

Cyprus: An International Business Centre



Strategic European Union and Eurozone location

Cyprus lies in the heart of the Mediterranean sea forming a gateway to the three continents – Europe, Asia and Africa. As a member of the European Union (EU) and the Eurozone, Cyprus is the ideal jurisdiction to conduct business activities from, particularly for businesses looking to penetrate new markets and expand into Europe, Africa and Asia or the Middle East. The EU and Eurozone memberships have led Cyprus to adopt EU-harmonised legislation and regulations designed to enhance Cyprus' international business sector.

Lowest EU corporate tax rate and advantageous tax regime

Cyprus has the lowest corporate tax rate in the EU at 10% as well as numerous other tax advantages and incentives which make Cyprus vehicles useful tools for tax optimization in international structures. The tax legislation is in full compliance with EC directives and other EU regulations. In addition, there are currently 47 Double Taxation Treaties in force.

Modern economy with successful economic performance

Cyprus has an open, free-market, service-based economy with a long record of successful economic performance. Cyprus has been transformed into a modern and dynamic

economy as a result of the thriving services sector and its advanced technological and social infrastructures. This has resulted in the successful introduction of the Euro and entering into the Eurozone in 2008. The IMF has included Cyprus in a shortlist of the advanced economies in the world. In addition, Cyprus has been included in numerous studies/ reports of internationally acclaimed economic and financial institutions.

Regional hub for transport and logistics

Situated at the intersection of major international and regional shipping lanes, granting access to trade routes linking Europe, Asia, the Middle East and Africa, Cyprus' strategic position, international connections and broad range of top-end facilities give it maximum advantage as a logistics and transshipment hub in the region.

Robust legal system

Cyprus was a British colony until 1960, when the island became an independent Republic. Until independence the Cyprus legal system was based on the English legal system. After independence in 1960 the English legal system was largely preserved and many of the laws which were enacted for the colony, as well as the principles of common law and equity, are still largely applicable. Many of the main business laws, including the Companies Law, are closely modeled on English counterparts and have been harmonized with the EC Directives and modern business practices.

Low operational cost, high standard of living and professional services

Cyprus offers excellent possibilities for low cost financing of investment transactions and international activities. At the same time, it offers a high standard of living with excellent climate, low crime rate and modern infrastructure. The cost of labour, rents and business services are considered very competitive compared to other European countries and popular international business centres. The workforce is relatively young and highly educated with a very high percentage of secondary school graduates attending university undergraduate and graduate education.

Reputable international shipping centre

Cyprus' development into an international maritime centre began in 1963 when the government offered the first incentives aimed at the encouragement of ship ownership and registration of vessels under the Cyprus flag.

Nowadays, Cyprus is a highly reputable international shipping centre, ranking among the 10 leading maritime nations in the world, with a merchant fleet exceeding 21 million gross tonnage and nearly 2000 vessels.

In addition, Cyprus constitutes one of the largest ship management centres in the world.

The success is largely due to the island's highly competitive environment, including its unique EU-approved tax regime and its long established expertise in the area.

Financial system

Banking

The supervisory authority for the banking sector is mainly the Central Bank of Cyprus. The banking system also consists of local commercial banks, international banking units, cooperative credit institutions and a wide array of specialised financial institutions and leasing companies.

Insurance

The activities of the insurance companies are governed by relevant statutory laws and their operations are monitored by the Superintendent of Insurance. The major insurance companies are subsidiaries or affiliates of banks. There are also a number of captive insurance companies.

The Stock Exchange

The Cyprus Stock Exchange commenced operations as a legal entity in the form of a public corporation body in 1996. The Cyprus Stock Exchange is a regulated Exchange where all transactions concerning corporate and public securities are carried out. Such securities include stocks, bonds and warrants. Further, a fully computerised online trading, clearing and settlement system is in operation.

“One-Stop-Shop” for foreign investors

Fostering the infusion of foreign investments is of prime importance to the economy of Cyprus. In the light of the intensification of competition and especially in conjunction with the accession of Cyprus to the EU, the Government has pursued a number of measures in order to further enhance and simplify the business and investment environment. Towards this end the Government has reduced the level of bureaucratic intervention and under the auspices of the Ministry of Commerce, Industry and Tourism, has set up the One-Stop-Shop for local and foreign based companies. The One-Stop-Shop facilitates, accelerates and simplifies the process of setting up a business in Cyprus.

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