

BUSINESS SET-UP GUIDE: CYPRUS

Cyprus is a popular destination to register a company for several reasons. Not only is it **strategically located** between Europe, Asia, and Africa, with many opportunities in areas like tourism, shipping, energy, and real estate. It also offers a **business-friendly environment with one of the lowest corporate tax rates in Europe**, high living standard, and Mediterranean climate.

Total registered companies: 202 585



Set up a business in Cyprus with YouReg

- Register a company within 14 days
- Appoint a local Secretary with registered address
- Get help opening a payment account in 5 days
- Get legal support to start
- Do accounting & audit

Visit youreg.tech to learn more!

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Everything you need to know about taxes in Cyprus

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EVERYTHING YOU NEED TO KNOW ABOUT TAXES IN CYPRUS

Corporate Income Tax

Key points

- Tax rate: **12.5%**
- Calculated on actual taxable profits at year-end, based on audited financials considering deductions and exemptions
- All submissions and payments are electronic via Cyprus Tax Portal

Important dates

- **March 31:** Annual tax return deadline
- **August 1:** Final balancing payment

Provisional Income Tax

Key points

- It is a prepayment towards the final corporate income tax, based on estimated taxable income for the current year
- Based on 80% of estimated profits
Example: For an estimated profit of €20,000, 80% is €16,000. Tax at 12.5% is €2,000, split into two payments of €1,000 each.
- Revision with adjustments can be made in December
- All submissions and payments are electronic via Cyprus Tax Portal

Important dates

- **January 1:** Start of the tax year
- **July 31 & December 31:** Provisional tax payments installments

Penalties

- Late payment: 5% penalty + 2.25% interest
- Insufficient payment: A 10% surcharge applies if the estimated tax is less than 75% of the final tax liability

For more detailed information, visit [Cyprus Tax Portal](#).

VAT

Key points

- Standard rate of 19% applies to companies dealing with Cyprus and/or European counterparties
- 9% applies to restaurants, hotels, passenger and luggage carries
- 5% applies to companies that sell food stuffs or deliver ready-to-consume food and drinks
- 0% applies to businesses that carry out maintenance of ships and aircraft, provide services for rental housing, in education, medicine, insurance

Eligibility criteria for registration

- Activity
- Location of partners in Cyprus and/or Europe
- Size of income exceeds €15,600

IP Box Tax Regime

Key points

- Effective tax rate can be reduced to **2.5%**: 80% of qualifying profits are exempt from tax and only 20% are subject to corporate tax at 12.5%
- Income must be generated from intellectual property (IP) in Cyprus: **royalties, licensing fees, compensation income, trading profits, and capital gains**
- Types of qualifying assets: patents, computer software, utility models, and other IP
- Attractive for technology startups, pharmaceutical companies, creative agencies, manufacturers with patents, and service providers with proprietary IP

Eligibility criteria

- A company must own or hold exclusive rights to the IP
- IP must be registered and fall within defined categories
- IP must have a substantial connection to Cyprus through development, registration, or primary use within territory
- A company must maintain substantial activities related to IP in Cyprus, such as R&D, administrative functions or office rent

Double Taxation Agreements

Key points

- A tax treaty, or Double Taxation Agreement (DTA), is a bilateral agreement between countries to prevent income from being taxed in both jurisdictions
- Residency determines which country has the authority to tax an individual's worldwide income
Example: A German resident earning income in Cyprus is taxed primarily in Germany, but Cyprus can tax income generated within its borders, preventing double taxation through the DTA.
- A term "permanent establishment" is used in DTAs to refer to a fixed place of business where an enterprise conducts its activities
Example: A British company with an office in Cyprus has a permanent establishment there, and profits attributed to that office are taxed by Cyprus.

Countries that have tax treaties with Cyprus

- China
- France
- Germany
- Greece
- Israel
- Italy
- Latvia
- Moldova
- Montenegro
- Portugal
- Switzerland
- United Arab Emirates
- United Kingdom
- United States

For the full list of countries with DTAs, visit [Cyprus Ministry of Finance website](#).



COMPANY REGISTRATION PROCESS

Planning Stage

Choose the setup method

- **Do it by yourself:** visit the Department of the Registrar of Companies in person or start online registration via its website
- **Ask for support:** Go to a corporate service provider or use online incorporation platforms like YouReg for full-service support

*How to choose a service provider / online incorporation platform

- A good reputation and positive reviews
- Experience in Cyprus company registration
- Comprehensive services including legal, accounting, and tax advice
- Transparent and professional practices

Be prepared

- **Business plan:** outline objectives, target market, products/services, strategy, and financial projections
- **Company name:** ensure it's unique and reflective of your brand
- **Company address and size of share capital:** decide where its registered office will be located and what the number of shares and their amount will be issued
- **Secretary, Director and Shareholder details:** collect ID, proof of address, CV with information about education, career and income
- **Professional advice:** seek guidance from a corporate provider or lawyer to get things started right from the start

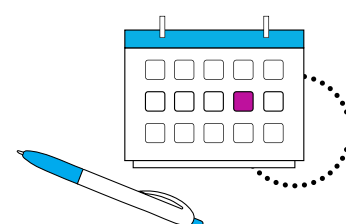
Incorporation Stage

Required documents by the Registrar of Companies

- Company name reservation application
- Memorandum and Articles of Association
- Incorporation resolutions certified at court
- Registration forms in Greek

Incorporation step-by-step

1. Get company name approval
2. Prepare and certify Incorporation resolutions and M&AA together with registration forms - Shareholder, Director and Secretary of the company must be appointed there
3. Submit all documents to the Registrar of Companies
4. Pay registration fees
5. Await verification and approval
6. Get company registration details and Certificates under apostille
7. Complete tax registration with the Tax Department and sign up on Ariadni to gain access to the portal



BANK ACCOUNT OPENING PROCESS

Traditional banks vs EMI (neobanks)

Key differences

- **Duration:** Opening an account with a bank takes 1-4 months. The process with neobank is significantly faster and typically takes just 7-10 days
- **Requirements:** A bank requires a lot of details of the company's beneficiary and their source of wealth, company activities and income sources. Originals of all documents and bank forms must be presented, often necessitating an in-person meeting. Contrariwise, account opening with EMI is done entirely online. This includes virtual meetings, electronic signatures and document submissions

List of most popular payment institutions in Cyprus

- Alpha Bank
- Astro Bank
- Bank of Cyprus
- Hellenic Bank
- Payabl
- Unlimit

Account opening step-by-step

1. Choose the payment institution that fits your needs
2. Gather necessary documentation for the review: corporate documents, personal documents, business plan, any supporting documents (financial statements / agreements / invoices)
3. Schedule a meeting with a Manager
4. Be ready to answer additional questions and provide additional documents
5. Wait for approval
6. Activate the account using the instruction

