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Strategically located at the crossroads of the Middle East, Asia and Europe, Cyprus boasts a unique blend of both Western and Eastern cultural influences.

Cyprus enjoys 340 days of sunshine a year and boasts a coastline of endless golden sands.

The sun-soaked and friendly island offers a unique living experience combining a safe environment, modernity, taste and work-life balance, where an agreeable and stress-free lifestyle should absolutely be taken for granted.

For the twelfth year in a row Cyprus tops the rankings in Europe for the ratio of beaches that received the “Blue Flag”, to the total number of beaches in the country.

For a smooth relocation to Cyprus, this brochure provides an overview of all the aspects of living and working in Cyprus and more......

Start a conversation with us today to find out how you can benefit from Cyprus.

Joseph Vrahimis
Chairman

The information contained in this brochure is accurate as at its date of publication (10 January 2019). The information included within is designed to increase the reader’s general awareness of the Cyprus in no case should substitute seeking professional advice. For explanations, clarifications or professional advice please contact your Flexi Group advisors.
Cyprus is a modern, cosmopolitan, transparent business centre offering opportunities for investment across a wide range of sectors.

EU citizens
Nationals from EU Member States have the right to enter Cyprus by simply showing a valid EU passport or ID Card without having to register upon arrival. EU citizens have the right to work in Cyprus but are required to register with the local immigration branch of the police.

Temporary Residence and Employment Permits - Third country nationals (non-EU citizens)
Non-EU citizens seeking employment in Cyprus should apply beforehand to the migration authorities in Cyprus for both work and residence permits, after which an entry permit will be issued to the applicant.

Eligibility of the company
Any Cyprus-based company wishing to employ a non-EU national for the first time is required to register at the Civil Registry and Migration Department (CRMD) to become eligible, this has to be done only once and will apply for all subsequent non-EU national employment procedures.

Cyprus-based companies with non-resident shareholders are entitled to employ non-EU nationals provided they meet certain requirements.
Population
The population of Cyprus is about 847,000 (2016). The capital of Cyprus is Nicosia (Lefkosia), situated at the heart of the island with a population of approximately 336,000. The second largest city is Limassol (Lemesos) on the south coast with a population of approximately 241,000 and the island’s major port. Larnaca and Paphos are the third and fourth largest cities, each with a new airport, situated on the south east and south west coasts.

Climate
Cyprus has a pleasant Mediterranean climate, enjoying year-round sunshine, with mild winters (mean daily minimum 5°C and maximum 13°C) and sunny, dry summers (mean daily minimum and maximum temperatures are 21°C and 36°C respectively). Cyprus is the sunniest country in Europe with over 324 days of sun annually.

Governance and Political System
The Republic of Cyprus is a Presidential Democratic State, founded in 1960. The Executive authority is vested in the President who is elected for a five-year term by universal vote, and exercised by a Council of Ministers appointed by the President. The Legislative authority of the Republic is exercised by the House of Representatives, whose Members are elected by universal vote every five years. The administration of Justice is exercised by the Judiciary, which is a separate and independent body. The Members of the Cyprus Supreme Court are appointed by the President.
**Infrastructure**
With a constantly evolving system of advanced and modern infrastructure, Cyprus offers sophisticated road, air and sea transport solutions and services, which are widely recognised as an important competitive advantage in attracting foreign direct investment.

Cyprus’ two multi-purpose deep sea ports are located in the coastal cities of Limassol and Larnaca. The Limassol port handles both passenger and freight cargo while offering logistics solutions through advanced facilities for cost-effective transport and processing. In addition, the Limassol port is a renowned cruise liner hub and a popular stop-over for international cruise ships.

Two modern international airports in Larnaca and Paphos, offer their services to approximately 10 million visitors per year, connecting the island to the most popular transit hubs throughout the world.

Considerable investment has also been made to transform the island into a major telecommunications hub in the region, connecting Cyprus via submarine fibre optic cable and satellite to other networks in the Eastern Mediterranean basin and beyond.

