



Company Formation in Cyprus

A step by step guide

Introduction

Cyprus is one of the leading business centers in Europe due to its taxation system and the legislation which favors foreign investors to establish companies here. The company registration procedure in Cyprus is the same for all business entities with a simple and straightforward structure.

The procedure of company formation in Cyprus

Step 1: Approval of a company name

The lawyer or service provider that the applicant has engaged will fill in the name application form (i.e., proposed company name, scope of business, applicant's contact details, etc). After confirming from the Registrar's website that the proposed name doesn't already exist, he or she fills and submits the form online and pays the application fee electronically.

Step 2: Lawyers to prepare the Memorandum and Articles of Association

Upon acceptance of the Company name by the Registrar of Companies, the lawyers will draft the Memorandum of Articles and Association after the client will submit detailed Company's activities, the amount of authorized and issued share capital alongside the Company's internal regulations etc.

Step 3: Submission of documents at the Companies Section of the Department of Registrar of Companies and Official Receiver

The Registrar of Companies will need 4 – 5 working days to issue all the statutory documents of the Company and give the Company with a unique Company registration number.

Step 4: Know Your Client (K.Y.C) Documentation required

We are required to follow extensive K.Y.C. procedures to meet the local and international Anti Money Laundering requirements. It should be noted that for each client the K.Y.C. procedure varies.

Step 5: Other registration procedures

All companies must register with the Cyprus Inland Revenue Department and obtain a tax identification number. They may also need to register for VAT, as well as with the employers' register of the social insurance services. Each registration process should take approximately 1-2 working days, provided that the applicant submits the necessary information and documentation without errors or omissions.

Types of Companies that can be set up

In Cyprus, the two main types of companies that can be set up are either Private Limited Company or Public Limited Company.

1. Private Limited Company

There are no minimum or maximum share capital requirements.

A private limited liability company must have between one and 50 members. The right to transfer shares is restricted and shares or debentures cannot be subscribed to the public.

A minimum of at least one director and one secretary is required. If there is only one member, that member may act as the director and the secretary. There are no nationality requirements imposed on directors. The company's memorandum of association may specify that directors have unlimited liability for the debts/obligations of the company.

2. Public limited Company

Companies wishing to list on the Cyprus Stock Exchange are required to set up a public limited corporation. In addition to the legislation applicable to limited liability companies, they have to conform to the provisions of the Cyprus Stock Exchange and Cyprus Securities and Exchange Commission regulations.

A public limited liability company must have at least seven members. Shares may be transferred and shares and debentures may be offered to the public.

A minimum of at least two directors and one secretary is required.

All limited liability Cypriot companies are required to submit audited financial statements to the Registrar of Companies in Greek or English (excluding small sized companies, as defined under Cypriot law).

Advantages of Cyprus Company Formation

- Cyprus company formation allows entrepreneurs to legitimately conduct business in Cyprus and internationally subject to a corporate tax rate among the lowest rates in the European Union (EU);
- No withholding tax on dividends, interest and royalties declared by companies to non-resident shareholders;
- Full tax exemption on profits derived from dividends received from abroad or from profits of permanent establishments in other countries unless 50% of acting relate to income for investment and the overseas tax burden is significantly lower than Cyprus (lower than 6,25%);
- Tax exemption on gains from the disposal of shares and other securities.
- New regime 80% exemption on profits from the exploitation or licensing and gains on disposal of Intellectual property assets;
- Full capital gains tax exemption on the transfer or sale of shares in a company, except where the company owns immovable property in Cyprus;
- A wide network of Double Tax Treaties covering more than 55 countries;
- Unilateral relief from tax in Cyprus on amounts of tax paid or withheld abroad.

Cyprus Double Tax Treaties

Cyprus maintains a vast network of double tax treaties which in their majority follows closely the model treaty created by the “Organisation for Economic Co-operation and Development” which in combination with the tax advantages available have given to a Cyprus Company an active role in international business and transactions, mainly related to ex-Soviet countries and Eastern Europe.

The Cyprus tax system has been the spark in the fast growing Cyprus economy over the last decades. Attractive tax schemes allow foreign corporate clients and investors to achieve tax optimisation through legal and controlled means.

What We Offer

We represent local and overseas businesses ranging from start-up ventures to multinational companies in a board range of corporate and commercial transactions, covering all aspects of incorporation and formation of new businesses, assisting our clients through all stages of their development and investment activities to ensure successful deal outcomes. Our practice also provides support for leading and emerging companies, corporate groups, enterprises, in-house legal teams and individuals in respect to commercial contracts and agreements, covering all aspects of commercial transactions.

Our team provides a variety of services on corporate matters, such as:

- Trustee Services
- Company Administration and Secretarial Services
- Cyprus Substance Solutions
- Payroll Services
- Fiduciary Services
- Fund Administration Services
- Accounting and B/K Services
- Banking Services
- Members Voluntary Liquidation and Strike Off
- All matters pertaining to companies established in Cyprus
- Mergers and Acquisitions
- Local and cross-border reorganisations and restructurings
- Security and Escrow arrangements
- Corporate Governance and Shareholders Agreements
- Private and public equity and debt offerings
- Corporate Finance
- Commercial Agreements (franchise agreements, logistics agreements, license agreements, distributorship agreements and other types of commercial agreements)
- Insolvency and liquidation
- Due diligence and transactional risk assessment

Our Corporate department is recognised as having a dynamic team and being a leading practice in the field of Cyprus Corporate Law (Legal 500 2018).

Disclaimer

The information set out in this publication provides general guidance and for information purposes only. It does not constitute or substitute professional advice. We shall not be responsible for any loss occasioned by acting or refraining from acting on the basis of this publication.

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