

CYPRUS- The Ultimate Holding Company Jurisdiction

The Cyprus Holding Company enjoys the following advantages:

- Only 12.5% corporation tax on trading profits;
- No withholding tax on dividend distribution, interest and royalties to non-tax resident shareholders;
- Dividends received from abroad are also exempt from tax provided that:
 - a) At least 50% of the direct or indirect activities of the company paying the dividend are attributable to non-investment income or
 - b) The tax burden on the dividend paying company's income is not substantially lower than 12.5%;
- Foreign Permanent Establishment profits are exempt unless:
 - a) the permanent establishment directly or indirectly engages more than 50% in activities generating investment income and
 - b) The foreign tax burden is substantially lower than 12.5%;
- Tax losses can be carried forward for five years;
- Group relief availability (75% holding is required);
- No Controlled Foreign Companies rules;
- No thin capitalisation rules;
- No Capital gains tax on profits from the sale of immovable property outside Cyprus;
- 100% exemption on capital gains from the sale of securities;
- Applicability of all EU directives;
- Tax free reorganisations (cross border permitted); and
- Extensive Double Tax treaty network