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Cyprus One Stop Shop, PSC & Business Start-Up

What is the legal framework for the setup of the Cyprus One-Stop-Shop?

The legal framework of the setup of the Cyprus One-Stop-Shop is governed by the Cyprus Companies Act CAP.113

How can anyone directly contact the Cyprus One Stop Shop?

Cyprus One-Stop-Shop may be contacted in the following manner:

One-Stop Shop

Ministry of Commerce, Industry and Tourism

13-15 Andreas Araouzou Street,

1421 Nicosia, Cyprus

Tel.: +357 22 409433/ 322

Fax :+357 22 409432

E-mail: onestopshop@mcit.gov.cy

Does the Cyprus One-Stop-Shop offer banking services to businesses?

The Cyprus One-Stop-Shop, by-law, does not provide banking services as this is not considered part of the corporate setup. Banking contacts and services (bank account openings, financing, etc.) are established as a norm through Cyprus professional intermediaries, such as registered Lawyers as well as Registered Public Accountants. Since all Cyprus companies incorporations and re-domiciliations are done through Cyprus Lawyers, these professionals are also offering their services as the points of contact in order for all businesses to establish banking contacts as an extension of the services offered by the one-stop-shop.

Does the Cyprus One-Stop-Shop offer Business Consulting Services?

The Cyprus One-Stop-Shop does not provide Business Consulting Services. However, the Cyprus Government has implemented a series of EU Regulations in establishing various bodies which provide such business consulting services in Cyprus, thus operating and functioning as an extension of the One-Stop-Shop.

Moreover, there exist a number of additional non Governmental Bodies which may offer and promote the establishment and operations of foreign investment companies in Cyprus.

These include the following:

Cyprus Promotion Investment Agency. www.cipa.org.cy

Cyprus Chamber of Commerce and Industry. www.ccci.org.cy

Cyprus Federation of Employers and Industrialists www.oeb.org.cy

The above bodies has established numerous other Associations, Affiliations, and contacts, both in Cyprus as well as abroad in their effort to promote the facilitation of the setting up of businesses in Cyprus.

What are the legal forms of businesses which fall under the Cyprus One-Stop-Shop scheme?

Interested investors in Cyprus may set up the following legal entities:

- Cyprus Companies (private or public), via fresh setup, or via re-domiciliation from a different jurisdiction;
- General or Limited Partnerships;
- European Companies (SE);
- Branches;
- Trade name.

What is the legal framework and the procedure of setting up a Branch of a Foreign Company in Cyprus?

In Cyprus, the procedure for setting up a branch office of a foreign company, is, in accordance with the Cyprus Company Act (CAP. 113), done through submitting the foreign company's articles of association to the Registrar of Companies.

Many of the requirements and procedures for opening a secondary establishment are the same as for starting up a business in Cyprus.

Foreign businesses can apply to open a branch by submitting an application to the Department of the Registrar of Companies and Official Receiver of the Ministry of Commerce, Industry and Tourism of Cyprus within one month from the date of their formation. The branch must trade under the same name as the foreign business.

Once a branch is registered, its financial statements translated into Greek are submitted to the Department of the Registrar of Companies.

The companies section of the Department of the Registrar of Companies and Official Receiver of the Ministry of Commerce oversees the registration, monitoring, control and deregistration of domestic companies, foreign companies, partnerships and trade names.

What is the legal framework and the procedure of setting up a Branch of a Cyprus Company in a foreign jurisdiction?

The procedure for setting up a branch office of a Cyprus company, in a foreign jurisdiction, is in accordance with the Law at which the Branch will be operation and not by the Cyprus Company Act (CAP. 113).

This is usually done through the submission of the Corporate Documents of the Cyprus Company in the foreign respective Companies Registrar or equivalent Authority and set up the operations of the Branch of a Cyprus Company outside Cyprus.

As a norm, many of the requirements and procedures for opening a branch of a Cyprus Company in a foreign jurisdiction are the same as for starting up a business in that jurisdiction, both legally, as well as accounting-wise (maintaining of separate Branch bookkeeping records, etc.)

It is also well noted that the Balance Sheets or Financial Statements of the foreign Branch(es) of a Cyprus Company must be included in the preparation of the Financial Statements (Balance Sheets) of the Cyprus Company.

What is the European Legal Framework which establishes the PSC (Points of Single Contact) in Cyprus?

The Services Directive is a European law that aims to make life easier for businesses that wish to *provide services* in the European Union - in their home country or abroad. The Directive defines the rules that apply to entrepreneurs wishing to establish a business or perform temporary services in the EU-EEA area (the 27 EU member states, plus Iceland, Liechtenstein and Norway). It

obliges member states to eliminate unnecessary bureaucracy, simplify formalities for businesses and make public administrations more efficient.

