

# CYPRUS

a guide for foreign investors



*A base from which to reach  
new markets.*

*A country of high potential, offering  
major attractions to foreign investors.*

*Ideally located to serve three continents,  
and supported by a highly skilled  
workforce, sophisticated infrastructure  
and attractive tax regime,  
Cyprus is the reason to expand.*

*Our agency is committed to assisting  
you with your investment decision-making  
and sharing with you the enormous  
investment potential that Cyprus offers.*

Visit us at: [www.investincyprus.gov.cy](http://www.investincyprus.gov.cy)

**“ You are welcome, Sir, to Cyprus ”**

▶▶▶ William Shakespeare

# Why Cyprus

- ✓ **Strategic location** at the crossroads of three continents, providing an ideal base for expansion into new markets
- ✓ **Member of the European Union** serving as Europe's Middle Eastern outpost and a gateway for the movement of goods inside and outside the European borders
- ✓ **Favourable taxation** including 10% corporation tax, and low personal income tax
- ✓ **A prosperous and resilient economy** enjoying long-term stability and growth, and relatively high per capita income
- ✓ **Liberal FDI policy** allowing 100% participation in almost all sectors of the economy
- ✓ **Skilled workforce** highly qualified and multilingual with one of the highest percentage of university degree holders in the world
- ✓ **Double tax treaties** with over 40 countries
- ✓ **Bilateral investment agreements** with 19 countries
- ✓ **Excellent infrastructure** providing easy access by air and sea, and serving as an important telecommunications hub in the region
- ✓ **Low set up and operating costs** including rental costs, salaries and social insurance contribution
- ✓ **Simplified administrative procedures** for acquiring necessary permits - company registration may be completed within 4 days
- ✓ **Efficient** legal, accounting and banking services
- ✓ **A great place to live and work** with pleasant climate, agreeable topography, high standard of living, and one of the lowest crime rates within the European Union

### Distances from Cyprus (in km)

Beirut	241	Kuwait	1518	Ljubljana	1989	Bern	2519	London	3218
Damascus	326	Belgrade	1530	Vienna	2016	Luxembourg	2725	Madrid	3280
Jerusalem	413	Sarajevo	1601	Minsk	2129	Tallinn	2766	Dublin	3674
Amman	429	Valletta	1703	Warsaw	2135	Copenhagen	2772	Lisbon	3761
Cairo	602	Kiev	1708	Prague	2255	Helsinki	2843	New Delhi	4166
Athens	915	Riyadh	1737	Vilnius	2255	Brussels	2901	Beijing	7062
Bucharest	1200	Budapest	1810	Moscow	2310	Stockholm	2907	Ottawa	8568
Sofia	1203	Zagreb	1879	Abu Dhabi	2340	Amsterdam	2943	Tokyo	9051
Tbilisi	1232	Rome	1944	Berlin	2488	Paris	2949	Washington	9109
Skopje	1281	Bratislava	1967	Riga	2501	Oslo	3195	Canberra	14281



a **strategic** choice

perfectly **located** to allow investors to reach new, highly promising markets

offering substantial **growth** potential and a business **friendly** environment






investing in **Cyprus** makes sound business sense.

*This publication was prepared by the Foreign Investors Service Centre of the Ministry of Commerce, Industry and Tourism. The Ministry acknowledges the assistance of all organisations that have contributed to this publication.*

*Unless otherwise stated, the text is based on information available up to August 2006. The contents of this publication are to be used freely provided that the source is named.*

*This publication is intended to provide general guidance only. For any updates or advice on any specific matter, visit our website at: [www.investincyprus.gov.cy](http://www.investincyprus.gov.cy)*

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Cyprus' geographical position is a key point to three continents, and therefore, an ideal centre for international business



# Cyprus in brief

## Location

Cyprus, the third largest island in the Mediterranean, lies at the crossroads of Europe, Africa, and Asia. In addition, Cyprus is close to the busy shipping and air routes linking Europe with the Arab world and the Far East, representing a strategic hub for business activities in the region. Its total area is 9.251 sq. km (3.572 sq. miles), comparable in size to that of Lebanon, Puerto Rico, Connecticut in the USA, the Land of Hessen in Germany, and Dordogne in France. The island is two hours ahead of Greenwich meantime, seven hours ahead of New York, seven hours behind Tokyo, and in the same time zone as Athens.

▶▶▶ for further info: [www.aspectsofcyprus.com](http://www.aspectsofcyprus.com)

## Climate

Cyprus has a pleasant climate with dry summers and mild winters, enjoying about 300 days of sunshine. The rainy season is confined to the period between November and March. In January, the coldest month, minimum and maximum mean temperatures are 6°C and 13°C respectively, while in August, the hottest month, the corresponding minimum and maximum mean temperatures are 21°C and 36°C.

▶▶▶ for further info: [www.moa.gov.cy/ms](http://www.moa.gov.cy/ms)

## History

According to mythology, Cyprus is the birthplace of the Greek goddess of love and beauty, Aphrodite. The island is both an ancient land, with eleven thousand years of history and, since 1960, a young independent republic. Its strategic location, positioned in the northeastern corner of the Mediterranean and at the meeting point of great civilisations, has been one of the critical factors influencing the course of the island's history throughout the centuries.

▶▶▶ for further info: [www.aspectsofcyprus.com](http://www.aspectsofcyprus.com)



## Key data

Capital Nicosia

Population (Jan 2005) 837.300

Currency Cyprus pound (C£)

Languages Greek & Turkish  
(English widely spoken)

Weights & Measures  
the metric system

Geographic coordinates  
35 00 N, 33 00 E

Total area of the country  
9.251 sq km

Max. length about 220 km

Max. width about 90 km

Highest peak  
Mount Olympos (1.951m)

Coastline 648 km

Time zone Winter: GMT+2  
Summer: GMT+3

Mean temperature  
January: 9,8°C (49,6°F)  
July: 28,2°C (82,6°F)

*Cyprus ranks among the first countries in the world in terms of University degree holders, with 75% of secondary school graduates proceeding to tertiary education*

## Population

The estimated total population of Cyprus is 837.300 (Jan 2005)<sup>1</sup>, out of which 77,8% belong to the Greek Cypriot community, 10,5% to the Turkish Cypriot community and 11,7% are foreigners residing in Cyprus. The official languages of the Cyprus Republic are Greek and Turkish. In addition, English is widely spoken and extensively used in commerce and government.

▶▶▶ for further info: [www.mof.gov.cy/cystat](http://www.mof.gov.cy/cystat)

## Education

Full time education is compulsory for all children from the age of five. The 12 year span of education consists of six years elementary education and six years of secondary education. Several private fee-paying schools operate in all towns, catering for the needs of foreign speaking pupils. Their basic teaching language is usually English and tuition is offered at reasonable fees.

▶▶▶ for further info: [www.moec.gov.cy](http://www.moec.gov.cy)

The University of Cyprus is a distinguished institution offering a wide range of programmes of study at various levels, while a good number of private institutions of higher education is also available. Two more public universities, the Open University of Cyprus and the Technological University of Cyprus have been established and are expected to start operating soon.

▶▶▶ for further info: [www.ucy.ac.cy](http://www.ucy.ac.cy)

Cyprus' determination to become a regional education centre, establishes the background for a significant growth of the higher education sector. The legislation which will govern the establishment and operation of private universities has already been approved creating a new momentum for the tertiary education sector.

## International Relations

Cyprus is a member of the European Union, the United Nations, the Council of Europe, the World Trade Organisation, the World Bank, the Commonwealth, and the International Monetary Fund. Moreover, Cyprus is represented through diplomatic missions in over 30 countries and has particularly good relations with the Middle East region, the Mediterranean countries, as well as other developing countries.

▶▶▶ for further info: [www.mfa.gov.cy](http://www.mfa.gov.cy)



The Larnaca Marina. Efforts are ongoing to constantly upgrade the tourism product. The construction of four new marinas is being planned



An island of legends that basks year-round in the light of the warm Mediterranean sun. The Kourion Theatre, 50-175 A.D.



*“ Building on decades of steady development, underpinned by a formidable reservoir of professional and administrative talent and blessed by one of the sunniest climates in the world, the Republic of Cyprus is becoming known as a place where money works and where things get done. ”*

[ [ *Forbes, 2005 Investing Guide - July 25, 2005* ] ]



A modern and thriving democracy, which boasts a stable socioeconomic infrastructure. The Presidential Palace in Nicosia

## State Structure

Cyprus became an independent Republic in 1960, adopting a governmental structure modelled on Western democracies. The Head of State is the President of the Republic, elected by universal suffrage for a five-year term of office. The Council of Ministers, appointed by the President, constitutes the main executive body of the Republic. Cyprus has an efficient civil service, with highly trained personnel, a considerable percentage of which holds academic qualifications.

Legislative power rests with the House of Representatives, elected for a five-year term. A multi-party system is in operation, while the electoral system is based on proportional representation.

▶▶▶ for further info: [www.presidency.gov.cy](http://www.presidency.gov.cy)  
[www.parliament.cy](http://www.parliament.cy)

## Infrastructure

Cyprus is well connected via sea, air and telecommunications. Due to its advanced telecommunications network and the superb regional and global connectivity on offer, the island is considered as one of the most important telecommunication hubs in the Eastern Mediterranean and the Middle East region. This is also enhanced by an extensive submarine fibre optic cable network and access to major satellite systems.

In addition, Cyprus' role as a regional commercial and business centre, coupled with the increasing tourist traffic, has led to the development of a wide network of air-routes offering excellent connections with Europe, Africa, and Asia. The country's two international airports are situated near Larnaca and Paphos, while a build-operate-transfer (BOT) contract has been signed for the construction of the new Larnaca and Paphos airports.

The multi-purpose ports of Limassol and Larnaca are the country's main sea gateways for seaborne cargo and passenger traffic. Both ports have become important regional warehouse and distribution centres.

▶▶▶ for further info: [www.cpa.gov.cy](http://www.cpa.gov.cy)  
[www.shipping.gov.cy](http://www.shipping.gov.cy)



Modern road network, making transport fast, efficient and economical

Finally, the island has developed a network of four lane highways linking all central destinations. Indicatively, the motorway density ratio of Cyprus is approximately 33 km/1.000km<sup>2</sup> (2002 figures), while the corresponding EU average figure for the same year was about 15 km/1.000km<sup>2</sup>.

▶▶▶ for further info: [www.mcw.gov.cy/pwd](http://www.mcw.gov.cy/pwd)



Cyprus is being transformed into a key outpost in the eastern Mediterranean, serving as a bridge between the EU and the Middle East

# European Union member state

On 1 May 2004, Cyprus became a European Union member state. Accession to the EU was a natural choice for Cyprus, dictated by its culture, civilisation, history, European outlook and adherence to the ideals of democracy, freedom and justice.

Cyprus has successfully faced the challenge of integration, and its accession to the European Union has not resulted in any insurmountable difficulties. On the contrary, harmonisation with the EU's *acquis communautaire* was carefully planned and supported by appropriate policies.

In particular, Cyprus has undertaken significant economic and structural reforms that have transformed its economic landscape. Tariffs and quantitative restrictions have been eliminated for all manufactured goods and agricultural products originating in Cyprus and other EU countries. Trade and interest rates have been liberalised, while price controls and investment restrictions have been lifted. In addition, private financing has been introduced for the construction and operation of infrastructure projects; while the electricity supply and the telecommunications sectors have been liberalised.

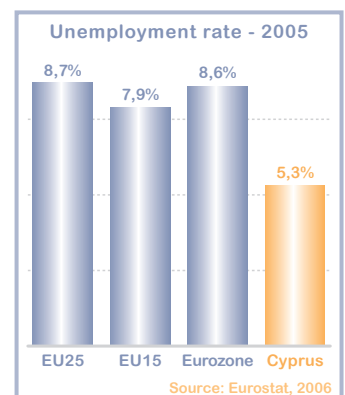
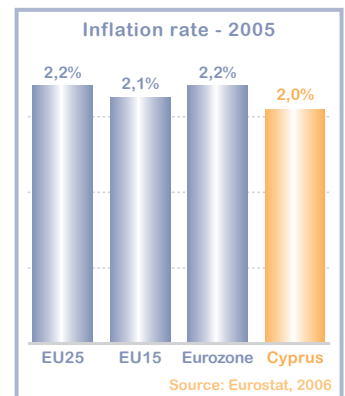
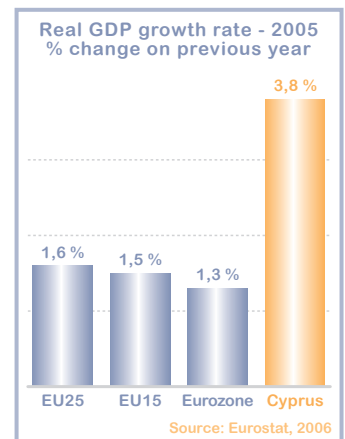
▶▶▶ for further info: [www.mfa.gov.cy](http://www.mfa.gov.cy)

Moreover, the Common Customs Tariff (CCT) as well as the relevant EU legislative framework for the facilitation of the free movement of goods, capital, and services, have been adopted.

