

Re-Domiciliation of Companies to Cyprus

1. Introduction

The re-domiciliation of companies (also known as a “transfer of seat”), refers to the procedure of a company transferring its seat of incorporation, to and from a jurisdiction. Therefore, the company continues to exist under the laws of another jurisdiction, into which it is re-domiciled, and ceases to exist under its jurisdiction of incorporation. For this to be possible, the laws of both relevant jurisdiction must permit the re-domiciliation of companies. The Cyprus Companies Law (Cap.113), provides for re-domiciliation as well as the procedure to be followed.

In contrast from liquidating a company and incorporating it from scratch, the re-domiciliation procedures provides for a seamless transition; allowing the company to maintain its legal identity and continue its business intact, under the Cyprus legal system. The simple procedure of transferring the company’s registered office avoids burdensome procedures and unnecessary administrative costs which may potentially exist in the incorporation process.

2. Why re-domicile to Cyprus

Except from the simplicity of the procedure, a company must consider the possibility of re-domiciliation, having taken into account the advantages provided by the potential re-domiciliation legal system. Indicatively, some of the main benefits of re-domiciling a company to Cyprus include:

- a) the corporate tax rate in Cyprus amounts to 12,5%;
- b) dividend between Cyprus companies is tax exempt;
- c) royalties received by a connected company registered in the EU is exempt from tax;
- d) widespread double tax treaties are in force; and

- e) as a EU Member State, legislation falls within the ambit of EU Directives and Regulations.

3. Procedure

As mentioned above, the re-domiciliation of a Company involves an expedient and straight-forward procedure. It does not require the liquidation of the company, nor does it require its incorporation from scratch. Any foreign company may apply for a re-domiciliation to Cyprus provided that this is permitted by (i) its constitutional documents i.e. Memorandum and Articles of Association, and (ii) the law of its current jurisdiction (jurisdiction of incorporation). Caveat, even if the above-mentioned are satisfied, the foreign company is restrained from transferring its seat to Cyprus, if it is in the process of insolvency or winding-up or if similar Court proceedings have been initiated.¹

I. Documents

The procedure involves the submission of an application to the Registrar of Companies, through various forms (i.e. ME1, ME2, ME3). These forms must be accompanied by specific documents, listed in Article 354C - 354D Cap. 113. It is essential to translate all relevant documents into the Greek language before submission. Such documents include, amongst others,

- a) resolution authorising the foreign company to continue as a legal entity in Cyprus;
- b) indication of the company's current jurisdiction;
- c) confirmation of compliance with the laws of the foreign jurisdiction;
- d) confirmation that re-domiciliation is possible under the current jurisdiction;
- e) a good standing certificate of the company;
- f) affidavit by the director confirming the company's solvency;
- g) relevant details of directors, secretaries and shareholders; and
- h) the company's Memorandum and Article of Association must be amended as to comply with the provisions of Cap. 113.

¹ Article 354C, Cap. 113.

The company can continue with its existing name, or even change its name, provided that the name is considered acceptable to the Registrar of Companies i.e. there are no existing similar names or trademarks which may potentially cause confusion to the public.²

In cases where the company is licensed or public, there exists additional documents which must be submitted.³ For example, in the first case, the foreign company must obtain a relevant permit from the competent authority of its origin, in addition to a corresponding permit pursuant to Cyprus law.

II. Temporary Certificate of Continuation

Once the Registrar of Companies is satisfied that all necessary documents have been submitted and are in accordance with Cap. 113, it issues a temporary Certificate of Continuation. This certifies that the company is legally incorporated in Cyprus. More specifically, it indicates that the company is temporarily registered as a continuing company in Cyprus up and until the Registrar of Companies receives the required documentation, evidencing that the company ceased to be registered in the overseas jurisdiction. It is important to note that this should be achieved within the timeframe of 6 months from the date the temporary continuation certificate is issued.⁴ This temporary certificate ensures that the company will be able to continue its business activities under the Cyprus legal system in the meantime. Once the company provides evidence that it is no longer registered in its origin jurisdiction,⁵ the Registrar of Companies will issue a final Certificate of Continuance in Cyprus.

4. Consequences of Registration

Once the temporary certificate is issued, the Company is considered a legal entity which has been established according to Cap. 113 and has all the rights and obligations of a Cyprus company. If the necessary steps, as described above, in order to ensure an absolute certificate are not taken, then the Registrar of Companies may strike out the Cyprus company from the Registry.

² Article 354E, Cap. 113.

³ Article 354D, Cap. 113.

⁴ Article 354Z, Cap. 113.

⁵ By submitting the form ME4.

However, even if the Certificate of Continuation has been issued, it may be declared null and void if it is uncovered that the Continuation of the Company was initiated for the purpose of, amongst others, rendering ineffective any legal or other proceedings which were initiated against the foreign company or to avoid any debts or affecting debts and obligations.

5. Conclusion

To sum up, Cap. 113 provides a straightforward procedure for the undertaking of a re-domiciliation. Once all the necessary documents have been submitted to the Cyprus Registrar of Companies, and the Registrar is satisfied that all conditions are complied with and in accordance to the provisions of Cap.113 it will issue a (temporary) Certificate of Incorporation. Making use of this procedure, allows companies to continue their business activity uninterrupted, intact and potentially by using the same company name.

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