Cyprus
Redomiciliations

FLEXI GROUP
Domiciliation is the act of making a particular country your legal home or place of business. In the case of companies the domicile of an entity is its country of incorporation. Re-domiciliation occurs when companies transfer their registered offices into a different jurisdictions. Cyprus law allows the transfer of the place of business of the company into and out of Cyprus. Re-domiciliation takes place without creating a new corporate entity and without the requirement of dissolution of the original corporation. The transferred entity continues its existence without losing its identity in a new jurisdiction.

Why Cyprus?
A key motive for foreign companies wishing to transfer their registered office to Cyprus is the attractive Cypriot tax regime.

Some of the tax advantages offered by the Cyprus regime include:

- Broad network of double tax treaties;
- 12.5% corporate tax rate;
- Unilateral tax credit on any tax paid abroad on the same income, irrespective of the existence of a double tax treaty;
- Profit from sale of shares and titles is exempt from taxation;
- No capital gains tax other than on the disposal of immovable property situated in Cyprus or shares representing immovable property based in Cyprus;
- Payment of dividends and interest to non-Cyprus tax residents are exempted from withholding tax;
- Notional interest deduction on new capital introduced as from 1 January 2015 in the form of paid up share capital or share premium of a Cyprus company is eligible for an annual notional interest deduction which is calculated as a percentage of interest on the new equity;
- Transfers of assets and liabilities between companies can be effected without tax consequences within the framework of a reorganization (mergers and demergers, divisions, exchange of shares).
Preliminary considerations
In order to effect the transfer of the registered office of a foreign company to the Republic of Cyprus certain initial matters must be considered:

1. First of all the law of the original jurisdiction must allow the foreign entity to re-domicile;

2. The Articles and/or the Memorandum of Association must contain a “Continuation” provision that will allow the foreign company to exist under the legal regime of another jurisdiction. If this is not provided then entity may if the law allows it to changes its incorporation documents and include such provision;

3. If the foreign entity is involved in activities that require license in the country of incorporation, it will need to produce evidence of the license and also satisfy local licensing criteria (if any) for the relevant activity in Cyprus;

4. While in other jurisdictions bearer shares are accepted by law in contradiction Cyprus law does not recognise bearer shares; therefore the re-domiciled entity can only have registered shares; and

5. Lastly the new entity must include the word “Limited” in its name and If the existing name does not include it the then it is not possible to continue in Cyprus under the same name. A name application will be submitted to Cyprus with another desired name and upon approval that name can be used as the name of the re-domiciled entity.
**Application process**

The procedure for the re-domiciliation is governed by the Companies Law, Cap 113. Based on the provisions of the law, the foreign entity must submit, with the assistance of its local representative, an application for re-domiciliation to the Registrar of companies. This application is accompanied by various documentation mostly in relation to information of the foreign legal entity and a sworn affidavit by the director and/or shareholders.

The Registrar will review the application and the attached documentation and once satisfied that everything complies with the law, it will register the company on a provisional basis as a company continuing its existence in Cyprus and issue a “Temporary Certificate of Continuation”. From the date appearing on the Temporary Certificate of Continuation, which will be the date of registration of the foreign company as a Cypriot company, the foreign company will be considered a corporate entity in Cyprus, will be provisionally registered and subject to all obligations under the Law and will be capable of exercising all the powers of a company incorporated in Cyprus.

After the issue of the Temporary Certificate of Continuation and within a 6 month period proof must be submitted to the Registrar the company has been de-registered from the foreign jurisdiction. This proof is usually presented in the form of a De-Registration Certificate.

The proof is filed with the Registrar and the company is issued with a permanent certificate of continuation from the Registrar.

In the cases that the company does not present such proof of deregistration within the six month period, then the Registrar may

(i) delete the name of the company from the register and inform the jurisdiction of incorporation that the company has not been registered in Cyprus; or

(ii) if there is a reasonable cause for the delay, extend the period for submission of proof of deregistration by a final 3 month period, after which no further extensions are granted and deletion and notification ensue.
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   - Administrations and day to day running of corporate entities

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   - Financing

6. GRANTING OF CYPRUS CITIZENSHIP
   - Preparation of Immigration Permits
   - Preparation of Residence Permits
   - Second Passport
Contact us

Start a conversation with us today to find out how you can benefit from a relationship with FLEXI GROUP. Please get in contact with one of our partners.

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