

DR NICOLAS KYRIAKIDES | PARTNER | HARRIS KYRIAKIDES

REFORM IS FINALLY CLOSER

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

Justice reform in Cyprus has been the subject of discussion for many years. This time, reform seems to be closer than ever, with new Civil Procedure Rules, e-justice, a Commercial Court, and a second tier Court of Appeal before the Supreme Court. The Supreme Court and the expert committees under Lord Dyson did an excellent job with the new Civil Procedure Rules. These must be followed by proper training and application by judges and lawyers. The package of bills reforming justice in Cyprus was, unfortunately, rejected by the House of Representatives. I hope they will be implemented sooner than later. The Cypriot legal system must finally enter the 21st century.

The problematic justice system, with very serious delays, cultivates a culture of non-compliance with the law across all industries, makes citizens feel a sense of injustice and prevents or drives away foreign investment. As noted by the EU Justice Scoreboard last year, spending money on justice is not merely a cost. When targeted well, it is an investment.

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?

Simple contracts and small claims will not – and should not – need the involvement of lawyers. They are being replaced by online platforms and artificial intelligence. In some countries like the USA and Estonia, this is already happening. It's not the future, it's the present. Moreover, though litigation remains the most popular dispute resolution method, alternatives such as mediation and arbitration are gaining traction. Litigation should be the last resort. This was the slogan of Lord Woolf in the justice reform in England and Wales in the late '90s. I think the presence of international firms will probably increase in many jurisdictions such as Cyprus. Boutique firms will always be there but, in general, 'go big or go home' will be the motto in the coming years in my opinion. As far as services offered, I think there will be an increasing need for legal advice by lawyers with expertise in technology. This is a very broad sector and includes software transactions, fintech, gaming, online commerce, unmanned vehicles, blockchain and more. Additionally, since one of the biggest risks to companies nowadays, especially international ones, is government, it seems to me that there will be a need for lobbying services provided by lobbyists and legal professionals. This will be the case in Cyprus soon. Finally, I believe that clients will increasingly be asking for real-time information and communication regarding their case via browser-based or smartphone applications.

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

The private sector in Cyprus has always been one or more steps ahead of the public sector. The integration of technology into the legal profession in a world driven by the fast-paced and tech-savvy is, arguably, inevitable. Law firms, especially the large ones, are at a quite good level technologically. However, sometimes this is fruitless since the public sector cannot follow. For example, we are the only country in the EU with no e-justice system. Regardless, companies that realise the strategic potential of Information Technology integrate it into all of their activities. At Harris Kyriakides, we allocate a considerable amount of the annual budget for investment in technology, both hardware and software. In this way we can offer better quality services to our clients and a better-quality working life to our employees.

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

ESG is a trending topic, taking into account the commitments made by the United Nations, the European Union and, recently, by the US. Over the past decade, corporate activities have increasingly focused on valuation and risk in the context of environmental, social, and governance issues, or sustainable investing. More boards, customers and investors expect companies to incorporate ESG strategies, which has also heightened the scrutiny of corporate activities in this area. ESG is also now accepted as central to legal activities, mainly because of an explosion of related regulation

at national, supranational and international levels. This trend is appearing quite slowly in Cyprus but, mainly because we are a part of the EU, it will be more and more apparent in the provision of legal services. For instance, institutional clients need to be advised on carefully evaluating their responses and filings to safeguard against creating inconsistencies between public statements and actual corporate endeavours.

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?

A slight increase in the corporate tax such as the one anticipated, from 12.5% to 15%, if seen alone, is not a factor that should drive investors away. This was also the case after the increase in 2013. Global corporate tax harmonisation clearly targets tax havens with no or nominal corporate tax. At least since our accession to the EU, Cyprus is not a tax haven in that respect. Cyprus may have a good and efficient tax regime but it is certainly not a country with no or nominal corporate tax. If seen from the positive side, there will not be any jurisdictions with a lower corporate tax rate than Cyprus. The level playing field will help Cyprus focus on its other advantages and, hopefully, reform its tax system in order to be aligned with recent trends, reward entrepreneurship and become greener. Moreover, other factors will be important to investors, such as a stable economic environment, a strong judicial system and a flexible banking system.

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