▶▶▶ for further info: [www.mof.gov.cy/ce](http://www.mof.gov.cy/ce)

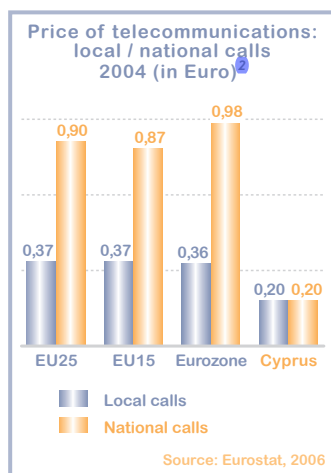
In May 2005, the first anniversary of its accession to the European Union, Cyprus achieved an important economic goal when the Cyprus pound joined the European Exchange Rate Mechanism II (ERM II), a prerequisite for joining the eurozone. Following the firm commitment to pursue sound fiscal policies, essential for preserving macroeconomic stability and ensuring the sustainability of the convergence process, the Cypriot authorities announced concrete measures to strengthen Cyprus' economic performance and reach the eurozone targets. Cyprus expects to join the euro area by 2008.

▶▶▶ for further info: [www.euro.cy](http://www.euro.cy)

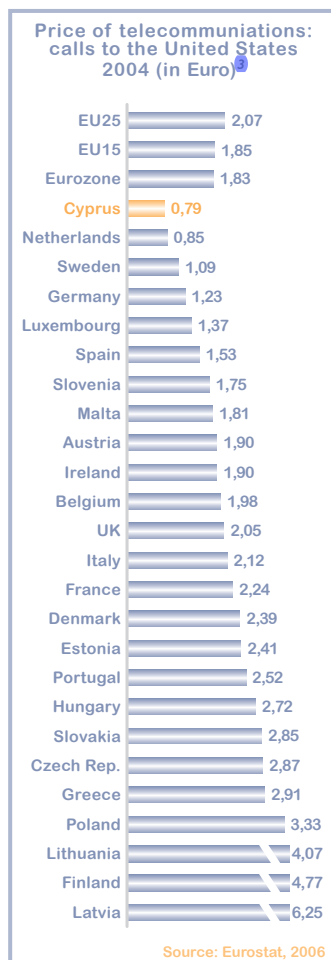


*“Cyprus certainly seems to be pointing in the right direction already. Since joining the European Union in May, 2004, the republic appears to have been sufficiently inspired to promote a very healthy export boom.”*

[ [ World Finance - December-January 2006 ] ]



Telecommunication costs:  
the lowest in the European Union



Accession to the EU has launched a new era of challenges and responsibilities for Cyprus, and has generated several new business opportunities in various sectors:

- As far as the energy sector is concerned, the establishment of an Energy Centre is under way. The Centre will comprise a Liquefied Natural Gas (LNG) receiving / storing / re-gasification terminal and a terminal for the storage and handling of oil products, including LPG and bitumen. Numerous projects are included in the 2007-2013 Strategic Development Plan.

- In the tourism sector, plans include the construction of new marinas, theme parks and sports facilities, as well as the reconstruction of the island's two international airports, and of the Larnaca port.

- New investment opportunities also arise through Cyprus' high technology investment programme related to the establishment of business incubators as well as the launching of a Cyprus Technology Park with the cooperation of French Riviera Chamber of Commerce and Industry and the Sophia Antipolis Science and Technology Park. Such initiatives aspire to facilitate the creation of new ventures, especially in developing and commercialising innovative products and methods, and to effectively utilise Cyprus' outstandingly skilled workforce. In this connection, the School of Engineering has been established within the University of Cyprus, while an agreement has been signed with the Harvard School of Public Health (HSPH) regarding the establishment of the Joint International Institute on the Environment and Public Health.

▶▶▶ for further info: [www.hsph.harvard.edu/cyprus](http://www.hsph.harvard.edu/cyprus)

- The already recognised role of Cyprus as a regional banking and shipping centre has become even more enhanced. As proof of the island's position as a main transshipment centre is the substantial volume of products re-exported which in 2005 reached C£462,6 mln (approx. €802 mln<sup>4</sup>).

- Increased financial assistance from the EU to Cyprus is available through structural funds, as well as through wider participation in European Programmes, such as the 6<sup>th</sup> Framework Programme.

The accession to the EU confirmed Cyprus' position as an important player in the European and Middle East region, and reaffirmed its potential as a rapidly developing market

Finally, export opportunities have been broadened for Cypriot products and services having obtained direct access to the vast EU market, with a total population of over 450 mln. Notably, more than half of Cyprus' trade is with the EU. Cyprus also has diplomatic ties with countries that have established an embassy in the island in order to cover their interests in the Middle East and Europe.

The geographical proximity of Cyprus to the increasingly important market of the Middle East represents an important factor in creating partnerships between Europe and the Middle East; two different regions bound by mutual interests. The Middle East region with its oil-rich resources, coupled with the potentials that a wealthy market holds, provides excellent opportunities for European business. Similarly, Middle East manufacturers and traders can gain easier access to the prosperous EU market via Cyprus.

The Cypriot entrepreneurs' wide knowledge of the markets of Eastern Europe and the Middle East, combined with the existence of a large number of International Business Companies in Cyprus, constitutes a substantial advantage for those who decide to use Cyprus as a base for penetrating regional markets. Cypriot entrepreneurs and other professional experts are prepared to enter into fruitful cooperation with interested foreign companies in order to develop all aspects of business activity.

▶▶▶ for further info on Cyprus - EU relations:  
[www.delcyp.ccc.eu.int](http://www.delcyp.ccc.eu.int)  
[www.eu-coordinator.gov.cy](http://www.eu-coordinator.gov.cy)  
[www.eic.ac.cy](http://www.eic.ac.cy)  
[www.europarl.europa.eu/nicosia](http://www.europarl.europa.eu/nicosia)



Cyprus is already feeling the positive effects of EU participation. The European Parliament

Matrix of inward FDI performance and potential, 2003*		
	High FDI performance	Low FDI performance
High FDI potential	<p><b>Front-runners</b></p> <p>Bahamas, Bahrain, Belgium and Luxembourg, Botswana, Brazil, Brunei Darussalam, Bulgaria, Chile, China, Costa Rica, Croatia, <b>Cyprus</b>, the Czech Republic, Denmark, Dominican Republic, Estonia, Finland, France, Hong Kong (China), Hungary, Ireland, Israel, Kazakhstan, Latvia, Lithuania, Mexico, the Netherlands, Panama, Portugal, Qatar, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Trinidad and Tobago, Tunisia and Viet Nam.</p>	<p><b>Below potential</b></p> <p>Argentina, Australia, Austria, Belarus, Canada, Germany, Greece, Iceland, Islamic Rep. of Iran, Italy, Japan, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Malaysia, Malta, New Zealand, Norway, the Oman, the Philippines, Poland, the Republic of Korea, the Russian Federation, Saudi Arabia, Taiwan Province of China, Thailand, Ukraine, United Arab Emirates, the United Kingdom and the United States.</p>
Low FDI potential	<p><b>Above potential</b></p> <p>Albania, Angola, Armenia, Azerbaijan, Bolivia, Colombia, Congo, Ecuador, Ethiopia, Gambia, Georgia, Guyana, Honduras, Jamaica, Mali, Mongolia, Morocco, Mozambique, Namibia, Nicaragua, Nigeria, Peru, Republic of Moldova, Romania, Sudan, Syrian Arab Republic, TFYR Macedonia, Togo, Uganda, the United Republic of Tanzania and Zambia.</p>	<p><b>Under-performers</b></p> <p>Algeria, Bangladesh, Benin, Burkina Faso, Cameroon, the Democratic Republic of the Congo, Cote d'Ivoire, Egypt, El Salvador, Gabon, Ghana, Guatemala, Guinea, Haiti, India, Indonesia, Kenya, Kyrgyzstan, Madagascar, Malawi, Myanmar, Nepal, Niger, Pakistan, Papua New Guinea, Paraguay, Rwanda, Senegal, Sierra Leone, South Africa, Sri Lanka, Suriname, Tajikistan, Turkey, Uruguay, Uzbekistan, Venezuela, Yemen and Zimbabwe.</p>

Source: UNCTAD, "World Investment Report 2005"

\* Three-year moving average, using data for the three years ending with the year in question.

The Cyprus economy is characterised by macroeconomic stability, combined with high real growth and low inflation



# Economy stability & growth

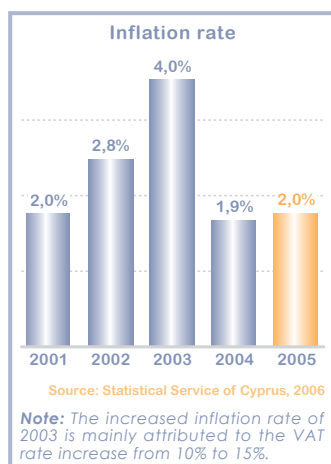


Cyprus has a record of successful economic performance, reflected in rapid growth, near full employment conditions and macroeconomic stability throughout the post-independence period. The underdeveloped economy, inherited from colonial rule in 1960, has been transformed into a modern economy offering dynamic services with advanced physical and social infrastructure.

▶▶▶ for further info: [www.mof.gov.cy](http://www.mof.gov.cy)  
[www.centralbank.gov.cy](http://www.centralbank.gov.cy)

In terms of per capita income, estimated at C€9.834 in 2005 (€17.048<sup>4</sup>), Cyprus is classified by the World Bank among the high-income countries. The average annual rate of growth during the past five years has been about 3.2%, while the average inflation rate has been 2.5% and the average rate of unemployment 4.28%, over the same period.

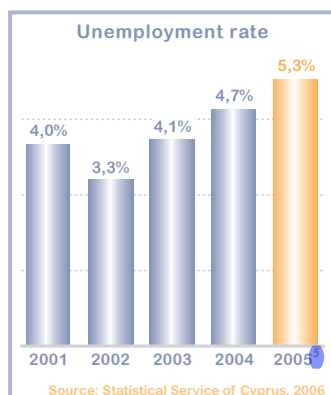
▶▶▶ for further info: [www.mof.gov.cy/cystat](http://www.mof.gov.cy/cystat)



In addition, Cyprus was ranked 29<sup>th</sup> in the United Nations 2005 Human Development Index. Considering other socio-economic indicators such as the excellent housing conditions, pollution free environment, and low crime rate, one may conclude that the quality of life, standard of living and economic performance, position Cyprus favourably among the rest of the EU member states.

▶▶▶ for further info: <http://hdr.undp.org>

Furthermore, it should be noted that based on the March 2006 Cost of Living survey of Mercer Human Resource Consulting LLC, Limassol was ranked as one of the least expensive cities globally. The survey compared the average cost of living between 144 cities globally and Limassol was ranked 118<sup>th</sup>.



The success of Cyprus in the economic sphere is attributed, among other factors, to the adoption of a market-oriented economic system, the pursuance of sound macroeconomic policies, as well as the existence of a dynamic and flexible entrepreneurial community and a highly educated labour force. Moreover, the economy has benefited from the close cooperation between the public sector and its social partners.

*“ ...first of all you need the basics, which I believe Cyprus already has - and this is why the country has come as far as it has. I refer of course to the high quality of the legal, accounting, financial and other professional services available.”*

[ [ Chris Koufaris - President of the Cyprus International Businesses Association ] ]

The basic characteristics of the Cyprus economy are the dominant role of the private sector in production, the small size of the domestic market, as well as its open character. Cyprus' major imports are raw materials, consumer and capital goods, transport equipment and fuel, while major exports are pharmaceutical products, clothing, cement, cigarettes, paper products, plastics, potatoes, citrus fruit, wines, and furniture.

The services sector is considered as the backbone of the Cyprus economy, accounting for about 76,7% of GDP in 2005. This reflects the gradual evolution of the economy from an exporter of minerals (mainly copper and asbestos) and agricultural products during 1960-73, to an exporter of manufactured products (mainly clothing) at the end of the 1970s, and finally to an international business and service centre from the mid 1980s - today.

There are currently approximately 30 foreign banks and over 1200 International Business Companies (IBCs) with fully-fledged offices in Cyprus. The successful integration of the latest technology into the economy, the constant improvement of the island's infrastructure and the high quality of the Cypriot labour force, have turned Cyprus into a centre of international business, contributing significantly to the economic growth of the broader region.

IBCs have played a central role in the development of Cyprus as a world class business centre. The international business community has long maintained its confidence in Cyprus, building a strong presence in the country's economy. The community's interests are represented by the Cyprus International Businesses Association (CIBA).

▶▶▶ for further info: [www.ciba-cy.org](http://www.ciba-cy.org)

## Professional Services

The development of the commercial infrastructure in Cyprus is mainly attributed to the rapidly expanding role of the professional services sector. The sector supports every aspect of modern business from accounting, legal services, banking and international business services through to information technology, business consulting, education, engineering, healthcare, marketing and filming.

From its unique location, the Cypriot professional services sector combines a global perspective with a diverse spectrum of high-demand services. The comprehensive range of services and the professional attitude of Cypriot service providers account for the transformation of the island into a highly reputable international business centre.

▶▶▶ for further info: [www.cyprus-prof-serve.com](http://www.cyprus-prof-serve.com)



**Mission Eurozone:**  
Cyprus is on target with its plans to introduce the euro by 2008



An efficient network of support services is in place, including advice on a whole host of sectors, such as accounting, banking and insurance services

*“ Supported by robust productivity and employment growth, Cyprus' real GDP growth was among the highest in the EU over the last decade. ”*

[ [ Council of the European Union, Council Opinion on the updated Convergence Programme of Cyprus - March 2006 ] ]



Tourism: A vital industry, accounting for around 15% of the country's GDP

## Tourism

Tourism is a vital industry and an important economic driver. The island hosts more than 2,4 million tourists per year generating revenue of more than €1,7 billion and making a contribution to GDP of about 15%.

The long-term tourism development strategy on which Cyprus has embarked, offers multiple opportunities for investment; the establishment of cooperation networks and partnerships; and the exchange of knowledge and expertise with other countries. The attraction of investment, including the promotion of joint ventures between Cyprus and foreign enterprises, is an explicitly-stated government objective.

The Cypriot tourism industry is a dynamic, forward-looking industry eager to cooperate with its other parties, in order to ensure its sustainable development.

▶▶▶ for further info: [www.visitcyprus.biz](http://www.visitcyprus.biz)

## Shipping

The Cyprus' Registry is among the 10 leading merchant fleets of the world with 1.819 vessels corresponding to a total gross tonnage of 21,9 million. No one can deny that the island is now established as one of the leading maritime centres. More than 45 shipmanagement companies and marine-related foreign enterprises conduct their international activities in the country, and most of the largest shipmanagement companies in the world have established fully-fledged offices on the island.

The accession of Cyprus to the European Union has undoubtedly had a considerable impact, both in terms of quality and quantity on the structure of the community fleet. In terms of tonnage, Cyprus accounts for 16% of the EU fleet, thus enhancing considerably the market share of the European fleet in international sea transport.

Cyprus is an attractive location for the establishment of shipmanagement companies and companies with shipping related activities. The geographical position of the island, its accession to the main international maritime conventions, as well as the generous tax incentives and the extensive network of bilateral agreements in merchant shipping, have enabled Cyprus to become an ideal shipping centre.

▶▶▶ for further info: [www.shipping.gov.cy](http://www.shipping.gov.cy)



The Cyprus registry has shown phenomenal growth, and the country now boasts one of the world's largest merchant fleets

*“ Amdocs has experienced a tremendous growth in its European customer base and Cyprus is a central transportation intersection for travelling within, as well as outside Europe. ”*

[ [ Amdocs Development Limited ] ]

## Technology and R & D

Special emphasis has been placed during the recent years in promoting Cyprus as a regional research and development centre and in attracting investments for the development of high-tech products and services. Several initiatives contribute to these efforts such as the incubating programme that has been introduced for the creation of new high-tech enterprises, as well as the projected launching of a Cyprus Technology Park.

Information technology is a vital element of any modern business centre and Cyprus has embraced high-tech on a major scale. Many of the world's leading IT-based companies have chosen Cyprus as their base for expansion in the region, while an efficient island-wide IT network has also been established.

Cyprus has key competences that enable it to attract investments in the high-tech industry. The industry is supported by a highly educated and flexible workforce. Based on a Eurostat study (1/2006), out of all the EU member states, Cyprus demonstrates the highest increase of employment in the high-tech knowledge intensive services during the last 5 years. In particular, for the period 1999-2004 employment in 'Knowledge Intensive Services' increased by 6,1% (EU avg. 2,6%), while employment in high-tech related services increased by 12,7% (EU avg. 2,9%).

Cyprus' economic performance reflects the skilful exploitation of its competitive advantages, stemming from the island's convenient geographical position, the favourable business climate and fiscal policy, stable macroeconomic environment, the highly educated labour force in conjunction with the comparatively competitive remuneration of graduates, and the development of the necessary infrastructure. The strong performance of the Cyprus economy is confirmed by positive ratings from a number of international agencies.

▶▶▶ for further info: [www.fitchratings.com](http://www.fitchratings.com)  
[www.moodys.com](http://www.moodys.com)  
[www.standardandpoors.com](http://www.standardandpoors.com)

Cyprus' economic prospects mark favourably given the country's proven ability to effectively exploit its competitive advantages and the high degree of real and nominal convergence to meet the eurozone targets.



Through investment and the innovative nature of local professionals, Cyprus is becoming a focal point for technological development



The production of pharmaceutical products has experienced a significant growth and is today the main exporting industry of the country

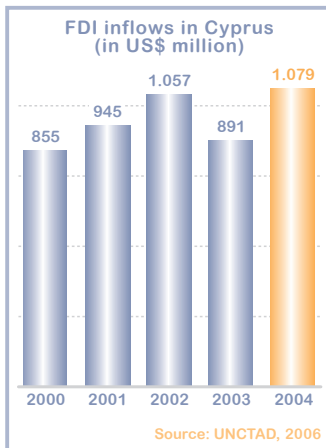




In order to enhance foreign investment intensity, the FDI policy has been liberalised for both EU and non-EU nationals

# FDI Policy

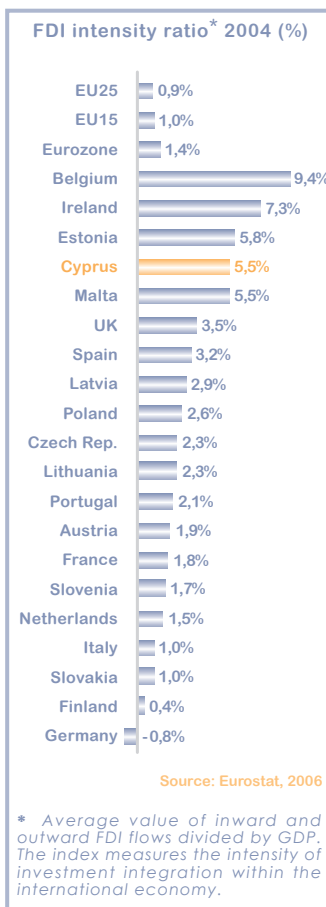
## shaping prospects



Foreign investment has long been considered as one of the most important elements of the country's economic prosperity. All efforts have therefore been made to facilitate and further enhance the attraction of foreign investments, and create a friendly environment for foreigners to establish business on the island.

Within these lines, the government has liberalised the Foreign Direct Investment (FDI) policy for both EU and non-EU nationals. Administrative procedures have been simplified and as far as the minimum level of investment and the percentage of foreign participation are concerned, no limitations apply in almost all sectors of the economy.

Consequently, foreign companies may now invest and establish business in Cyprus on equal terms with local investors; no distinction is being made between foreign and Cypriot companies.



## Direct Investments

Cyprus offers a friendly environment to foreigners interested in establishing business on the island. Foreign investors have the opportunity of participating in almost all sectors of the economy, with equity participation of up to 100% in any Cypriot enterprise, without a minimum level of capital investment.

Moreover, foreign investors can register a company directly with the Registrar of Companies, and obtain any licence, if needed, from the appropriate authority according to the nature of investment.

There are no exchange control regulations, hence residents and non-residents may hold and manage assets and liabilities in any foreign currency and in any foreign country, including freely convertible and transferable balances with banks on the island.

▶▶▶ for further info: [www.centralbank.gov.cy](http://www.centralbank.gov.cy)

*“ Cyprus has proven to be the right place for us because of its geographical location, the friendly but efficient business climate, the relative simplicity and competitiveness of the tax system and, above all, the availability of high quality and reliable manpower. ”*

[ [ Kardex Systems Ltd ] ]

## Portfolio Investment

The Cyprus Stock Exchange (CSE) is a regulated exchange where all transactions concerning corporate and public securities are carried out. Trading of shares by foreigners on the CSE is as easy as on any modern stock market. Foreign investors are subject to the same rules and regulations of the CSE as Cypriots or other EU nationals regarding capital distribution.

Provided that the investment is in line with the CSE's laws and procedures, investors may acquire up to 100% of the share capital of all Cypriot companies listed on the CSE, except companies operating in specific sectors, such as the banking sector.

As far as the banking sector is concerned, no person, either resident or non-resident, may own directly or indirectly 10% or more of a banking company's share capital or voting stock without the Central Bank's approval.

Non-residents only need to remit foreign funds to an account in their own name. A stockbroker is entitled to possess the necessary documentary evidence for the acquisition of shares.

▶▶▶ for further info: [www.cse.com.cy](http://www.cse.com.cy)



The Cyprus Stock Exchange is setting up a common platform with the Athens Stock Exchange, giving Cypriot companies a higher international profile

## Real Estate Acquisition

According to the Acquisition of Real Estate (Amendment) Law of 2003, which has been in force since 1 May 2004:

- No restrictions are imposed on EU nationals and EU registered companies for the acquisition of real estate linked to primary residence and FDI, or the acquisition of real estate by EU real estate agents and land developers.

- The acquisition of residence for secondary use by EU nationals not permanently residing in Cyprus and EU registered companies not having their registered office, central administration or principal place of business in Cyprus, is prohibited without prior authorisation by the Council of Ministers, for a period of five years following Cyprus' accession to EU. Note that for simplification purposes, the powers of the Council of Ministers for the acquisition of immovable property, in the above-mentioned context, have been delegated to the District Officers.



A popular choice for business conferences, in consequence of the surprising number of world class hotels offering exceptional facilities

*“Cyprus is a good place for UK companies to do business. English is widely spoken and access to decision-makers is relatively straightforward.*

*The personal links are deep and long-standing.”*

[ [ Peter Millett - British High Commissioner to Cyprus ] ]



The coastal town of Limassol, a commercial centre and popular tourist resort

■ As regards non-EU nationals, legal entities registered in non-EU countries, and legal entities registered in Cyprus with the share capital controlled by non-EU nationals, real estate may be acquired subject to the approval of the Council of Ministers (issued by the District Officers). In case the real estate concerned exceeds 2 donums, approval may be granted only for the purposes of:

- primary or secondary residence not exceeding an area of 3 donums
- professional or commercial premises
- industrial sectors deemed beneficial for the Cypriot economy

## Other Laws & Regulations

Cyprus' legislation guarantees an equitable and fair treatment to foreign investors. However, the liberalisation of FDI policy should not be interpreted as conferring the right on the companies' foreign shareholders, principals/directors or employees' representatives to secure residence and/or work permits.

Furthermore, it will not prejudice the stance of other governmental departments, organisations or authorities regarding the issue of any other permits or consents which may be required under separate laws or regulations.

Examples of such regulations include:

- With the exception of universities, all other private tertiary education institutions can be founded and operated only by EU nationals.
- Based on the registration requirements of certain medical professions, only Cypriots or other EU nationals are allowed to exercise their profession in Cyprus. Such professions include but are not limited to: dentists, dental technicians, psychologists, opticians, chemists, dieticians, physiotherapists, and psychiatrists.
- Non-EU nationals can individually obtain up to 5% of the total share capital of broadcasting corporations (television and radio stations), while the total percentage of share capital owned by non-EU nationals is limited to 25%.



Skiing at Troodos. Where else could you ski in the morning and then be sunning yourself by the pool or on the beach in the afternoon?



Legislation provides for simple registration procedures. Indicatively, the registration of a company may be completed within 4 days

# Registration simple & swift

## Registration Procedure

Administrative procedures for registering a company have been simplified, reflecting the importance placed on the country's development as a centre for international business.

The formalities for establishing a company are as follows:

■ Initially, an application for the approval of the name of the company is submitted at the Registrar of Companies.

▶▶▶ for further info: [www.mcit.gov.cy/drcor](http://www.mcit.gov.cy/drcor)

■ After securing the company's name, the relevant documents for the registration are to be submitted, according to the legal form of the entity that will be registered. For an additional fee, registration can be completed within 4-5 working days under an accelerated procedure.

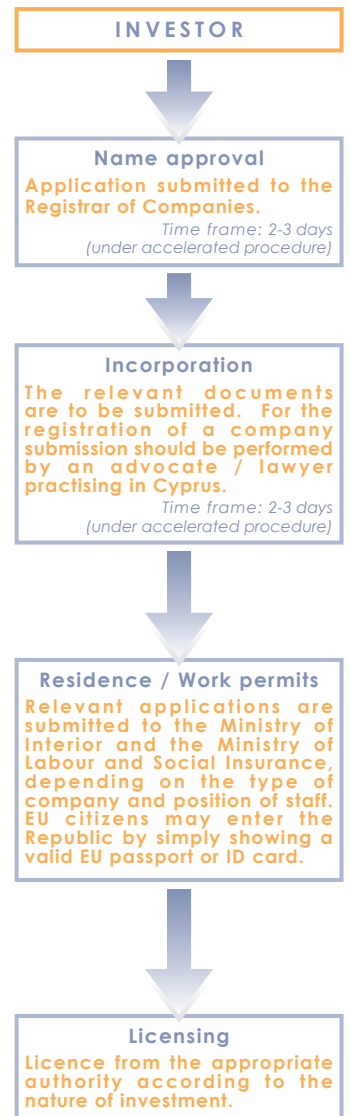
▶▶▶ for further info: [www.mcit.gov.cy/drcor](http://www.mcit.gov.cy/drcor)

■ In line with the EU Regulations, non-EU citizens should obtain a work / residence permit. European nationals have the right to enter Cyprus by simply showing a valid EU passport or ID card, though some administrative procedures still apply provided that they are not in conflict with the principle of the free movement of labour within Europe (see page 24 for more details).

▶▶▶ for further info: [www.moi.gov.cy](http://www.moi.gov.cy)  
[www.mlsi.gov.cy/dl](http://www.mlsi.gov.cy/dl)

■ Depending on the nature of the investment, subsequent licence(s) may be required (i.e. construction licence, licence for the operation of a factory). Prospective investors may contact our agency, which ensures that the appropriate support, guidance and assistance is provided.

▶▶▶ for further info: [www.investincyprus.gov.cy](http://www.investincyprus.gov.cy)



*“ [ Our expansion agreements in the Middle East ] will enable us to tap into the growing regional market for VIP and medical charter travel, particularly in the key market of Cyprus. ”*

[ [ International Air Charter plc ] ]



Due to its former colonial status, Cyprus' legal system is based on British Law. Legal representatives provide speedy and trustworthy advice on all aspects of doing business in Cyprus

## Legal Form of Entities

The Department of Registrar of Companies and Official Receiver offers fast and high quality services to the public and is responsible for keeping the register of companies. The following legal forms may be registered:

- Company (private or public)
- Branch companies
- General or limited partnerships
- European Company (SE)

### ■ Companies

The Companies Law (as amended) provides for two categories of companies:

- *A Private Company: requiring one or more founding members, is limited to 50 shareholders, but cannot offer shares for public subscription nor does it have the right to transfer shares.*

- *A Public Company: The main feature of a public company is the power to extend an invitation to the public to subscribe to its shares and the existence of a minimum of seven members.*

For the registration of a company (private or public) the services of an advocate / lawyer practising in Cyprus are necessary. This is so because the registration of a company is considered to be legal work that requires professional knowledge.

### ■ Branch Companies

A Branch does not constitute a legal entity different to that of its founding company. There are two kinds of Branch Companies in Cyprus:

- *Branch of a Local Company: No special requirements other than those applying to the company itself.*

- *Branch of a Foreign Company: Overseas companies may establish a branch in Cyprus, provided that they file with the Registrar within 30 days of such an establishment. Branches of foreign corporations may be required to file further information upon registration (i.e. company's memorandum of association, list of directors, etc).*



The west coast town of Paphos is included in the official UNESCO list of cultural and natural treasures of the world's heritage

The Heritage Foundation ranked Cyprus as 16<sup>th</sup> in the world in its 2006 'Index of Economic Freedom'. Its overall score was 1.90 (1 for best, 5 for worst), classifying Cyprus as a "free" country

### ■ Partnerships

Partnerships are registered under the Partnerships and Business Names Law. There are two kinds of partnerships:

- **General Partnership:** Every partner is individually and collectively accountable for the liabilities of the partnership, including all debts and obligations of the partnership incurred while he is a partner.

- **Limited Partnership:** One or more general partners are individually and collectively accountable for the liabilities of the partnership and one or more limited partners whose accountability for such liabilities is limited to their contribution to the partnership.

▶▶▶ for further info: [www.mcit.gov.cy/drcor](http://www.mcit.gov.cy/drcor)

### ■ European Company (SE)

The registration of a European Company is in line with the Council Regulation (EC) No 2157/2001. The main objective is to allow companies incorporated in different member states to merge or form a holding company or joint subsidiary, while avoiding the legal and practical constraints arising from the existence of fifteen different legal systems.

▶▶▶ for further info: <http://europa.eu/scadplus/leg>

Private companies make up the vast majority of International Business Companies (IBCs) registered in Cyprus. Branches and Partnerships constitute only a small percentage mainly because their legal status and financial liabilities are ultimately the same as those of their beneficial owners.

## Intellectual Property

The Trade Marks Law, together with the Paris Convention for the Protection of Industrial Property offer equal protection to trade marks of Cypriot proprietors and of foreign proprietors. Copyright in Cyprus is automatic and no registration is necessary. The Copyright Law protects Cypriot nationals for their published work which is published in Cyprus.

Cyprus ratified the European Patent Convention and the Patent Cooperation Treaty. Furthermore, the Law on the Legal Protection of Industrial Designs and Models entered into force, in February 2002 .



A major telecommunications hub, with an extensive network both in terms of cable and satellite, which ranks amongst the best in the world

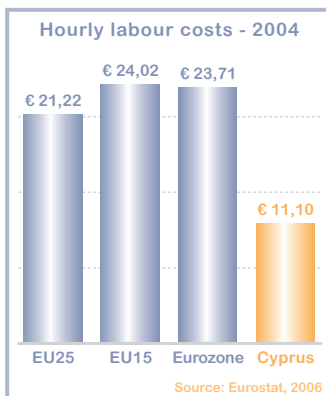


A high standard of health care is available in Cyprus as well as good hygiene and sanitation standards. The Limassol Hospital



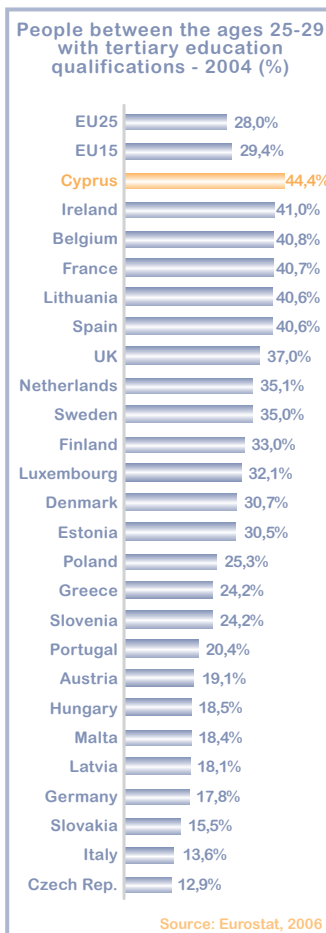
Cyprus offers a well-educated, multilingual workforce; whereas, labour costs are significantly lower compared to the European Union average

# Labour Force skilled & flexible



Cyprus has a well-trained and versatile labour force. Qualified professional, technical and clerical staff, with wide experience and fluency in English and other languages are available for employment at reasonable remuneration.

According to Eurostat's Labour Force Survey, Cyprus has an employment rate of 68,5% (2005) for the age group 15-64; which is the highest among the 10 new EU member states and above the average employment rate of the EU15 (65,2%). This positions Cyprus in line with the EU's Lisbon target of 70% by 2010. Moreover, Cyprus has a high employment rate for women of 58,4%, compared with the EU average of 56,3%.



## Education and Skills

Cyprus ranks among the first countries in the world in terms of university degree holders in relation to the population, with 75% of secondary school leavers in 2005 continuing their studies. About half of secondary education graduates study abroad, mainly in Greece, the UK and the USA.

The high educational level of the population is evidenced by the fact that Cyprus exhibits the highest percentage among the EU of people between the ages 25-35 possessing tertiary education qualifications.

Moreover, the importance given to education is underlined by the high percentage of public expenditure on education in relation to GDP (7,36% for 2003), which is far above the European Union's average (5,22%) and positions Cyprus among the top European countries.

Perhaps the greatest asset of Cyprus is its people: a source of strength, offering the foreign investor a rich pool of knowledge and expertise of the highest quality

## Labour Costs

Labour costs are significantly lower compared to the EU average. There is no national minimum wage for almost all occupations. Legislation though provides for a uniform minimum wage for certain occupations: clerical workers, sales staff and shop assistants, auxiliary healthcare staff, auxiliary staff in creches, nurseries, and schools. The minimum wage on recruitment for the above occupations for 2006 is C£384, while that for staff completing six consecutive months of employment with the same employer is set to C£408.

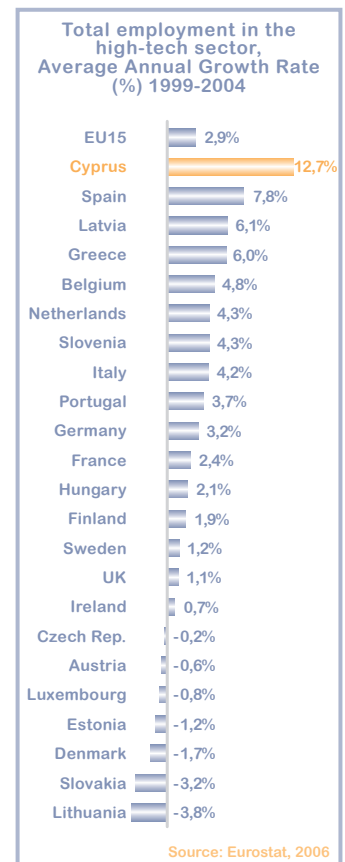
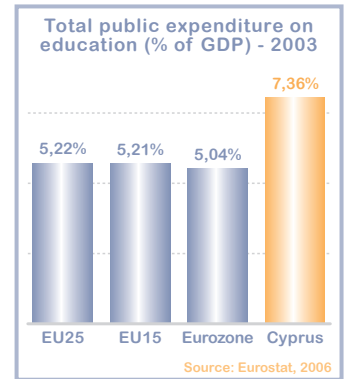
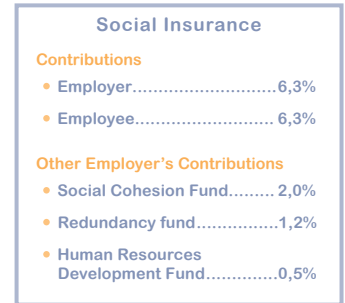
Terms and conditions of employment are negotiated either directly between the employer and the employee or through collective bargaining between trade unions and employers' organisations. The number of man-days lost to strikes each year (an average of 1,51 per 100.000 man-days for 2005) is low by international comparisons. Added to this is the fact that Cypriots are hard working, adaptable and honest. Interpol statistics reveal that in 2004 the number of serious crimes was 1.033 per 100.000 population, far below the corresponding figure for the European Union. The Cyprus labour market has a tradition of social dialogue and a well-developed institution of free collective bargaining. Approximately 65-68% of the labour force is unionised and 70% is covered by collective agreements. Collective agreements regulate employment conditions such as remuneration, working hours, health and safety, annual holidays and provident fund.

▶▶▶ for further info: [www.mlsi.gov.cy/dlr](http://www.mlsi.gov.cy/dlr)

## Social Insurance

The Social Insurance Scheme covers compulsorily all persons gainfully occupied in Cyprus, either as employed or self-employed. The Scheme is financed by contributions paid by the employers, the insured persons and the State. In the case of employed persons, the contribution is 16,6% of their 'insurable earnings' and is shared amongst the employer, the employee and the State, in the proportion of 6,3%, 6,3% and 4% respectively. In the case of self-employed persons, the contribution is 15,6% of the 'insurable income', out of which 11,6% is paid by the self-employed and 4% by the State. The Social Insurance Scheme provides cash benefits for marriage, maternity, sickness, unemployment, widowhood, invalidity, orphanhood, old age, death and employment injury. As of 1 May 2004 EU Regulation (EC 1408/71), which coordinates the Social Security Systems between member states, applies.

▶▶▶ for further info: [www.mlsi.gov.cy/sid](http://www.mlsi.gov.cy/sid)





*“ Cyprus offers a strategic location, favourable tax environment, educated work force, excellent telecommunications and modern banking and legal infrastructure which makes the country the perfect business bridge for the European Union and the Middle East. ”*

[ [ The Wall Street Journal - May 5, 2004 ] ]



A workforce, not only highly educated but also with a multitude of language skills

## Other Costs

Employers are also obliged to contribute 1,2% to the Redundancy Fund, 0,5% to the Human Resources Development Fund and 2% to the Social Cohesion Fund.

## Employment Termination

The Termination of Employment legislation covers all employees in the public and private sectors, including apprentices. It also covers shareholders of private companies employed by their company. An employer who intends to terminate the employment of an employee after a period of at least 26 weeks, should give a minimum period of notice of 1 to 8 weeks depending on the employee's length of employment. In the event of redundancy, employees who have been continuously employed for 104 weeks by the same employer, are entitled to redundancy payment from the Redundancy Fund. An employee who is dismissed unlawfully has the right to compensation payable by the employer, provided that the employee has been continuously employed for not less than 26 weeks. In the event of insolvency of the employer, the Law allows for the payment of wages / salaries and annual leave from a special fund to all employees.



The campus of the University of Cyprus. Two more public Universities are planned to operate soon

## Residence & Work Permits

For Business Companies (BCs) the Civil Registry and Migration Department is the authority responsible for the first issue and subsequent renewal of residence permits granted to all non-Cypriots employed by BCs in Cyprus. The Civil Registry and Migration Department acts in consultation with other competent authorities such as the Registrar of Companies, the Labour Department and the Cyprus Police.

An application<sup>6</sup> should be submitted by both, third country nationals as well as EU nationals. In the case of executives, the application is submitted to the Civil Registry and Migration Department. For non-executives the application is submitted to the District Aliens and Immigration Branch of the Police. For third country nationals the application must be accompanied by a contract of employment stamped by the Labour Office.

▶▶▶ for further info: [www.moi.gov.cy](http://www.moi.gov.cy)  
[www.mlsi.gov.cy/dl](http://www.mlsi.gov.cy/dl)



Cyprus offers an advantageous tax system for international business. The uniform corporate tax rate of 10% is the lowest in the EU

# Tax System a major plus

## Corporate Tax

Cyprus offers a range of alternative tax advantages to foreign companies conducting business on the island. Such advantages derive from the country's favourable legislation as well as from the wide network of double taxation treaties. In brief, the main provisions of corporate taxation are:

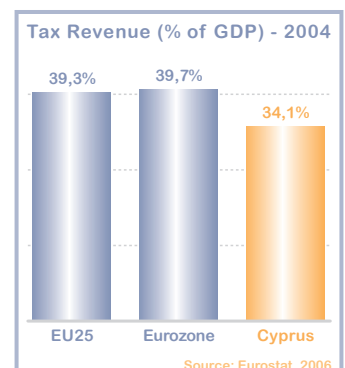
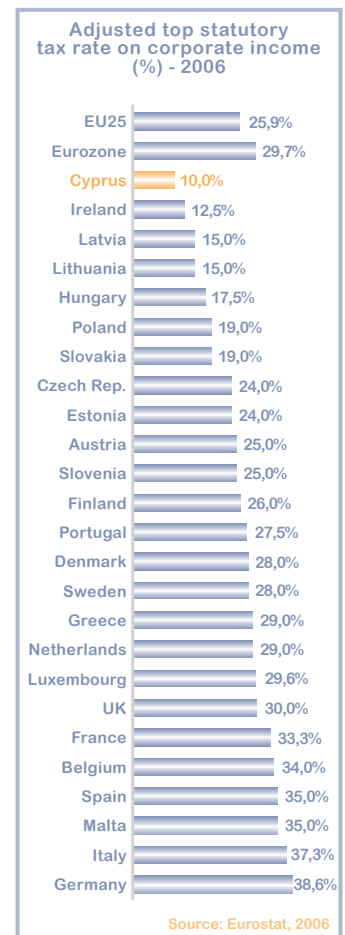
- Uniform corporate tax rate of 10%
- No tax on dividends
- Favourable tax treatment of losses
- No tax on profits from permanent establishment outside Cyprus, subject to conditions
- Double taxation treaties with over 40 countries
- No tax on capital gains from disposal of securities listed on a recognised Stock Exchange
- No tax on profits from reorganisations
- Tax free repatriation of profits and capital

A detailed description of the prevailing tax system is provided in Appendix 2. Please note that the current publication intends to simply present the basic provisions of the Cyprus tax policy. A full description of the tax system is not the aim of this publication, nor could it be covered in such document. Accordingly, this publication should only be seen as a source of general information and cannot substitute professional advice.

▶▶▶ for further info: [Appendix 2](#)  
[www.mof.gov.cy/ird](http://www.mof.gov.cy/ird)

## Personal Income Tax

Individual tax resident of Cyprus is an individual who stays in the Republic for 183 days in the year of assessment. Cyprus tax residents are taxed on income earned both in Cyprus and abroad. In contrast, non-tax residents are taxed on income earned only from Cyprus sources.



“ We are very happy  
to have selected Cyprus as a base and aspire  
to maintain, lead and expand our operations from the island.”  
[ [ Nest Investments Holdings (Cyprus) Ltd ] ]

Personal Income Tax	
Taxable Income (C£)	Tax Rate (%)
Up to 10.000	Nil
10.001 - 15.000	20%
15.001 - 20.000	25%
Over 20.000	30%

The numerous tax incentives and double taxation treaties, make the Cyprus holding company ideal for international tax planning purposes

The following income tax provisions apply to individuals:

- Low income tax
- No tax on dividends and interest, subject to certain conditions
- No tax on profits of a permanent establishment abroad and on salary earned abroad, under certain conditions
- Profits gained from the sale of securities are exempt from tax
- Loss of current year and previous years are deducted from the taxable income, subject to certain conditions
- Income received in the form of retiring gratuity, compensation for death or injuries, provident fund, pension fund, or other approved funds, is exempt from tax

▶▶▶ for further info: Appendix 2  
[www.mof.gov.cy/ird](http://www.mof.gov.cy/ird)

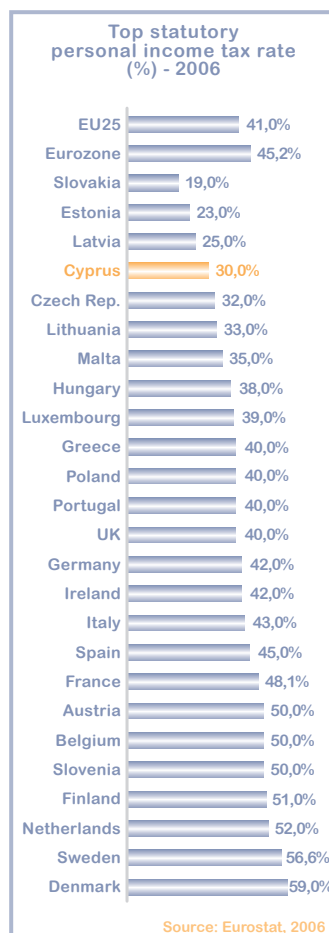
## Special Tax Treatments

■ **International Trusts:** Cyprus international trusts enjoy important tax advantages, providing significant tax planning possibilities:

- Income and gains of a Cyprus international trust, derived from sources outside Cyprus are exempt from any tax imposed in Cyprus
- Dividends, interest or other income received by a trust from a Cyprus international business company are not subject to tax nor are they subject to withholding tax
- No capital gains tax is charged on the disposal of assets of an international trust
- Exemption from taxation in the case of an alien who creates an international trust in Cyprus and retires in the country, on condition that all the property settled and the income earned is abroad, even if the individual is a beneficiary

■ **Taxation of Shipping Companies<sup>2</sup>:** Profits from the operation of Cypriot registered vessels or on dividends received from a ship-owning company, are subject to zero corporation tax. Ship and crew management businesses have the option of being taxed either at the rate of 4,25% on their profits or at a rate equal to 25% of tonnage tax rates of vessels under management. The tonnage tax is not levied in respect of ships under the Cypriot flag for which a tonnage tax has already been paid.

▶▶▶ for further info: [www.shipping.gov.cy](http://www.shipping.gov.cy)



Cyprus is a tax incentive country offering substantial benefits to locally based enterprises. The most important advantages relate to corporate and personal taxation

## Value Added Tax

The standard rate of VAT is set to 15%; the lowest rate permitted in the EU. Reduced VAT rates of 8% and 5% also apply, as well as the zero-rate of VAT on specific goods and services. Visitors from non-EU countries can claim a refund of VAT paid on their purchases of goods in Cyprus upon their departure from the country, provided that the purchased goods are transported outside Cyprus (and the EU) in their personal luggage.

▶▶▶ for further info: Appendix 2  
[www.mof.gov.cy/ce](http://www.mof.gov.cy/ce)

## Holding Companies

A Cyprus holding company can be effectively utilised for international tax planning purposes, and at the same time enjoy the status of being located at a reputable business centre. In summary, a Cyprus holding company offers the following advantages in relation to the major tax considerations:

- No withholding tax on dividend income received from subsidiary companies abroad<sup>8</sup>
- Double tax treaties with over 40 countries, enabling lower withholding tax rates on dividend or other income received from subsidiaries abroad
- Being an EU member state, holding companies registered in Cyprus may also enjoy no withholding tax on dividends received from EU subsidiaries
- No withholding tax on capital gains and income on the disposal of neither the shares of the subsidiary's share capital nor the shares of the Cyprus holding company
- No tax on capital gains or income on the liquidation of the Cyprus holding company
- No withholding tax on distribution of profits, subject to conditions
- Outward dividends by the Cyprus holding company to its non-resident shareholders are exempt from any withholding taxes
- Profits earned from a permanent establishment abroad are fully exempt from Cypriot tax, subject to certain conditions
- A diversified group of Cyprus companies belonging to a Cyprus holding company can set off Group relief for the utilisation of tax losses
- No minimum holding period



Backed by an advantageous tax system and progressive economic policies, Cyprus deserves its reputation as an ideal business centre.  
The Ministry of Finance - Nicosia



The Central Bank of Cyprus: an autonomous institution ensuring price stability and supporting the general economic policy of the government

Within the EU harmonisation process and *acquis communautaire*, the government has introduced a framework of investment incentives



# Incentives motives to invest

## BUSINESS INCUBATORS

**Athena High Technology Incubator Ltd**  
P.O. Box: 21372  
1507 Nicosia  
Tel.: +357 22 553820  
Fax: +357 22 553821  
info@athena-tech.net  
www.athenatech.com.cy

**Diogenes High Tech Business Incubator of the University of Cyprus**

P.O. Box: 20537  
1678 Nicosia  
Tel.: +357 22 892220  
Fax: +357 22 892211  
info@diogenes.com.cy  
www.diogenes.com.cy

**Ermis Research and Incubator Centre Ltd**

6 Diogenous Street,  
Ermis Building  
2404 Nicosia  
Tel.: +357 22 559559  
Fax: +357 22 559400  
ermis@ermis.com.cy  
www.ermis.org

**Helix Business Incubator Ltd**

66 Metohiou Avenue,  
2407 Nicosia  
Tel.: +357 22 795007  
Fax: +357 22 772616  
consultancy@intercollege.ac.cy  
www.helixincubator.com

**Promitheas Business Innovation Centre Ltd**

33 Klimentos Street,  
1061 Nicosia  
Tel.: +357 22 452660  
Fax: +357 22 374096  
kek@promitheas.com.cy  
www.promitheas.com

At a time of increasingly intensified international competition, the government has taken several measures to enhance Cyprus' competitiveness, both in the international and local market; to achieve steady and self-sustained growth; and to maximise the country's Gross Domestic Product. Specifically, having extensively considered ways for the development and reconstruction of the economy, the government has introduced a framework of incentives within the EU harmonisation process and the *acquis communautaire* in general.

The basic goals, which form the central core of the government's incentives framework, are:

- Attraction and development of new high-tech industries and skill intensive products
- Assistance and reconstruction of Cyprus traditional economic sectors
- Improvement of productivity and labour skills
- Attraction of capital-intensive foreign investment

The main incentives and schemes are briefly described below. Please note that the various grant schemes may be subject to alterations.

## Technology and Research

Cyprus is pursuing the goal of establishing itself as a regional research and technology centre. Through incentives, the country is rapidly being transformed into a hub for technological development within the Eastern Mediterranean region.

Foreign capital plays a fundamental role in these efforts, as it contributes substantially to the introduction of high technology, know-how and expertise.

*“ Harvard School of Public Health wants to make greater contribution to research, technology transfer, and education internationally. We believe our efforts in Cyprus will strengthen environmental science throughout the Mediterranean region. ”*

[ [ James Ware - Dean for Academic Programs, Harvard School of Public Health ] ]

### ■ Business Incubators

Business incubators act as catalysts, through which the necessary support is given to scientists and researchers in order to exploit innovative ideas. At the same time, business incubators facilitate the establishment and growth of new ventures involved in developing and promoting innovative products or services.

The programme is addressed to individuals or small groups of individuals, who may apply for government grant under this programme through an incubator company having a contract with the government. The approved individual or team has to register a private company of limited liability. The company is obliged to be housed and operate in the designated premises of the incubator company for a period of up to two years.

The incubator company undertakes to offer the companies under incubation facilities such as space and office services, secretarial, accounting and legal assistance, scientific and advisory support and assistance in finding venture capitals. The government of Cyprus provides the inventor company a grant of up to C£120.000.



Many of the world's leading IT companies have chosen Cyprus as their base for expansion in the region

### ■ Research

The Research Promotion Foundation (RPF) - an initiative of the government of the Republic of Cyprus - was established in order to promote the development of scientific and technological research in Cyprus. One of its main activities is the development of a national framework programme for financing Research and Development and Innovation (R&D&I) projects.

A large number of research projects and supporting activities are financed through RPF's programmes, with an approximate funding budget of €17 mIn in 2006. The budget is expected to grow substantially in the coming years. The R&D&I supporting programmes are categorised under five Strategic Areas:

- Strategic & Multi-thematic Research and Development
- Growth of National Scientific & Research Human Capital
- Applied Research Development and Enterprise Innovation
- Research Infrastructure Development and Large Scale Investments
- International Networking and Collaboration in the field of R&D&I

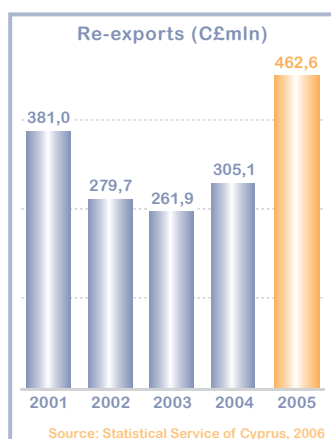
▶▶▶ for further info: [www.research.org.cy](http://www.research.org.cy)



Towards becoming a regional centre for research and excellence in the environment and public health

“ Business boom: Cyprus is taking advantage of its strategic location to promote its transshipment facilities. ”

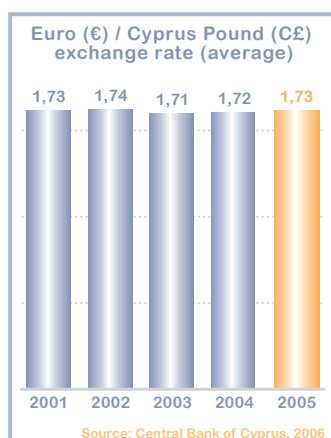
[ [ Global Finance, May 2004 ] ]



## Industrial Development

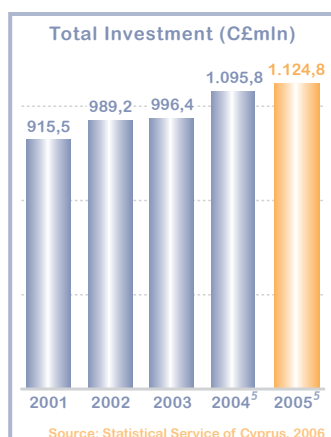
Industrial development has been amongst the primary objectives of the government, as it constitutes a vital component of economic policy. Cyprus' accession to the EU provides Cypriot enterprises with the opportunity of participating in the various community programmes concerning industrial technology; product development; marketing; professional training, etc, thus further enhancing the process of restructuring.

The Industrial Development Service (IDS) of the Ministry of Commerce, Industry and Tourism, aims at accelerating the rate of growth of the manufacturing sector and enhancing its competitiveness under free market conditions. IDS has introduced a framework of investment incentives, a brief description of which is provided below:



■ **Technological upgrading:** The scheme aims at assisting the technological upgrading of existing and newly established manufacturing enterprises<sup>9</sup> through government grants. Any manufacturing enterprise, excluding those located in selected rural areas, investing in new machinery, new equipment and know-how within a period of three years, is eligible to apply.

■ **Manufacturing in Rural Areas:** The programme is co-financed by the European Regional Development Fund and aims to support, develop, and promote the manufacturing sector<sup>9</sup> through grants for the expansion and modernisation of existing and/or creation of new viable Small and Medium-sized enterprises<sup>10</sup>, which are located, or will be located in specified rural areas.



■ **Relocation of Small Enterprises:** The aim of this programme is to motivate the already existing Small enterprises engaged in manufacturing activities, or specified service activities, to move from residential or inappropriate for their activities areas to other authorised areas. Authorised areas are those where an enterprise can legally have its premises and engage in manufacturing or service activities, such as industrial areas, industrial zones, handicrafts zones or any other authorised area.

“ ... accession to the EU has prompted many important structural reforms, helping to lay the foundation for sustained economic growth into the future. ”

[ [ International Monetary Fund (IMF), Executive Board Concludes 2004 Article IV - Consultation with Cyprus ] ]

■ **Government Guarantee for Loans Granted to SMEs:** The aim of the scheme is to assist SMEs<sup>10</sup> in the manufacturing sector<sup>9</sup>, which do not have adequate collateral to obtain loans. Government guarantees may be granted for loans given by any commercial bank or financial institution, and will be utilised for:

- a) restructuring and/or expansion in the case of existing enterprises; and
- b) establishment of a new manufacturing unit preferably engaged in the production of new products and/or high technology products.

■ **Women / Youth Entrepreneurship:** The programme is offered under the De Minimis Rule<sup>11</sup>, and aims to develop, support and encourage the entrepreneurship of women and young people in manufacturing sectors and/or in specific activities in commerce, services and tourism. Above all, it concentrates on the creation of new modern viable enterprises, the development of innovative projects, new technologies and new products, as well as the support of services that enhance quality and the development of tourism.

■ **Agricultural Products:** The programme is included in the Agricultural Development Plan and is co-financed (50%) by the European Agricultural Guidance and Guarantee Fund. Among the programme's objectives is to provide investment motivations for improving the quality of agricultural products, as well as trade and manufacturing procedures. In addition, the programme aims to direct production according to foreseen market trends, or alternatively to encourage the adoption of new channels for the distribution of agricultural products.

In line with the 2007-2013 Strategic Development Plan, the above mentioned programmes will be integrated in the various EU structural funds for co-financing. As a consequence, the programmes may be amended, while further programmes may be introduced.



Growth has been achieved with respect to the environment and quality of life. View of the Akamas Peninsula - North West of Paphos



The high standard of living and the countless lifestyle advantages on offer, make Cyprus the perfect place for today's businesspeople. View of Nicosia



*“ The location of the centre in Cyprus with its attractive climate, well-developed infrastructure and proximity to both Europe and the Middle East will promote the active and sustained involvement of Harvard faculty in the programme. ”*

[ [ Kazem Behbehani - Assistant Director-General, World Health Organisation ] ]



The infrastructure is ideal for the travelling business community. The construction of 14 new golf developments is set to begin soon

## Encouraging Exports

The Trade Service of the Ministry of Commerce, Industry and Tourism provides state grants aimed at enhancing the promotion of Cypriot products and services abroad, and at providing know-how to entrepreneurs regarding business tactics in foreign markets.

### ■ Promotion of Industrial Products:

The state grant covers the following schemes:

- Financial aid for exploring export potentials in foreign markets
- Schemes for entrepreneurs / manufacturers participating in trade fairs abroad, either at their own expense or at fairs organised by the Ministry of Commerce, Industry and Tourism
- Schemes for entrepreneurs / manufacturers participating in trade missions abroad organised by the Ministry of Commerce, Industry and Tourism

### ■ Promotion of Services

The aim is to promote and support the services industry through the provision of information to exporters regarding the trading conditions within foreign markets. Two schemes are available:

- Participation in trade fairs and exhibitions abroad
- Penetration of foreign markets - market research

▶▶▶ for further info: [www.mcit.gov.cy/ts](http://www.mcit.gov.cy/ts)

## Quality Assurance

Within its efforts to contribute to the enhancement of product quality, the government has introduced a number of schemes:

■ **Testing of Products:** The aim of the scheme is to assist existing or new SMEs<sup>10</sup> in the manufacturing sector<sup>9</sup>, to cover expenses for laboratory testing, products' testing and/or analysis, calibration of measurement and testing instruments abroad. The scheme applies in the case where the above needs cannot be met by local laboratories.

■ **Laboratory Infrastructure:** The scheme's main objective is to strengthen the laboratory infrastructure through the provision of assistance to existing or new laboratories in order to meet their immediate needs for product testing equipment.



To accelerate the redevelopment of the country's airports, the government has decided on a Built - Operate - Transfer (BOT) method

No doubt Cyprus possesses a unique combination of advantages. This has already been recognised by the ever-increasing number of foreign companies based on the island

■ **The HACCP System:** The scheme intends to assist and motivate companies of the food and beverage industry to implement the HACCP system. It is a systematic approach to the risk assessment, as well as the control of microbiological, chemical, and physical hazards related to any food production procedure.

## Energy and Environment

The Cyprus Institute of Energy provides financial incentives for the materialisation of investments in the field of energy conservation and the promotion of Renewable Energy Sources. Overall, it intends to expand the usage of financially viable energy technologies, and encourage investments that positively affect the environment.

■ **Energy Conservation:** Energy Conservation investments are defined as investments in systems which can lead to at least 10% energy savings on total energy consumption, and investments on Combined Heat and Power and Cooling (CHP) Systems. Investments under the Energy Conservation scheme include:

- Energy conservation in existing enterprises
- Energy conservation in existing private households
- Co-generation of electricity - heating / cooling

■ **RES utilisation:** Recognising the importance of the utilisation of Renewable Energy Sources (RES), the Cyprus Institute of Energy has introduced the following programmes:

- Wind systems for electricity production
- Solar / Photovoltaic / Hydroelectric systems
- Biomass utilisation
- Desalination using RES

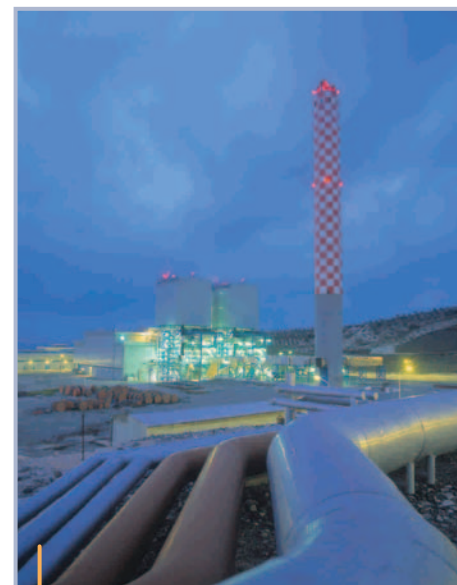
▶▶▶ for further info: [www.cie.org.cy](http://www.cie.org.cy)

■ **Environmental Protection:** In addition to the above, the Energy Service of the Ministry of Commerce, Industry and Tourism operates a scheme for the protection of the environment from industrial pollution. The scheme covers part of the initial investment cost incurred by enterprises for qualified projects in the industrial sectors of mining and quarrying, manufacturing, car maintenance, packaging, the processing of recycling of waste and the washing or dry cleaning of textiles.

▶▶▶ for further info: [www.mcit.gov.cy](http://www.mcit.gov.cy)



Cyprus has retained a strong tradition in fine wine production. The oldest remains of grape seeds have been found on Cyprus, indicating that it is probably the first wine producing country



EU membership marked the liberalisation of the electricity supply and telecommunications sectors. The power station at Vasiliko

The Larnaca Free Zone has been established in an effort to encourage external trade and international commerce



# Free Zone linking 3 continents



Transit cargo enjoys special treatment at the ports. A proof of the position of Cyprus as a main transshipment centre is the substantial amount of products re-exported

The Larnaca Free Zone (LFZ) in Cyprus, has been established under the auspices of the Ministry of Commerce, Industry and Tourism, with the specific purpose of facilitating export-oriented investments by offering an even more convenient business climate. The LFZ was designed to complement and contribute to the encouragement of external trade and international commerce, through the provision of various incentives such as the abolishment of custom duties and taxes in respect of goods imported into the Zone. The LFZ is therefore the ideal choice for companies intending to use Cyprus as a regional manufacturing and/or distribution base.

It should be noted that apart from the Larnaca Free Zone, two Free Port Areas, one in Limassol and another in Larnaca, have also been established to give businesses an additional incentive to be located in Cyprus.

## Location

The LFZ is situated 6 km from the Larnaca Airport, 9 km from the Larnaca port, and 48 Km from Nicosia. The Zone has been landscaped and trees planted to create a modern and pleasant environment for industry and the workforce employed therein.



Free installation of electrical power and telephone lines are among the incentives offered to applicants establishing in the Larnaca Free Zone

## Zone Area

Within the Free Zone there are 94 industrial sites of total area 31,2 hectares. Of these, 42 have already been leased representing 45% of the total area available for leasing. Various developed industrial plots are available for rental or acquisition in agreement with the existing leaseholders. The Zone is on the main Larnaca - Limassol highway and is protected on all sides by a security perimeter fence. There is a customs clearance office at the entrance. A network of service roads leads to the various industrial plots, which have access to water, electricity and telephone networks.

The ideal geographic location renders Cyprus as a support centre for monitoring the distributorship business of companies whose products are marketed in the Middle East and Eastern Europe

The following incentives are offered to applicants establishing an industrial project in the zone:

- Nominal rental of land for the development of industrial plots is set at a fee of C£1 per year, over the first five years
  - Following the first five years, nominal rental of land is set at C£525 per 1000 sqr. meters per annum
  - Free of charge installation of electrical power (maximum demand)
  - Free of charge installation of any number of telephone lines
- **Transport & Freight:** Larnaca Free Zone has quick access to the port where break bulk cargoes, bulk cargoes, and containers are handled. Various shipping lines serve the island regularly, thus providing Cyprus with regular and frequent links to all parts of the world. Namely, most Mediterranean ports, the UK, France, Germany, Netherlands, the USA, India and the Far East are just some of the regular links.
- **Electricity:** The Electricity Authority of Cyprus (EAC) supplies all industrial, commercial, agricultural and residential premises with electricity. The supply voltage is either 240V a.c. 50Hz single-phase or 415V a.c. 50Hz three-phase. Large industrial or commercial consumers may be supplied, if necessary, at 11.000V a.c. 50Hz.
- **Telecommunications:** The Cyprus Telecommunications Authority (CYTA) offers a variety of basic and advanced telecommunications services, covering a wide range of business needs for both voice and data communications, fixed and mobile. Internet - based services are also offered. The above services make the LFZ an attractive location for enterprises, which require fast and dependable telecommunications.

## How to apply

Interested parties should contact the Ministry of Commerce, Industry and Tourism in order to obtain an application form. Upon submission, the application will be assessed by the Ministry and - in case of approval - a leasing agreement with a duration of 99 years will be signed between the two parties.

▶▶▶ for further info: [www.mcit.gov.cy](http://www.mcit.gov.cy)



Strategically located, Cyprus provides advanced logistic solutions, serving as a supply chain bridge in the Eastern Mediterranean



Larnaca, the town with 6000 years of history and an easy-going pace, has something special to offer to its residents and visitors



# Useful Links

## Appendix 1

### GOVERNMENTAL ORGANISATIONS

#### Ministry of Agriculture, Natural Resources and Environment

1411 Nicosia, Tel: +357 22 408307, Fax: +357 22 781156, e-mail: [registry@moa.gov.cy](mailto:registry@moa.gov.cy), [www.moa.gov.cy](http://www.moa.gov.cy)

- ▶ **Department of Agriculture**  
1412 Nicosia, Tel: +357 22 408504, Fax: +357 22 781425, e-mail: [doagrg@da.moa.gov.cy](mailto:doagrg@da.moa.gov.cy)
- ▶ **Environment Service**  
1411 Nicosia, Tel: +357 22 303842, Fax: +357 22 774945, e-mail: [ngeorgiades@environment.moa.gov.cy](mailto:ngeorgiades@environment.moa.gov.cy)

#### Ministry of Commerce, Industry and Tourism

1421 Nicosia, Tel: +357 22 867100, Fax: +357 22 375120, e-mail: [perm.sec@mcit.gov.cy](mailto:perm.sec@mcit.gov.cy), [www.mcit.gov.cy](http://www.mcit.gov.cy)

- ▶ **Cyprus Institute of Energy**  
13-15 Andreas Araouzos Str., 1421 Nicosia, Tel: +357 22 409389, Fax: +357 22 304759, e-mail: [cie@cytanet.com.cy](mailto:cie@cytanet.com.cy), [www.cie.org.cy](http://www.cie.org.cy)
- ▶ **Department of Registrar of Companies and Official Receiver**  
1427 Nicosia, Tel: +357 22 404401 / 404301, Fax: +357 22 304887, e-mail: [deptcomp@drcor.mcit.gov.cy](mailto:deptcomp@drcor.mcit.gov.cy), [www.mcit.gov.cy/drcor](http://www.mcit.gov.cy/drcor)

#### Ministry of Communications and Works

1424 Nicosia, Tel: +357 22 800288, Fax: +357 22 776266, e-mail: [permsec@mcw.gov.cy](mailto:permsec@mcw.gov.cy), [www.mcw.gov.cy](http://www.mcw.gov.cy)

- ▶ **Department of Civil Aviation**  
1429 Nicosia, Tel: +357 22 404152, Fax: +357 22 354030, e-mail: [director@dca.mcw.gov.cy](mailto:director@dca.mcw.gov.cy), [www.mcw.gov.cy/dca](http://www.mcw.gov.cy/dca)
- ▶ **Department of Electrical and Mechanical Services**  
1426 Nicosia, Tel: +357 22 800352, Fax: +357 22 348202, e-mail: [director@ems.mcw.gov.cy](mailto:director@ems.mcw.gov.cy), [www.mcw.gov.cy/ems](http://www.mcw.gov.cy/ems)
- ▶ **Department of Electronic Communications**  
P.O. Box: 24647, 1302 Nicosia, Tel: +357 22 814840, Fax: +357 22 321925, e-mail: [info.dec@mcw.gov.cy](mailto:info.dec@mcw.gov.cy), [www.mcw.gov.cy/dec](http://www.mcw.gov.cy/dec)
- ▶ **Department of Merchant Shipping**  
P.O. Box: 56193, 3305 Limassol, Tel: +357 25 848100, Fax: +357 25 848200, e-mail: [maritimeadmin@dms.mcw.gov.cy](mailto:maritimeadmin@dms.mcw.gov.cy), [www.shipping.gov.cy](http://www.shipping.gov.cy)
- ▶ **Department of Public Works**  
1428 Nicosia, Tel: +357 22 806550, Fax: +357 22 498910, e-mail: [info@pwd.mcw.gov.cy](mailto:info@pwd.mcw.gov.cy), [www.mcw.gov.cy/pwd](http://www.mcw.gov.cy/pwd)
- ▶ **Department of Road Transport**  
1425 Nicosia, Tel: +357 22 807101, Fax: +357 22 354030, e-mail: [dirdrt@rtd.mcw.gov.cy](mailto:dirdrt@rtd.mcw.gov.cy), [www.mcw.gov.cy/rtd](http://www.mcw.gov.cy/rtd)

#### Ministry of Education and Culture

1434 Nicosia, Tel: +357 22 800600, Fax: +357 22 427559, e-mail: [moec@moec.gov.cy](mailto:moec@moec.gov.cy), [www.moec.gov.cy](http://www.moec.gov.cy)

#### Ministry of Finance

1439 Nicosia, Tel: +357 22 601172, Fax: +357 22 602748, e-mail: [econresearch@mof.gov.cy](mailto:econresearch@mof.gov.cy), [www.mof.gov.cy](http://www.mof.gov.cy)

- ▶ **Department of Customs and Excise**  
1440 Nicosia, Tel: +357 22 601713, Fax: +357 22 302031, e-mail: [headquarters@customs.mof.gov.cy](mailto:headquarters@customs.mof.gov.cy), [www.mof.gov.cy/ce](http://www.mof.gov.cy/ce)
- ▶ **Department of Government Purchasing and Supply**  
P.O. Box: 22028, 1516 Nicosia, Tel: +357 22 400460, Fax: +357 22 400444, e-mail: [achristou@dgps.mof.gov.cy](mailto:achristou@dgps.mof.gov.cy), [www.mof.gov.cy/dgps](http://www.mof.gov.cy/dgps)
- ▶ **Inland Revenue Department**  
1472 Nicosia, Tel: +357 22 601925, Fax: +357 22 661243, e-mail: [cregistry@ird.mof.gov.cy](mailto:cregistry@ird.mof.gov.cy), [www.mof.gov.cy/ird](http://www.mof.gov.cy/ird)
- ▶ **Statistical Service**  
1444 Nicosia, Tel: +357 22 602129, Fax: +357 22 661313, e-mail: [enquiries@cystat.mof.gov.cy](mailto:enquiries@cystat.mof.gov.cy), [www.mof.gov.cy/cystat](http://www.mof.gov.cy/cystat)
- ▶ **VAT Service**  
1471 Nicosia, Tel: +357 22 601765, Fax: +357 22 660484, e-mail: [headquarters@vat.mof.gov.cy](mailto:headquarters@vat.mof.gov.cy), [www.mof.gov.cy/ce](http://www.mof.gov.cy/ce)

#### Ministry of Foreign Affairs

1447 Nicosia, Tel: +357 22 401000, Fax: +357 22 661881, e-mail: [minforeign1@mfa.gov.cy](mailto:minforeign1@mfa.gov.cy), [www.mfa.gov.cy](http://www.mfa.gov.cy)

#### Ministry of Health

1448 Nicosia, Tel: +357 22 400128, Fax: +357 22 305803, e-mail: [ministryofhealth@cytanet.com.cy](mailto:ministryofhealth@cytanet.com.cy), [www.moh.gov.cy](http://www.moh.gov.cy)

- ▶ **Medical and Public Health Services**  
1449 Nicosia, Tel: +357 22 400137, Fax: +357 22 345199, e-mail: [cdemetriades@mphs.moh.gov.cy](mailto:cdemetriades@mphs.moh.gov.cy), [www.moh.gov.cy](http://www.moh.gov.cy)
- ▶ **Pharmaceutical Services**  
1475 Nicosia, Tel: +357 22 407107, Fax: +357 22 407149, e-mail: [phscentral@phs.moh.gov.cy](mailto:phscentral@phs.moh.gov.cy), [www.moh.gov.cy](http://www.moh.gov.cy)
- ▶ **State General Laboratory**  
1451 Nicosia, Tel: +357 22 809112, Fax: +357 22 316434, e-mail: [cmichael@sgl.moh.gov.cy](mailto:cmichael@sgl.moh.gov.cy), [www.moh.gov.cy/sgl](http://www.moh.gov.cy/sgl)

#### Ministry of Interior

1453 Nicosia, Tel: +357 22 867626, Fax: +357 22 671465, e-mail: [info@moi.gov.cy](mailto:info@moi.gov.cy), [www.moi.gov.cy](http://www.moi.gov.cy)

- ▶ **Civil Registry and Migration Department**  
1457 Nicosia, Tel: +357 22 804401 / 804405, Fax: +357 22 676944, e-mail: [migration@crmd.moi.gov.cy](mailto:migration@crmd.moi.gov.cy)
- ▶ **Department Lands and Surveys**  
1455 Nicosia, Tel: +357 22 804801, Fax: +357 22 766056 / 804872, e-mail: [director@dls.moi.gov.cy](mailto:director@dls.moi.gov.cy), [www.moi.gov.cy/dls](http://www.moi.gov.cy/dls)
- ▶ **Press and Information Office**  
1456 Nicosia, Tel: +357 22 801117, Fax: +357 22 666123, e-mail: [communications@pio.moi.gov.cy](mailto:communications@pio.moi.gov.cy), [www.moi.gov.cy/pio](http://www.moi.gov.cy/pio)
- ▶ **Town Planning and Housing Department**  
1454 Nicosia, Tel: +357 22 408000, Fax: +357 22 677570, e-mail: [centraltph@tph.moi.gov.cy](mailto:centraltph@tph.moi.gov.cy), [www.moi.gov.cy/tph](http://www.moi.gov.cy/tph)

#### Ministry of Justice and Public Order

1461 Nicosia, Tel: +357 22 805950, Fax: +357 22 518356, e-mail: [registry@mjpo.gov.cy](mailto:registry@mjpo.gov.cy), [www.mjpo.gov.cy](http://www.mjpo.gov.cy)

- ▶ **Cyprus Police**  
1478 Nicosia, Tel: +357 22 808067, Fax: +357 22 808714, e-mail: [pressoffice@police.gov.cy](mailto:pressoffice@police.gov.cy), [www.police.gov.cy](http://www.police.gov.cy)
- ▶ **Fire Service**  
P.O. Box: 24028, 1700 Nicosia, Tel: +357 22 802424, Fax: +357 22 321885, e-mail: [cyprusfireservice@fs.gov.cy](mailto:cyprusfireservice@fs.gov.cy), [www.fs.gov.cy](http://www.fs.gov.cy)

#### Ministry of Labour and Social Insurance

1463 Nicosia, Tel: +357 22 401600, Fax: +357 22 670993, e-mail: [administration@mlsi.gov.cy](mailto:administration@mlsi.gov.cy), [www.mlsi.gov.cy](http://www.mlsi.gov.cy)

