

Neophytou & Neophytou LLC - Companies Registration in Cyprus: A STEP-BY-STEP GUIDE TO ALL FOREIGN INVESTORS:

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Neophytou & Neophytou

Law Office

Cyprus-Nicosia, Famagusta

Hellas-Piraeus

1. Legal Requirements

(The present informational document has been drafted specifically for the purposes of helping foreign investors to understand the basic procedure when registering a company in Cyprus through the Neophytou & Neophytou Law Office, in Nicosia, Cyprus.

Persons who wish to set up a Company in Cyprus are required to furnish to the Neophytou & Neophytou Law Office, the following list of information):

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1.

Company Name

Please provide the full name of the company you wish to register in Cyprus. We shall then submit this name to the Office of the Companies Registrar of the Republic of Cyprus in Nicosia Cyprus for approval. Name approval usually takes three (3) business days from the date of the Application. Our job is to search in the names database beforehand and make necessary changes to the name proposed by you in order to avoid any rejection by the Companies Registrar of the Republic of Cyprus.

2.

Director(s) Personal Information

Every Cyprus based company must have at least one Director. A Cyprus based company may be comprised of only one person. That single person can be the Director, the Secretary and the Shareholder.

Please provide full personal details about the Director:

2.1 Name/Forename:

2.2 Middle Name(if any):

2.3 Surname/Lastname:

2.4 Nationality (Please provide us with a copy of Passport front page as well as photo page):

2.5 ID Card Number (Copy of Passport and ID Card)

2.6 Date-Of-Birth:

2.7 Full Postal Address including Number, Town, Postal Code and Country:

2.7 Profession:

Optionally you may add additional directors, Legal Secretary etc. You may also add a “nominee” directors i.e. one of us here in Cyprus that would have the legal power to sign on behalf of the company in its affairs with the Bank(s), and other legally binding agreements. When there is a Cyprus Resident Director, the company may acquire the status of a Cyprus Resident Company and thereafter enjoy all Tax-Benefits that all Cyprus Tax-Resident Companies are enjoying. Please note that you should furnish all the personal details of additional directors, nominee directors, secretaries, as above.

3.

Company's areas of operations.

Please prepare a detailed list of areas of operations to be included in the Memorandum and Articles of Association of the Company. Alternatively, please provide with a list of neuralgic/key areas of operations (as wide as possible)

in order to adjust the Memorandum and Articles of Association accordingly. Further, if required, please prepare special clauses to be used within the Articles of Association with regards to the 1) Classes of Shares, 2) Special Powers of Directors, 3) Decision making procedure of the Company, 4) Voting Rights, etc.

4.

Company’s Share Capital

There is no minimum share capital for a Cyprus Limited Company, however usually the “minimum” share capital for a Cyprus Limited Company is (€1,00.00.-) [One Thousand Euros]. Cyprus Companies may sometimes be formed with additional share capital to reflect their caliber and the cost for such incorporation would increase accordingly following the requirements of the Cyprus Companies Registrar for additional stamp duties. Detailed list of such costs is attached in this document.

5.

Company's shareholders.

Every Cyprus based company must have at least one Director. Minimum 1 shareholder (i.e. the abovementioned Director, or a third party).

Minimum issued share Capital: (€1,000.00.-) [One Thousand Euros].

Information same as 2 above (i.e. detailed personal information for all shareholders) and also number of shares for each shareholder.

i.e. If there would be 4 shareholders with equal number of shares, they would have 250 shares of €1.00.- each, or 500 shares of €0.50.- each, or 1000 shares of €0.25.- each, or 1 share of €250.- each, and so forth.

Normally shares carry a nominal value of €1.00.- each.

However, it is entirely up to you to set the nominal value of each share.

For added security, or, in more complex legal structures shareholders can be other companies (legal entities) instead of individuals (physical persons).

Further and detailed information regarding the formation of holding companies and/ or subsidiary companies, group of companies, offshore companies, etc., may be provided upon request.

