

# Holding Company



***Cyprus is a prime jurisdiction within the EU offering substantial tax benefits to Holding Companies.***

## Tax Advantages

- ◆ Full exemption from tax on dividends received from participating subsidiaries (restrictions may apply)
- ◆ No withholding tax on distribution of dividends
- ◆ Full exemption from capital gains tax on the disposal of securities
- ◆ No capital gains or income tax on the liquidation of subsidiaries
- ◆ No capital gain or income tax on the liquidation of the Holding Company
- ◆ No annual capital or net worth taxes in Cyprus
- ◆ Use of Double Tax Treaties network for reduced withholding tax rates received from treaty countries
- ◆ Unilateral tax credit relief
- ◆ EU Parent/subsidiary Directive; no dividends withholding tax
- ◆ No substance requirement; no debt-equity restrictions; no minimum holding period; no thin capitalization.
- ◆ No VAT Registration
- ◆ EC Merger Directive; exception from corporation tax, capital gains tax and transfer fees
- ◆ Commissioner of the Income Tax provides rulings in advance if requested.

## Information Required

- ◆ Proposed company name
- ◆ Objects of company
- ◆ Capital structure: no minimum issued and paid up capital; €1000 is common practice
- ◆ Shareholders: Minimum 1; shares can be held in trust for the beneficial owners
- ◆ Directors: Majority of Directors must reside in Cyprus to show that management and control is exercised from Cyprus and hence enjoy the Tax Planning advantages
- ◆ Company secretary and Registered Office
- ◆ Can be registered within 10 working days; shelf companies available

## Company Compliance

- ◆ Maintain proper books and prepare yearly audited financial statements in accordance to IFRSs
- ◆ Annual Return to the Companies Registrar accompanied by previous year audited accounts
- ◆ Submit audited annual accounts to the Income Tax Authority

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