



N. XENOFONTOS LLC

## **Cyprus and its beneficial tax incentives for re- domiciliation of businesses**

Many investors who are thinking of redomiciling their business activities to another country have to think about some significant factors, including, inter alia, the cost, quality of life, favourability and steadiness of the legal, political and tax system of that country.

With regards to the latter factors, investors will look for a tax system that is not only stable, but also transparent, giving them the comfort as to the predictability of the cost of their businesses' activities.

In continuing its effort to exist as one of the most reputable regional and financial business hubs, Cyprus introduced such a rigid and reliable tax regime, thus, opening its doors for foreign companies to consider domiciliation.

The Cypriot tax regime is fully compliant with EU and OECD standards and regulations as well as international laws and regulations, while its corporate tax rate (12.5%) is one of the lowest in the EU.

Not only within the EU but also worldwide, Cyprus has succeeded in having one of the most favourable yet, simple tax systems making it attractive to foreign investors to base their operations.

What is more, because dividends and gains from the disposal of shares and other titles are exempted from income tax, the island has become a popular location for alternative investment funds and holding companies.

With the adoption of a worldwide taxation system, Cypriot tax residents are taxed on their worldwide income, regardless of whether such income derived from sources within or outside of Cyprus. On the other hand, non-Cypriot tax residents are only taxed on the income derived from sources within Cyprus.

The island's tax incentives, combined with the country's wide Double Tax Treaty network, and the first-class support services offered by professionals of the legal, fiduciary and accounting sectors, have played an undisputed factor to Cyprus standing out amongst other international businesses jurisdictions.

Practice has shown that Cyprus is an option for investors looking to relocate their business headquarters and the current tax regime has contributed to economic growth.

For more information on how to redomicile your business to Cyprus, please contact us.

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