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2. CYPRUS COMPANY FORMATION

NEOPHYTOU & NEOPHYTOU, LLC - INSTRUCTIONS FORM:

(Please print out, fill it out and send it back to us via fax at +357-22-660521)

(Alternatively, please email it back to us at info@neophytou-law.com)



1) Proposed Company Name:

(Please use capital letters, please allow 7 working days for name approval processing)

2) Director(s) Name(s): (1)

(2)

(3)

(Please attach passport photo page of each director, profession, and full contact details, as described in 2 above, or, indicate “Nominee”, use extra page if necessary)

3) Company’s Areas of Operations:

.....
.....
.....

(Briefly describe the area of operations of the company)

4) Company’s Share Capital: €.....

(€1,000.00.- minimum)

5) Company’s Shareholders Number of Shares Value Per share

1)

2)

3)

4)

5)

(Please attach passport photo page of each shareholder, profession, and full contact details, as described in 2 above, or, indicate “Nominee”, use extra page if necessary)

(Please note: Shareholders must be adults, mentally fit and non-bankrupts)

(If the shareholder is a company, please attach memorandum and articles of association duly sealed with company’s seal)

3. COSTS

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I. NEOPHYTOU & NEOPHYTOU, LLC - FORMATION COSTS (ONE-OFF)

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A.

COSTS for setting up a company in Cyprus with €1,000.- EURO share capital/ ONE-OFF (€1,750.00.-)

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This is one-off cost for setting up a company in Cyprus with a share capital of €1,000.00.-, and with it we commit and agree to:

- 1) Secure Name Approval by the Office of Companies Registrar of Cyprus.
 - 2) Secure a Unique Company number.
 - 3) Prepare the Memorandum and Articles of Association according to your specific instructions.
 - 4) Issue the necessary Share Certificates.
 - 5) Issue the necessary Directors' Certificates.
 - 6) Prepare the Company's Seal.
 - 7) Open the necessary Bank Account(s), issue VISA Cards, set up Web-Banking, obtain a letter of guarantee if and when necessary, etc.
 - 8) Register to the TAX authorities (i.e. obtain a tax number, *if necessary*, for the purposes of submitting audited records annually).
 - 9) Registration to the VAT (i.e. obtain a VAT number, *if necessary*, for submitting records to the VAT).
 - 10) Ship the Company Kit to you.
- * All the above prices **do not include and are subject to 15% VAT.**

II. COSTS FOR OPTIONAL / ADDITIONAL SERVICES

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In addition to the compulsory company set-up cost listed above, we are in position to provide a full range of other optional services that will assist your company to launch full scale operations and excel in any business endeavor you may set your sights on. The services listed below are optional and the costs listed are only indicative minimum costs.

B.

COST for Retaining a legal address by our law office – MIN. €525 EURO/ PER ANNUM ADDITIONAL OPTIONAL SERVICE* All the above prices do not include and are subject to 15% VAT.

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11) It is compulsory by law to retain a company's legal address within the Cypriot jurisdiction for a Cyprus Company to be characterized as a Cyprus Resident Company and thereby enjoy the unique tax benefits of the Republic of Cyprus. Unless you have your own address, we usually provide this service for an annual premium of €525.00.-).

11.1) This service includes Mail Forwarding of up to 50 letters per year.

C.

COST for retaining a CYPRUS RESIDENT DIRECTOR - APPRX. €700 EURO/ PER ANNUM

ADDITIONAL OPTIONAL SERVICE- * All the above prices do not include and are subject to 15% VAT.

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12) In order for any Cyprus based Company to be characterized as a Cyprus Resident Company and thereby enjoy the unique tax benefits of the Republic of Cyprus, it is necessary to have at least one Director that resides permanently in Cyprus. Indicatively, a Cyprus Resident Director would actually carry out work on behalf of the company in Cyprus. Some of his duties may be to issue a Cyprus Tax Certificate, handling of legal matters, sign cheques; make bank transfers on behalf of the company; respond to client's requests on a corporate/legal level and in general follow your specific written instructions. If you require a Cyprus-Resident Director that would require someone to sign on behalf of the company from within the Cyprus jurisdiction, then we can also provide this service for an annual minimum fee of €700.00.-.