For the implementation of the Directive, each member state had to set up "Points of Single Contact (PSC)", e-government portals which help businesses complete administrative procedures *online*. The PSCs provide comprehensive information on all administrative matters related to the establishment or expansion of a service provider in a given country, including Cyprus.

With the PSCs, you no longer need to contact each authority separately. The PSCs enable you to find all the relevant information and to send your online applications to the competent authority through a point of single contact, the PSC. You can complete your administrative formalities electronically through the PSC. Just contact the PSC of the country that you want to do business in.

All PSCs are part of the EUGO network. Through a central website you can easily access all PSCs in Europe. Of course, the PSC services are optional. In addition, you may always address yourself directly to the competent authorities.

What are the services offered by the PSC in Cyprus?

One Stop Shop for Setting Up a Business in Cyprus operates in the same manner like in the rest of Europe.

The one-stop shop offers both Cypriot and foreign investors the following assistance:

- guidance;
- business registrations;
- VAT registration,
- registration for income tax;
- social insurance registration and employer registration;
- applications for residents' and work permits.

Thanks to the one-stop shop, business registrations in Cyprus, can be completed within one week. The fast and simple registration procedure is the same for all types of business.

What are the steps for a Business Registration in Cyprus?

The first step is to send an application to the Registrar of Companies for approval of the company name. The business's relevant documents are then sent to the Registrar of Companies. Business registration documents, e.g., articles of association, are submitted after being verified by a member of the Cyprus Bar Association, i.e., a registered Lawyer/Advocate. Items such as articles of association may be submitted in any European language along with a sworn statement confirming that it is an accurate translation of the Greek original. Thereafter the Company is incorporated.

What other registrations are required by Law for any business operating in Cyprus?

Social insurance registration

Any company employing one or more persons must be registered under the Cyprus National Insurance Scheme.

The applications for Social Insurance Registration must be submitted to National Insurance District Offices or Citizen Service Centres at the place (district) in which the business is established within one month after the recruitment of a new employee.

Payments to the Social Insurance System are done by the end of the month following the invocation of labour.

The current level of social insurance contributions in Cyprus is 17.3% (which excludes the provision of payment of annual leave vacations by the Ministry of Labour and Social Insurance, which must

be paid by the Employer). The social insurance contributions are paid 6.8% by the Employee and 10.5% by the Employer.

Tax registration

Any company or person operating in Cyprus must become registered to the Taxpayers Register of the Inland Revenue Department of Cyprus as soon as possible. The Law prescribes that such registration must take place within 30 (thirty) days from the day of the Business Incorporation. This can be done by submitting the relevant forms either to the Income Tax District Offices or to the Ministry of Commerce, Industry and Tourism's One Stop Shop for setting up a business. The company will then receive the relevant Cyprus Tax Identification Number (T.I.N).

Corporate taxation in Cyprus is 10% and it is payable three times within the year the current fiscal year i.e. on 31 of July, 30th of September and 31st of December.

VAT registration

With regard to VAT, anyone supplying goods or providing services, involved in intra-community acquisitions or distance selling in Cyprus must enrol on the VAT Register by submitting the relevant application to the appropriate VAT District Office in which the business is based or through the Cyprus One Stop Shop for setting up a business of the Department of the Registrar of Companies and Official Receiver before the end of the thirty-day period during which it is due.

Business Insurance

Each company employing personnel in Cyprus is compelled by Cyprus Law to maintain Employer's Liability Insurance. Special purpose insurances may also be required by Cyprus Law, depending on the activities of the business. These insurances may include: Professional Negligence Insurance, Contractors All Risk Insurance, Public Liability Insurance, Medical Insurance, Marine Insurance (for ship-owning companies), etc.

What are other optional registrations for any business operating in Cyprus?

The Cyprus Chamber of Commerce and Industry (CCCI) as well as the Cyprus Federation of Employers and Industrialists have databases containing details of Cypriot businesses and the various State-sponsored and other services linked to economic activities. The Chamber as well as the Federation, in association with CIPA (Cyprus Investment Promotion Agency) are the main information providers for foreign business owners.

Can a company from a different jurisdiction be redomiciled in Cyprus, and if yes, can it enjoy the Cyprus One-Stop-Shop services?

A company from a different jurisdiction may be re-domiciled in Cyprus through a procedure prescribed by Law and implemented through the Companies Registrar of Cyprus. Thereafter, such company may enjoy the services offered by the Cyprus One-Stop-Shop.