**European Union and Eurozone Member State - International Memberships**
The Republic of Cyprus became a full member of the European Union on May 1, 2004. Accession to the EU was a natural choice for Cyprus, driven by its culture, civilization and history, as well as its unwavering commitment to the values of democracy, freedom and justice.

In 2008, Cyprus joined the European Monetary Union leveraging a robust economic performance marked by banner key indicators, thus adopting the Euro as its national currency.

This instigated a new era of opportunities and responsibilities for the island, as well as an era of commitment to growth. Like all members, Cyprus has benefitted from EU membership and, despite its small size, does have a lot to offer as well. Being Europe’s Eastern outpost at the intersection of important transport and communications routes and at the crossroad of three continents, Cyprus provides a secure gateway for European enterprises into the Middle East, North Africa and Asia, while offering non-European businesses and entrepreneurs possibilities for investment into Europe.
A welcoming environment
Cyprus offers a combination of a strong business environment and a great lifestyle which makes it very attractive for High-Net-Worth Individual (HNWI), top calibre executives and highly paid employees and their families to live and work in Cyprus.

Personal tax system
The Cyprus personal income tax rates are progressive and reach a top marginal tax rate of 35% on taxable income in excess of €60,000. Income of up to €19,500 is not subject to tax.

There is a 50% exemption from Cyprus personal income tax on the remuneration from any employment exercised in Cyprus by an individual who was not a resident of Cyprus before the commencement of the employment. The exemption is available for 10 years where the annual remuneration exceeds €100,000.

It is expected that as from 1 January 2019 Controlled Foreign Company (CFCs) rules will apply, i.e. non-distributed profits of CFCs directly or indirectly controlled by a Cyprus tax resident company, may become subject to tax in Cyprus (certain exceptions may apply).

A company is a resident of Cyprus if it is managed and controlled in Cyprus. Foreign taxes paid can be credited against the Cyprus corporation tax liability.
Cyprus citizenship
Non-Cypriot investors may acquire Cyprus citizenship if they invest between €2 and €2.5 million and fulfil other conditions such as a clean criminal record and residence for €500,000, to be kept for life.

Eligible investments include residential property, commercial property, approved Alternative Investment Funds, private companies with operations and staff in Cyprus and government bonds. Adult applicants must hold a Residence Permit in Cyprus for 6 months prior to obtaining the Cyprus Citizenship.

In addition to the applicant, citizenship is also granted to the investor’s spouse, under-age children and adult dependent children up to 28 years old without additional investment.

Permanent residence permit
Non-Cypriot investors, who purchase property in Cyprus of at least €300,000 and have a secure and steady annual income transferred on a regular basis from abroad, are entitled to apply for permanent residence. The relevant permit grants investors and their families visa free travel to Cyprus and the right of residence.

Granted for life, this permit includes spouses, under age children and adult dependent children up to 25 years old and parents of the investor/spouse.
Cyprus is a modern, cosmopolitan and transparent business centre offering opportunities for investment across a wide range of sectors.

Cyprus is committed to offering a high quality, duly regulated service and unique set of competitive advantages that ensure the best possible experience for investors and businesspeople worldwide.

Apart from continuously improving the business climate, increasing competitiveness and ensuring a stable and robust economic environment, Cyprus aims at further diversifying its economy by developing new sectors with high potential, such as energy, start-ups and innovation and investment funds, while enhancing its edge in areas in which it has traditionally excelled such as tourism, real estate and shipping.
A common law legal system
Cyprus’ legal system, based on English Common Law principles, is widely recognised as a business-friendly and effective system that ensures transparency and reliability in business practices.

Offering foreign businesses a familiar and reliable framework within which to operate, Cyprus’ legal system is also fully compliant with the EU, the Financial Action Task Force on Money Laundering (FATF), OECD, FATCA, the Financial Stability Forum laws and regulations and EU AML directives.

Cyprus offers an attractive and transparent tax regime, fully compliant with EU, OECD and international laws and regulations.

Setting up in Cyprus
The procedures for registering a company with the relevant authorities in Cyprus can be completed within approximately 5-7 days for a fairly standard operating model. For ready-made shelf companies, this timeframe can be reduced even further.
The Cyprus tax, legal and regulatory system provides an excellent framework for the operation of international and local businesses of all sizes.

Cyprus’ corporate income tax rate of 12.5%, is generally what is applicable on the profits/net income of a Cyprus tax-resident company.

However, a number of exceptions exist, namely:

- One of the lowest Corporate Tax Rates in the EU
- Dividend income exemption based on relaxed conditions
- Capital Gains Tax (CGT)
- No withholding tax on outgoing dividend, interest or royalty payments
- Gains from trading in securities are tax exempt
- Notional Interest Deduction (NID) for investment into Cypriot companies
- A competitive Intellectual Property (IP) regime.

**Financial reporting considerations**

**Reporting framework for Cyprus entities**

International Financial Reporting Standards as adopted by the European Union (“EU IFRS”) constitute the local Generally Accepted Accounting Principles (“GAAP”) in Cyprus and also form the basis for the computation of taxable income.

Therefore, Cyprus-registered entities need to maintain only one set of financial statements for both financial reporting and tax purposes, based on a reporting framework widely accepted by investors, financiers and analysts across the globe.

**12.5%**

Cyprus maintains a statutory corporate tax rate of 12.5%

**Dividends**

Foreign sourced dividends are generally exempt from tax in Cyprus, when received by a Cypriot tax resident company.

**58**

Cyprus has an extensive network of double taxation agreements with 58 countries.
Cyprus offers exciting potential in both traditional and emerging economic sectors, continuously innovating and enriching its product portfolio.

Traditional sectors, such as shipping, tourism, real estate and financial services, have been the key driving forces of the island’s economy for years, while new sectors such as energy, investment funds, start-ups, education and filming offer untapped opportunities for investment.

Growth Sectors:

- Tourism
- Shipping
- Real Estate
- Financial Services & Investment Funds
- Energy
- ICT, Start-ups and innovation
- Education
**Fiscal sustainability**
The economic growth and fiscal performance of Cyprus continued to surpass expectations during H1 2018, with GDP expected growth of 3.6% for 2018, positioning Cyprus amongst the high accelerating economies of Europe.

Employment is growing across most sectors of the economy.

In early Autumn 2018, the key international credit rating agencies upgraded the sovereign’s rating by one notch, while maintaining at the same time a positive outlook. Notably, in September 2018, Standard & Poor’s (S&P) upgraded Cyprus’ credit rating to investment grade, after maintaining a junk rating for almost seven years.

**A new banking era**
Following the extensive re-capitalisation in the period 2013-2015 the banking sector’s focus has now shifted towards consolidation, de-leveraging of non-core assets and large-scale re-organisation programmes aimed at improved customer experience and cost reduction.

The global attention on anti-money laundering has also embraced by the local banking system with very proactive measures and enhancements in anti-money controls.
Shipping
Cyprus is a world-class international maritime cluster, offering efficient and high-quality services in a vast spectrum of activities. Capitalising on its strategic location offering attractive legislative and operational shipping infrastructure, a solid and efficient tax framework and an excellent communications network, Cyprus has successfully built a diversified and robust maritime industry, which offers a unique set of competitive advantages. Cyprus is considered as one of the most reliable and competitive shipping centres in the world in terms of services, registration fees and taxes.

• One of the largest maritime clusters worldwide
• Competitive EU-approved Tonnage Tax system
• European “Open Registry”
• 3rd largest merchant fleet in the EU and among the largest merchant fleets worldwide
• Advanced maritime infrastructure
• Autonomous Shipping Deputy Ministry to the President.
Investment funds
Despite the fact that it competes with well-established jurisdictions, Cyprus is fast becoming a preferred investment hub in the industry, offering a range of fund vehicles addressing the demanding needs of investors and fund managers.

A consolidated, recapitalised and modernised banking sector ensuring efficiency, security and transparency has attracted significant amounts of FDI in the past years. Cyprus is also fast becoming one of the top emerging investment fund centres in Europe, offering unique access to high-growth markets.

Determined to stay at the forefront of industry developments and continuously upgrading its legislative and regulatory regime, Cyprus has developed into a key regional domicile for setting up investment funds and establishing asset management companies for pan-European reach.