D.

COST for VAT, Book-Keeping & Auditing Services - APPRX. €750.- - €4,750.- EURO/ PER ANNUM

ADDITIONAL OPTIONAL SERVICE - * All the above prices do not include and are subject to 15% VAT.

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13) It is compulsory by law that each company in Cyprus is to

13.1) Submit VAT statements quarterly (minimum level of operations annually €17,000.00.-).

13.2) Submit audited accounting records annually.

The cost of preparing these VAT and accounting/ audited records vary depending on the complexity of transactions, volume, etc.

We have our own web of world-renown accountants in Cyprus who specialize in providing bookkeeping, accounting, auditing as well as taxation planning services for your company. We would be more than happy to recommend the accounting services of our associated accountants, or, alternatively work with your accountant in Cyprus, if you recommend one.

E.

COST for PHYSICAL PRESENCE & FULL SECRETARIAL SERVICES - APPRX. EUR€350-

EUR€1,525.-/MONTH (EUR€4,200-€18,300/ANNUM) -

ADDITIONAL OPTIONAL SERVICE * All the above prices do not include and are subject to 15% VAT.

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14) In addition to B above, if the volume of operations is substantial that would require real physical presence in Cyprus, including

14.1) Fully operational Separate Office Space within our offices or even Private Space.

14.2) Private fully equipped office.

14.3) Separate Telephones.

14.4) Separate FAX.

14.5) Separate EMAIL, and

14.6) Personnel in Cyprus that would need to retain daily correspondence with persons people in Hellas and abroad, carry out bank transactions daily, running of orders, provision of full secretarial services, contact clients, complete orders, send faxes, emails, draft letters, etc., then we can provide these additional services for the abovementioned annual premiums.



Neophytou & Neophytou

Law Office

Cyprus - Nicosia, Famagusta

Hellas - Piraeus

4. NEOPHYTOU & NEOPHYTOU, LLC
DETAILED TABLE OF CYPRUS
COMPANY FORMATION SERVICES COSTS & ANNUAL COSTS

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No	Company-related services provided by Neophytou & Neophytou	Nominal Share Capital €(EUR)€/ Costs €(EUR)*							
		1,000	5,000	10,000	50,000	100,000	250,000	500,000	1,000,000
1	Company Formation Cost	€1,750	€2,250	€2,500	€4,500	€7,000	€9,000	€14,500	€20,000
	1.1 Name Approval								
	1.2 Memorandum								
	1.3 Articles of Association								
	1.4 Share Certificates								
	1.5 Directors Certificates								
	1.6 Company Seal								
	1.7 Bank Account(s)								
	1.8 TAX Registration								
	1.9 VAT Registration								
	1.10 Ship Company Kit								
2	Annual Costs								
	2.1 Legal Address	€525	€625	€725	€825	€925	€1,025	€1,125	€1,225
	2.2 Directors	€700	€750	€800	€850	€900	€950	€1,000	€1,050
	2.3 Nominee Shareholders	€500	€600	€700	€800	€900	€1,000	€1,100	€1,200
	2.4 Private Trust Agreements								
	2.5 Offshore LLC Registration								
	2.6 <u>Physical Presence</u>	€4,200	€5,800	€6,900	€8,100	€9,100	€10,200	€11,300	€12,400
	2.6.1 Legal Address								
	2.6.2 Equipped Office								
	2.6.3 Telephone								
	2.6.4 Fax								
	2.6.5 Email								
	2.6.6 Secretarial Services								
	2.6.7 Mail Forwarding								
	2.7 Book-Keeping, Audit	Prices & Detailed Information: Available upon specific Request							
3	Marine Services								
	3.1 Ship Registration	€3,500							
	3.2 Yacht Registration	€2,500							
	3.3 Marine Insurance								
	3.4 Bills of Sale								
	3.5 Ship Management	Prices & Detailed Information: Available upon specific Request							
	3.6 Staffing								
	3.7 Chartering								
4	Additional Services								
	4.1 Shelf Companies	€3,000	€4,000	€4,500	€5,000	€7,500	€10,500	€14,000	€25,000
	4.2 Company Liquidations	€2,000	€2,000	€2,500	€3,000	€3,500	€4,000	€4,500	€5,000
	4.2.1 Court Procedure	€500	€550	€600	€650	€700	€750	€800	€850
	4.2.2 Registrar Procedure								
	4.3 Private Trust Agreement								

