Companies within a specified period (as specified in Companies Act) for any charges over the Company's assets, changes in their Memorandum and Articles, directors, shareholders, secretary, registered office and share capital is also imposed to the Company.

Confidentiality

With the use of trustee shareholders provided by Oxford Management Limited together with the appointment of nominee director(s), complete confidentiality and anonymity of the beneficial shareholders is assured.

Shelf companies

A number of already registered Cyprus Companies (I.B.Cs) is available at our office. Transfer of shares may be affected immediately. A list of the already registered (shelf companies) is available on request.

TAXATION

International Business Companies (IBCs), pay corporation tax on their net profits. Net profit is arrived at after deduction of all the business expenses incurred wholly and exclusively for the production of profit.

Cyprus companies are taxed at a rate of 12.5% on their world wide income, which is one of the lowest corporate income tax rates in Europe.

For more information about Cyprus Tax you may download our FACT SHEET No.: 8 – CYPRUS TAX.

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Tax Residence / Substance

A Cyprus company will be considered as resident of Cyprus for tax purposes if the “management and control” of the company is exercised in Cyprus. Accordingly, if management decisions and the decision making process are based in Cyprus, this should be sufficient to meet the management and control test.

Thin Capitalisation Regulations

Cypriot tax legislation does not contain any thin capitalisation regulations.

Controlled Foreign Companies legislation (CFC)

Cyprus does not have any controlled foreign company legislation (CFC).

Withholding Tax

No withholding tax is payable on dividends, interest or royalties to non-resident individuals or corporations.

Annual Levy

All Companies incorporated in Cyprus for 2011 and following years an annual levy of €350.- is payable to the Registrar of Companies. Exemption to this applies to Companies which do not own any assets, dormant Companies and Companies which own property in the occupied areas of Cyprus. The levy for 2011 is payable by the 31st of December 2011 and for each of the following years the levy is payable by the 30th of June.

Penalties will be imposed in the event of late payment. Also, Companies which have not paid the levy within 5 (five) months from the due date may be struck off from the register. Such Companies will be able to be restored within a period of 2 (two) years by paying an increased levy of €500 per year or €750 per year if they are restored after the two years period.

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AUDIT

An IBC needs to be audited by a Cypriot firm of auditors every year in accordance with the International Accounting and Auditing Standards.

Tax returns are submitted to the Inland Revenue.

EXCHANGE CONTROL REGULATIONS

The Movement of Capital Law (115(1) of 2003) has, subject to certain exceptions, removed all restrictions on the movement of capital and payments between residents of Cyprus and residents of member states of the EU or third countries. The said Law (which came into force on the date of the entry of Cyprus into the EU, i.e. 1 May 2004) has abolished the Exchange Control Law Cap.199.

Exchange Control Regulations do not apply to IBCs. There is no longer any difference between companies carrying on business outside Cyprus (previously known as offshore or international business companies) and companies carrying on business inside Cyprus. Bank accounts may be kept anywhere in the world and in any currency. Bank accounts kept in Cyprus may be operated freely without prior approval of the Central Bank of Cyprus.

WORK AND RESIDENCE PERMIT

Expatriate Personnel may obtain a temporary work and residence permit provided certain criteria are met including that the IBC maintains its own fully-fledged office. The permit is initially given for a two-year period and is renewable for three-year intervals on the condition that the terms of the permit are not violated by the expatriate or the IBC.

For more information you may download our FACT SHEET No. 4. TEMPORARY RESIDENCE AND EMPLOYMENT PERMITS FOR EXPATRIATE PERSONNEL.

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained.