

## Cyprus

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## Cyprus Tax Incentives



# Summary of Tax Incentives

The tax advantages enjoyed by the companies registered in Cyprus, are the following:

**1** Uniform corporate tax rate of 10% (the lowest in the EU) which, in combination with the tax exemption for dividends and profits for permanent residence overseas, may be reduced to 0%.

**2** No withholding of tax on dividend income and rights paid by a Cyprus enterprise to a non tax citizen of Cyprus (company or individual). This, in combination with the tax exemption for dividends and profits earned from permanent establishment abroad as well as the provisions of the Treaties for the Avoidance of Double Taxation and the EU Directive regarding parent-subsidary companies may lead to a complete avoidance of taxation.

**3** Treaties for the avoidance of double taxation with 40 countries.

**4** Exemption for tax on profits from stock which, in combination with the Avoidance of Double Taxation, may result in complete tax avoidance.

**5** Exemption for tax on capital gains and income on the disposal of property abroad which, in combination with the Avoidance of Double Taxation Treaties, may result in complete tax avoidance.

**6** Contemporary provisions for restructuring which allow the adjustment of existing or future structures without any tax costs.

**7** Introduction of provisions regarding the setting off of group relief between companies of the same group and the abolition of deadlines for the utilization of tax losses.

**8** Taxation according to the EU Directive for the tax status enjoyed by holding and subsidiary companies (EU Parent Subsidiary Directive).

**9** 0% Value Added Tax (VAT) for the movement of products and services in the European Union.