4.4 Employment Contracts	Prices & Detailed Information: Available upon specific Request
4.5 Third Party Contracts	
4.6 Trustee Services	
4.7 Offshore Trusts	
4.8 Property Conveyance	
4.9 Foreign Investments	
4.10 Charter Agreements	

*** All the above prices do not include and are subject to 15% VAT.**



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5. RISKS

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You can see that the only compulsory cost is the initial minimum of €1,750.- for setting up the Cyprus company. The rest are additional costs depending on the level and volume of operations as well as the physical presence. The more operations and the more money you make, the more you would need to support and expand your physical presence in Cyprus.

Potential risks derive mainly out of retaining the company in a dormant state, or, when the company maintains no capital to support ambitious operations.

Such risks are hereunder described as follows:

- a) Retain a dormant company over the years thus accumulating state dues and liabilities such as the costs for filing of audited accounting records;
- b) Apply for bank collateral warranties that would leave you exposed to high bank interest rates;
- c) Choose bad, or incapable associates that provide ill, or poor advice on critical decisions regarding the strategy and organizational development of the company.

6. EXIT ROUTE

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If you ever decide to shut down the operations of the company in Cyprus, you may sell it to another buyer. You may negotiate the price at the time. Usually dormant companies (i.e. bare-bone companies, carrying only the legal identity of a company in Cyprus) are sold nominally. Alternatively, you may choose to voluntarily liquidate the Cyprus company either by Court Procedure, or through a letter to the Cyprus Companies Registrar similar to the US Chapter 11 Bankruptcy Code Liquidation Procedure.

7. CYPRUS CORPORATE TAX BENEFITS

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The Cyprus resident company would only be taxed 10% corporate taxation on annual NET PROFITS before dividends instead of 20%-35% corporate tax that exists in Hellas, or other European and non-European jurisdictions. This is the lowest non-offshore jurisdiction corporate tax rate in the world.

With its full accession to the European Union on May 1, 2004, Cyprus has significantly upgraded its status as a European jurisdiction as well as its status as an “offshore” jurisdiction.

With the enactment of its New Tax Legislation on 1 January 2003 (including 7 amending laws, the last one in 2007) and the abolition of the “offshore regime”, Cyprus has put a simplified, effective and transparent tax system in place that is fully EU, OECD, FATF and FSF compliant.

The result is an unwavering EU, “non-offshore” tax-competitive jurisdiction with electrifying tax planning prospective for EU and non-EU clients alike.

Précis, Cyprus is the lowest-tax EU Jurisdiction that is not offshore. The standard corporate tax rate of 10% on net profits is the lowest in the European Union, and the lowest “non-offshore jurisdiction corporate tax rate” in the world.

The corporate taxation for shipping companies is 0% while the corporate taxation for ship-management companies is 4.25%

Cyprus is now a world-renown premier holding, finance, royalty, trustee and trading company jurisdiction.

Apart from the above, Cyprus’ biggest assets remain its friendly and investor-friendly Cyprus Government Tax Authorities who have long gained the reputation over a long history of a proven record that are always keen to help foreign investors.

Due to the nature of their operations, Cyprus Companies usually show profits at a paced and regulated manner. This is possible through the implementation of significant and sophisticated legal tax-planning strategies, which, in turn could be formulated based on the special needs of every client.

Purchase invoices from offshore companies are acceptable in Cyprus Companies’ Accounting Records and payments to offshore companies bear no withholding tax (tax planning point).

