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Basics Steps and Information for incorporating a Cyprus company



Introduction

Registering a company in Cyprus is a fairly straightforward and easy process than in other EU countries. There are some formalities and undertakings to be done prior to the registration of the company.

The procedure for company formation in Cyprus begins with the appointment of a licenced lawyer who will undertake to prepare all necessary incorporation documents and register the company. Under the Cyprus Companies' law only licenced Cyprus lawyers can prepare and sign the company registration documents.

The existence of each company begins with the issuance by Registrar of Companies of the certificate of incorporation.

The popularity of Cyprus International Business Companies is ever growing. There are many reasons why Cyprus is considered an international business hub and go-to jurisdiction for establishing enterprises:

- ✓ strategic location of the island
- ✓ economic stability
- ✓ reliable banking system
- ✓ transparency of the tax system
- ✓ government consistency in supporting private business
- ✓ EU member state
- ✓ corporate tax rate of 12,5% on profits
- ✓ extensive double tax treaty network
- ✓ no tax upon liquidation

The Planning Stage

1. Consultation

Engage an experienced and licenced lawyer to provide you with an initial overview of how things work in Cyprus and the overall incorporation process.

2. Choose a name

Choosing the right company name depends on a number of factors, such as the nature of the business and one that catches the attention of your future customers/clients.

The name first needs to be approved by the Registrar and then an application is filed for registration of the name. Prior to approval, it is advisable to perform a name search to see whether the desired name is available so that no time is wasted on finding alternatives in case it is seen that a similar and or identical name is already registered.

It is mandatory for each company to have the suffixes 'Ltd' or 'Limited' at the end.

3. Decide on the corporate structure

Decide how many directors and shareholders the company will have and whether the use of nominees is desired. Nominees are used where one wishes to retain anonymity of the real owners. Decide where the company's registered office will be.

In a vast majority of companies, nominee directors are used to show substance and for management and control purposes, in that the company's management and control is exercised here. Such directors should be local, Cyprus tax residents.

4. Specify purpose/s

Define the objects of the company, the share capital and, if necessary or desired, address special concerns like what powers will be given to the board of directors, if there will be special rights of shareholders, classes of shares with different rights, majority or special majority voting, etc.

Consider putting a shareholders' agreement in place.

5. Compliance and Due Diligence Procedures

According to the Prevention and Suppression of Anti-Money Laundering and Terrorist Financing law and the Provision of Fiduciaries, Administration Businesses and Company Directors law, prior to engaging a lawyer to begin the incorporation process, all potential clients, contact persons, directors, secretary, shareholders and ultimate beneficial owners must undergo a screening process and KYC (know your client) procedure for regulatory purposes and clearance.

The 3 Phases of the Incorporation Stage

Phase 1

Drafting and preparation of the corporate documents. The most important documents is the Memorandum & Articles of Association drafted by a practising lawyer. This is the company's 'bible' and will set out how the company will be managed, what the rights of the shareholders are, the objects of the company, the amount of the initial share capital, names of the subscribers, the internal management regulations of the company, the rights, duties and responsibilities of the company's directors and so forth.

Other documents may include bank application forms if a bank account is required to be opened, minutes of first meeting of directors, appointed of first directors and secretary, director and secretary acceptance of appointment letters, issuance of first share certificate (and declaration of trust where a nominee shareholder will be used).

Phase 2

This involves submitting all the company's documents to the Registrar of Companies, including the requisite forms of the Registrar, affidavit by the lawyer and payment of the official fees.

Phase 3

This involves registration approval. After examining the submitted documents, the Registrar will approve the registration of the company (or revert with clarifications or decline, as the case may be). Once approved, the corporate documents/certificates will be issued. These are:

- Memorandum and Articles of Association signed by the Registrar
- Certificate of Directors and Secretary
- Certificate of Shareholders
- Certificate of Registered Office
- Certificate of Incorporation

The Post Incorporation Stage

Once the company has been officially registered, you'll need to finalise your plans and other matters, as the case may be, such as opening a bank account, registering with the tax and VAT authorities, registering as an employer, appointing an accountant and auditor to undertake the company's financial and reporting obligations.

Our services

- Company formation
- Fiduciary services (director, shareholder, registered office, secretary, trustee, bank signatory)
- Corporate administration – secretarial administration
- Bank account opening and management
- Mergers & Acquisitions
- Compliance & Regulatory
- Asset sales and purchases
- Restructuring
- Liquidations / Winding up
- Shareholder Agreements
- Partnership Agreements
- Joint Ventures
- General legal advice

If you wish to speak to a member of our firm, connect with us.

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