- Flexible structures: UCITS and AIFs
- Passporting to any EU member state
- Low set-up and operation costs
- High quality business support services
- Tax benefits for investors and fund managers
- Transparency and investor protection.
Tourism
Tourism is one of Cyprus’ most resilient and strong economic sectors with a significant contribution to the country’s GDP. Apart from its natural beauty, excellent weather and breath-taking sceneries, Cyprus strives to enhance its competitiveness as a premium touristic destination, diving into niche areas, upgrading its offering and developing new experiences.

The latest addition to tourism infrastructure will come in mid-2017, with the launch of Cyprus’ first casino. The fully fledged integrated casino resort, which is due to be completed in 2020, aims to be the largest in the Europe region. It will offer a variety of amenities and other additional leisure services such as luxury hotels, spas and conference centre facilities.

- Record-breaking years in tourist arrivals
- Infrastructure revolution
- Numerous prestigious awards
- One of the best climates worldwide
- Most Blue Flags per capita in the EU
- Bathing water quality ranked “excellent”

Tourism conference centre facilities.
**Key Sectors**

**Real Estate**
Acquiring property in Cyprus, either as an investment or as a second home, has always been a popular choice among foreign investors. A combination of high quality of life, year-round sunshine and natural beauty, ease of doing business and investment incentives offer investors an attractive experience in terms of both living and doing business. Being a historically key pillar of the Cyprus economy, the real estate and construction sectors have experienced remarkable growth in the past years, manifested in increased demand and activity levels, prestigious large-scale projects, incentives and an influx of foreign investment.

- Increase in sale contracts and building permits
- Increase in properties sold to international investors
- Attractive Incentives - “Cyprus Investment Programme”
- Landmark residential and commercial projects

**Hydrocarbons**
The Eastern Mediterranean is a relatively new frontier for the hydrocarbons sector. Cyprus and the region are in the early stages of developing the region’s promising offshore hydrocarbons potential estimated by the US Geological Survey (USGS) at 345 trillion cubic feet (tcf) of recoverable natural gas and 3.44 billion barrels of oil.

Since 2010 there have been major gas finds within the region, including the Zohr field, with an estimated 30 tcf of natural gas, Leviathan (22 tcf), Tamar (10 tcf) and Aphrodite in the Cyprus Exclusive Economic Zone (EEZ), with an estimated 4.5 tcf. Tamar has been producing since 2013 and Zohr, the largest ever gas discovery in the Mediterranean, started production in late 2017 just 2.5 years after the discovery (a record time for a field this size in deep water).
Our Services

1. AUDIT & ASSURANCE SERVICES
   - Provision of Statutory Audits
   - Preparation of Financial Statements in accordance to IFRS’s and ISA’s for Private
   - Public, Not-for-profit Organisations and Groups.
   - Corporate Finance Services and Transaction Support
   - Due Diligence Service

2. DIRECT & INDIRECT SERVICES
   - International Tax Planning
   - VAT Services
   - Communication with Tax and VAT Authorities for the Issuance of Certificates
   - TAX Advisory

3. FINANCIAL & REGULATION ADVISORY SERVICES
   - Cyprus Investment Firms and Regulated Funds
   - Electronic Money Institutions / Payment Institutions
   - Outsourcing of Internal Audit and AML functions
   - Risk Management and Capital Adequacy Reporting and Internal Capital
   - Adequacy Assessment Processes
   - Gaming
   - Payroll Services
   - Preparation of Management Accounts

4. FIDUCIARY
   - Structure and Jurisdiction Advice
   - Incorporation and Registration of corporate entities in all major jurisdictions
   - Registered Address Facilities/ Agent Services
   - Directors and Company Officers
   - Nominee holders of shares or other assets
   - Maintenance of statutory records
   - Corporate structuring and administration of foundations and trustees
   - Administrations and day to day running of corporate entities

5. BANKING
   - Opening of corporate, trust and personal accounts
   - Administration and maintenance of bank accounts
   - Assistance with investments
   - Set-up of Escrow Accounts
   - International trade-letters of credit, guarantees and global banking services
   - Risk management: foreign exchange, interest rate
   - 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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