Subsequently, the role of taxation planning becomes pivotal. The inexistence of specific substance requirements, the absence of strict transfer pricing rules and the ability for advance tax rulings, coupled with a solid banking system with strong and reliable International Business Units are essential elements for constituting Cyprus a reliable international center of conducting commercial activities.

There is added commercial value and monetary benefits due to the ability to register for EU VAT in Cyprus through VIES (VAT Inter-European System). This is done primarily with companies trading goods, (imports/exports), however, this is implemented also for companies offering services.

Trading in securities is essentially a tax-exempt activity as any profit from the disposal of any type of security, irrespective of whether this profit forms part of a company’s trading activity or is of a capital nature.

The foreign beneficial owners of Cyprus Companies, Branches and Partnerships are not liable to additional tax on dividends or profits over and above the amount paid or payable by the respective legal entities. The only tax obligation is the 10% Corporate Tax on the Net Profits.

Any profits generated out of Cyprus by Non-Cyprus Resident Companies are not taxable, while Cyprus Companies with management and control carried out from outside Cyprus are also exempted from taxation for their out-of-Cyprus profits.

Maritime Management Companies are taxed at 4.25% and shipping income is tax-exempt, i.e. 0%.

No capital gains tax or net worth taxes except with respect to Real Estate situated in Cyprus.

Beneficial use of EU Directives that have been adopted into the Cyprus Tax Legislation.

Large number of intergovernmental Double Taxation Treaties between Cyprus and other countries for the avoidance of Double Taxation.

Attractive Permanent Establishment rules and generous provisions available in the Double Taxation Treaties Network.

Mergers, Takeovers, Restructuring of Groups and other Re-Organizations can take place within groups without tax consequences.

Unilateral tax-relief is granted to all Cyprus Companies for foreign tax suffered irrespective of the absence of a double tax treaty.

Tax losses are carried forward indefinitely and can also be surrendered as group relief.

Interest deduction for borrowing costs provided.

Low duties - taxes on the establishment/ incorporation of companies.

Very low overhead expense level (fees) for the provision of financial and corporate professional services compared to other EU Jurisdictions. Overhead expenses may be retained to an absolute minimum compared to other jurisdictions' overhead and running expenses.

EU Law (Directives and Regulations) in conjunction to the extensive range of Cyprus Double Tax Treaty Network

The Netherlands, Luxembourg and other classic EU Holding Company Jurisdictions now face a new superior competitor. As Cyprus' EU accession is maturing with the time, Cyprus' exceptional international clientele grows exponentially as Cyprus is increasingly being preferred as a holding jurisdiction to other traditional jurisdictions. A more prudent approach has proved the combination of a

Cyprus Holding Company with other jurisdictions' Holding Companies such as the retaining of Netherlands and Luxembourg holding companies, rather than by substituting them.

Beneficial use of EU Directives enacted into Cyprus Law (effectively “copied” - transposed into Cyprus Law and their benefits extended to residents of Third Countries):

1. Parent / Subsidiary Directive (no withholding tax on payment of dividends, no transitional period [immediate effect], no minimum participation [shareholding limits], no minimum holding period, dividend exempt subject to conditions, tax credit for tax withheld abroad).
2. Interest / Royalties Directive (no withholding tax on interest paid to non-residents, no transitional period [immediate effect], 25% minimum participation [shareholding] required only in the case of royalties, no minimum holding period, interest taxed depending on nature, royalties subject to corporation tax, tax credit for tax withheld abroad).
3. Merger Directive (involves resident and Non-Resident Companies, leads to elimination of the tax consequence of any reorganization, merger, division, transfer of assets, and exchange of shares). We have carried out such mergers and acquisitions numerous times in jurisdictions such as Romania, Bulgaria, Hellas, Italy, The Isle of Man, The UK, Luxemburg, and Jersey.

Cyprus has a wide and beneficial Double-Tax Treaty (DTT) Network. There are currently 40 DTTs in force and 39 others being negotiated. It has to be noted here that Cyprus has fewer DTTs than some competing EU Jurisdictions, but in many cases more beneficial than its competitors' treaties such as those with Russia, Romania, Yugoslavia and the whole of Eastern Europe; and the Middle East. The existence of these treaties, combined with the low overall tax paid by Cyprus Companies, offer significant possibilities for international tax planning through the island.

A significant number of double tax treaties concluded by Cyprus, lowers or eliminates foreign withholding taxes on dividends, interest and royalties or capital gains paid out from or arising in the contracting states, some also include particularly beneficial tax sparing credit provisions for dividends, interest and royalties. A "tax sparing credit" is a tax credit available to the recipient, which is higher than the actual tax paid in Cyprus. Tax Sparing Credit provisions can be found in the treaties concluded with Canada, China, Czech and Slovak Republics, Denmark, Egypt, Germany, Greece, India, Ireland, Italy, Malta, Mauritius, Poland, Romania, Russia, Syria, Thailand, UK and former Yugoslavia.

Cyprus Holding Companies

Apart from the generic features of the tax system, the DTT Network and the adoption of EU Directives, other important features of the tax system beneficial to Cyprus Holding Companies are the following:

Participation Exemption:

1. Foreign dividends are tax-exempt (provided that a minimum 1% holding in the company paying the dividend is maintained. Also note that this exemption does not apply if the non-resident company paying the dividend carries on, directly or indirectly, more than 50% of investment activities - passive income - AND the overseas tax burden is significantly lower than the Cyprus Tax Burden [(practically interpreted by the Tax Authorities to mean less than 5% “headline tax”) and NO other rules, minimum holding period, minimum investment thresholds etc.).
2. No capital gains tax is payable on the sale or transfer of securities and the gains are exempt from Income Tax (except gains from disposal of shares in companies owning Real Estate situated in Cyprus - only to the extent that the gain relates to the particular Cyprus Real Estate). Also, profits from a Permanent Establishment (PE) outside Cyprus are tax-exempt and its losses can be set-off against Cyprus Income (this exemption also does not apply if the PE carries on more than 50% of investment activities - passive income - AND the overseas tax burden is significantly lower than the Cyprus tax burden). This exemption (PE) in conjunction with the use of some of Cyprus’ DTTs can result in PE profits avoiding tax altogether.
3. Simple rules and no need for additional, and sometimes complex and expensive tax structuring to circumvent anti-avoidance provisions, as it usually is the case with other jurisdictions in the case of dividends, or capital gains.
4. Low, or no withholding taxes on outgoing dividends, interest and royalties (no withholding tax on dividends and interest irrespective of the country or residence of the recipient (even offshore jurisdictions) or the existence of a Double Tax Treat; no withholding tax on royalty payments for use of the rights outside Cyprus, 10% if the rights will be used in Cyprus (subject to DTT & EU Directives) and 5% on films (subject to DTT & EU Directives).
5. We note here that, compared to other “key” Holding Company Jurisdictions, only Cyprus and the UK have 0% Dividend Withholding Tax (DWT), so no need for complex and expensive “structuring out” of DWT. THIS IS AN IMPORTANT COMPETITIVE ADVANTAGE OF CYPRUS compared to other Holding Company Jurisdictions.
6. No capital gains or income tax on the liquidation of participations or the liquidation of the Cypriot Holding Company itself.
7. No net worth taxes (as mentioned before no capital gains taxes) during the life of the Cypriot Holding Company.

8. Tax losses are carried forward indefinitely and can also be surrendered as group relief.
9. Mergers, takeovers and other re-organizations can take place within groups with no tax consequence.
10. Unilateral tax-relief is granted to all Cyprus Companies for foreign tax suffered irrespective of the absence of a double tax treaty.

However, it is worth noting that regardless and irrespective of any holding company scheme or any Treaty for the Avoidance of Double Taxation, all profits emanating from real estate assets, are taxed, or partially taxed, subject to the laws of the country in which the real estate property is being situated.

In conclusion, the Cyprus Tax System offers:

- 1) The extraction of foreign sourced dividends, at reduced, or zero rates of foreign withholding tax (owing to the use of the Parent Subsidiary Directive or the Use of Double Tax Treaties if the Directive is not applicable).
- 2) The receipt of foreign dividends at zero rates of corporation tax or special defense contribution (local withholding tax) or any other local taxes (subject to conditions - anti avoidance provisions that are easy to satisfy), i.e. “an EU Holding Company with no domestic tax leakage on holding activities”.
- 3) The distribution of available profits to non-resident shareholders at zero percent rates of dividend withholding tax, (0%) irrespective of jurisdiction or the absence of a DTT (even to offshore jurisdictions).
- 4) The realization of capital gains from the disposal of shares in foreign companies at zero percent rates of corporation and capital gains tax on the gains”, irrespective of holding period and shareholder percentage and no capital gains tax on the liquidation of the Holding Company itself.

All in all Cyprus is a serious international corporate service and international tax center that should be considered seriously by any international investor who wishes to set up a company abroad.

8. CYPRUS PERSONAL & EMPLOYMENT TAX BENEFITS

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Apart from the above corporate tax benefits, Cyprus is a preferred destination for personal and employment tax benefits by many European workers thus utilizing in full the free movement of Labor within the boundaries of the European Union and not only. This gives a further insight on any international investor who will assess Cyprus in comparison to other jurisdictions to set up his Company.

Detachment of Employees in multiple EU jurisdictions – Implementation of EU Directives. Full Social Insurance contributions can be paid to the Cyprus Social Insurance System by staff employed in Cyprus companies and then detached to other EU countries to fulfill the contractual obligations of the Cyprus Company. Our law office has executed such a scheme numerous times with Employees from Greece, Poland, France, Italy, the UK, the Netherlands, Belgium, Romania, Germany, Spain, Portugal, Estonia, Lithuania, Slovakia, Bulgaria, Finland, Denmark, Sweden, the Czech Republic, Austria, Ireland and other EU jurisdictions and dominions.

High personal tax-exemption levels which reach approximately €19,000.- Euros per annum allow for the Employment of many Employees under the Cyprus registered company while pay no tax if they fall beneath the tax-exemption levels. Coupled with the low social insurance contributions of 17.3% on the gross salary, excluding any Bonuses altogether from the social insurance contributions scheme, make Cyprus a serious competitor in terms of Employment Benefits, pension rights, which could always be transferred back to the home country of the foreign worker. In addition, low personal tax rates which reach a maximum of 30% for personal income over €35.000 Euros and substantial relief for overseas employment and for non-residents taking up employment in Cyprus for the first time.

Low social insurance contributions (6.3% of gross salary) - total employer contributions to various funds amount to 11% of gross salary and total employee contributions to 6.3%. As per April 2009 Social Insurance Contribution in Cyprus shall be in the region of 17.3% on the gross salary. These contributions may be transferred to any other European jurisdiction. Further, full social security insurance rights are applicable to foreign employees in Cyprus such as pregnancy leave, medical leave, paid vacations, unemployment benefits, etc.

Employment Agency companies may also be set up and operated through Cyprus, thus Employing personnel from countries outside the EU, such as Ukraine, Russia, Moldova (Eastern Europe), Egypt, Albania, Serbia, Iran, Qatar, Bahrain, or Countries from the Far East such as Sri Lanka, India, Malaysia, Thailand, Viet-Nam, etc.

Further, non-EU nationals may utilize the scheme to acquire worker status in Cyprus via becoming the Directors of their own companies. Permanent VISAS in Cyprus may also be applied for i.e. TYPE “F” VISAS, for indefinite stay in Cyprus by non-EU citizens, however, having no right of direct employment.

8. FURTHER INFORMATION

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Should you require further information, clarification on any of the matters mentioned above, or you have any question on any issue, please do not hesitate to contact us and we will be more than happy to assist you.

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