- ▶ **Cyprus Productivity Centre**  
P.O. Box: 20536, 1679 Nicosia, Tel: +357 22 806000, Fax: +357 22 376872, e-mail: [info@kepa.mlsi.gov.cy](mailto:info@kepa.mlsi.gov.cy), [www.kepa.gov.cy](http://www.kepa.gov.cy)
- ▶ **Department of Labour**  
1480 Nicosia, Tel: +357 22 400817 / 400820, Fax: +357 22 400809, e-mail: [director@dl.mlsi.gov.cy](mailto:director@dl.mlsi.gov.cy), [www.mlsi.gov.cy/dl](http://www.mlsi.gov.cy/dl)
- ▶ **Department of Labour Inspection**  
1493 Nicosia, Tel: +357 22 405623, Fax: +357 22 663788, e-mail: [director@dli.mlsi.gov.cy](mailto:director@dli.mlsi.gov.cy), [www.mlsi.gov.cy/dli](http://www.mlsi.gov.cy/dli)
- ▶ **Department of Labour Relations**  
1463 Nicosia, Tel: +357 22 401695 / 401696, Fax: +357 22 304224, e-mail: [info@dlr.mlsi.gov.cy](mailto:info@dlr.mlsi.gov.cy), [www.mlsi.gov.cy/dlr](http://www.mlsi.gov.cy/dlr)
- ▶ **Social Insurance Service**  
1465 Nicosia, Tel: +357 22 401600, Fax: +357 22 672984, e-mail: [director@sid.mlsi.gov.cy](mailto:director@sid.mlsi.gov.cy), [www.mlsi.gov.cy/sid](http://www.mlsi.gov.cy/sid)

### SEMI-GOVERNMENTAL ORGANISATIONS

#### Cyprus Ports Authority

P.O. Box: 22007, 1516 Nicosia, Tel: +357 22 817200, Fax: +357 22 765420, e-mail: [cpa@cpa.gov.cy](mailto:cpa@cpa.gov.cy), [www.cpa.gov.cy](http://www.cpa.gov.cy)

#### Cyprus State Fairs Authority

P.O. Box: 23551, 1684 Nicosia, Tel: +357 22 352918, Fax: +357 22 352316, e-mail: [csfa@cytanet.com.cy](mailto:csfa@cytanet.com.cy), [www.csfa.org.cy](http://www.csfa.org.cy)

#### Cyprus Tourism Organisation

P.O. Box: 24535, 1390 Nicosia, Tel: +357 22 691100, Fax: +357 22 334696, e-mail: [cytour@cto.org.cy](mailto:cytour@cto.org.cy), [www.visitcyprus.com](http://www.visitcyprus.com)

#### Human Resource Development Authority

P.O. Box: 25431, 1392 Nicosia, Tel: +357 22 515000, Fax: +357 22 496949, e-mail: [hrda@hrdauth.org.cy](mailto:hrda@hrdauth.org.cy), [www.hrdauth.org.cy](http://www.hrdauth.org.cy)

### INDEPENDENT SERVICES

#### Commission for the Protection of Competition

P.O. Box: 26620, 1640 Nicosia, Tel: +357 22 875912, Fax: +357 22 304944, e-mail: [chairman@competition.gov.cy](mailto:chairman@competition.gov.cy), [www.competition.gov.cy](http://www.competition.gov.cy)

#### Cyprus Agricultural Payments Organisation

P.O. Box: 16102, 2086 Nicosia, Tel: +357 22 557777, Fax: +357 22 557755, e-mail: [info@capo.gov.cy](mailto:info@capo.gov.cy), [www.capo.gov.cy](http://www.capo.gov.cy)

#### Cyprus Radio Television Authority

P.O. Box: 23377, 1682 Nicosia, Tel: +357 22 512468, Fax: +357 22 512473, e-mail: [crtauthority@crtauthority.org.cy](mailto:crtauthority@crtauthority.org.cy), [www.crtauthority.org.cy](http://www.crtauthority.org.cy)

#### Cyprus Securities and Exchange Commission

P.O. Box: 24996, 1306 Nicosia, Tel: +357 22 875475, Fax: +357 22 754671, e-mail: [info@cysec.gov.cy](mailto:info@cysec.gov.cy), [www.cysec.gov.cy](http://www.cysec.gov.cy)

#### Office of the Commissioner for Personal Data Protection

P.O. Box: 23378, 1682 Nicosia, Tel: +357 22 818456, Fax: +357 22 304565, e-mail: [commissioner@dataprotection.gov.cy](mailto:commissioner@dataprotection.gov.cy), [www.dataprotection.gov.cy](http://www.dataprotection.gov.cy)

#### Office of the Commissioner of Administration (Ombudsman)

1470 Nicosia, Tel: +357 22 405500, Fax: +357 22 672881, e-mail: [ombudsman@ombudsman.gov.cy](mailto:ombudsman@ombudsman.gov.cy), [www.ombudsman.gov.cy](http://www.ombudsman.gov.cy)

#### Planning Bureau

1409 Nicosia, Tel: +357 22 602900, Fax: +357 22 666810, e-mail: [planningbureau@planning.gov.cy](mailto:planningbureau@planning.gov.cy), [www.planning.gov.cy](http://www.planning.gov.cy)

#### Research Promotion Foundation

P.O. Box: 23422, 1683 Nicosia, Tel: +357 22 660292, Fax: +357 22 666117, e-mail: [ipe@research.org.cy](mailto:ipe@research.org.cy), [www.research.org.cy](http://www.research.org.cy)

#### Tenders Review Authority

P.O. Box: 24820, 1304 Nicosia, Tel: +357 22 445100, Fax: +357 22 445107, e-mail: [tra@aap.gov.cy](mailto:tra@aap.gov.cy), [www.tra.gov.cy](http://www.tra.gov.cy)

## CYPRUS TRADE CENTRES

#### Athens

36 Voukourestiou Street, 10673 Athens, Tel: +30 210 3646320 / 3646108, Fax: +30 210 3646420, e-mail: [ctcath1@otenet.gr](mailto:ctcath1@otenet.gr), [www.cyprustradecenter.gr](http://www.cyprustradecenter.gr)

#### Beirut

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## BUSINESS ORGANISATIONS

#### Cyprus Bar Association

P.O. Box: 21446, 1508 Nicosia, Tel: +357 22 873300, Fax: +357 22 873013, e-mail: [cybar@cytanet.com.cy](mailto:cybar@cytanet.com.cy), [www.cyprusbarassociation.org](http://www.cyprusbarassociation.org)

#### Cyprus Chamber of Commerce and Industry

P.O. Box: 21455, 1509 Nicosia, Tel: +357 22 889800, Fax: +357 22 669048, e-mail: [chamber@ccci.org.cy](mailto:chamber@ccci.org.cy), [www.ccci.org.cy](http://www.ccci.org.cy)

#### Cyprus Employers and Industrialists Federation

P.O. Box: 21657, 1511 Nicosia, Tel: +357 22 665102, Fax: +357 22 669459, e-mail: [info@oeb.org.cy](mailto:info@oeb.org.cy), [www.oeb.org.cy](http://www.oeb.org.cy)

#### Cyprus International Businesses Association

P.O. Box: 54917, 3729 Limassol, Tel: +357 25 583400, Fax: +357 25 581531, e-mail: [ciba@ciba-cy.org](mailto:ciba@ciba-cy.org), [www.ciba-cy.org](http://www.ciba-cy.org)

#### The Institute of Certified Public Accountants of Cyprus

P.O. Box: 24935, 1355 Nicosia, Tel: +357 22 769866, Fax: +357 22 766360, e-mail: [info@icpac.org.cy](mailto:info@icpac.org.cy), [www.icpac.org.cy](http://www.icpac.org.cy)

## FINANCIAL INSTITUTIONS

#### Association of Cyprus Commercial Banks

P.O. Box: 23363, 1682 Nicosia, Tel: +357 22 664293, Fax: +357 22 665135, e-mail: [info@accb.com.cy](mailto:info@accb.com.cy), [www.accb.com.cy](http://www.accb.com.cy)

#### Central Bank of Cyprus

P.O. Box: 25529, 1395 Nicosia, Tel: +357 22 714100, Fax: +357 22 378153, e-mail: [cbcinfo@centralbank.gov.cy](mailto:cbcinfo@centralbank.gov.cy), [www.centralbank.gov.cy](http://www.centralbank.gov.cy)

#### Co-operative Central Bank

8 Gregory Afxentiou, 1096 Nicosia, Tel: +357 22 743000, Fax: +357 22 670261, e-mail: [coopcomdept@cytanet.com.cy](mailto:coopcomdept@cytanet.com.cy), [www.coopbank.com.cy](http://www.coopbank.com.cy)

#### Cyprus Stock Exchange

P.O. Box: 25427, 1309 Nicosia, Tel: +357 22 712300, Fax: +357 22 570308, e-mail: [info@cse.com.cy](mailto:info@cse.com.cy), [www.cse.com.cy](http://www.cse.com.cy)

#### The Cyprus Development Bank

P.O. Box: 21415, 1508 Nicosia, Tel: +357 22 846500, Fax: +357 22 846600, e-mail: [info@cdb.com.cy](mailto:info@cdb.com.cy), [www.cyprusdevelopmentbank.com](http://www.cyprusdevelopmentbank.com)



## OTHER USEFUL LINKS

Cyprus Government Web Portal .....	<a href="http://www.cyprus.gov.cy">www.cyprus.gov.cy</a>
Cyprus News Agency .....	<a href="http://www.cna.org.cy">www.cna.org.cy</a>
Union of Cyprus Municipalities .....	<a href="http://www.ucm.org.cy">www.ucm.org.cy</a>
University of Cyprus .....	<a href="http://www.ucy.ac.cy">www.ucy.ac.cy</a>
Commonwealth Institute .....	<a href="http://www.commonwealth.org.uk">www.commonwealth.org.uk</a>
Council of Europe .....	<a href="http://www.coe.int">www.coe.int</a>
Council of the European Union .....	<a href="http://ue.eu.int">http://ue.eu.int</a>
European Central Bank .....	<a href="http://www.ecb.int">www.ecb.int</a>
European Commission's Representation in Cyprus .....	<a href="http://www.delcyp.cec.eu.int">www.delcyp.cec.eu.int</a>
European Parliament .....	<a href="http://europarl.eu.int">http://europarl.eu.int</a>
European Union .....	<a href="http://europa.eu.int">http://europa.eu.int</a>
Eurostat .....	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Organisation for Security and Co-operation in Europe (OSCE) .....	<a href="http://www.osce.org">www.osce.org</a>
The Euro-Mediterranean Network of Investment Promotion Agencies (ANIMA) .....	<a href="http://www.animaweb.org">www.animaweb.org</a>
The World Association of Investment Promotion Agencies (WAIPA) .....	<a href="http://www.waipa.org">www.waipa.org</a>

## DOMESTIC COMMERCIAL BANKS

- ▶ Alpha Bank Limited
- ▶ Arab Bank Plc
- ▶ Bank of Cyprus Public Company Ltd
- ▶ Co-Operative Central Bank Ltd
- ▶ Emporiki Bank- Cyprus Ltd
- ▶ Hellenic Bank Public Company Ltd
- ▶ Housing Finance Corporation
- ▶ Mortgage Bank of Cyprus Ltd
- ▶ National Bank of Greece (Cyprus) Ltd
- ▶ National Bank of Greece S.A. - Cyprus Branch
- ▶ Societe Generale Cyprus Ltd
- ▶ The Cyprus Development Bank Public Company Ltd
- ▶ The Cyprus Popular Bank Public Company Ltd
- ▶ Universal Bank Public Ltd

*Contact details are available at the web-site of the Central Bank of Cyprus ([www.centralbank.gov.cy](http://www.centralbank.gov.cy)).*

# Cyprus Tax Policy

## Appendix 2

### CORPORATE TAX

A company is tax resident in Cyprus when its management and control is exercised in the Republic. Their taxable income includes both income earned in Cyprus and abroad. A non-Cyprus tax resident is taxed only on income earned through a permanent establishment in Cyprus.

#### (a) Corporation tax

All companies are subject to a uniform tax rate of 10% except for semi-government organisations, which are taxed at 25%. The 10% tax is the lowest corporate tax rate in the European Union.

#### (b) Tax on dividends

Cyprus tax-resident companies are exempt in respect of dividends received from other Cyprus resident companies. The exemption is extended, subject to conditions to dividends from non-resident companies. Resident companies are obligated to have distributed 70% of their after-tax profits in the form of dividends at the end of the two-year period since the end of the respective tax year. Thereon, the dividends account for defence contribution in the case that less than 70% has been distributed. In this way, tax avoidance, through the accumulation of profits and the creation of companies by individuals as a means of lowering their tax burden, is prevented. These mandatory distribution provisions do not apply to profits accruing to non-resident shareholders.

#### (c) Tax on interest

Interest income is taxed at the corporate tax rate of 10% arising from, or closely connected to, the ordinary activities of the company. Moreover, 50% of all other interest income is exempt from income tax and is subject to special defence contribution at 10%.

#### (d) Tax treatment of losses

Subject to certain conditions, tax losses can be carried forward and set off against future profits indefinitely; applicable for losses incurred in 1997 and thereafter. In addition, the loss of a Cyprus tax resident company can be set off against the profit of another Cyprus tax resident company in case they belong to the same group of companies. Subject to certain conditions, companies belong to a group when one company holds at least 75% of the ordinary share capital and the voting rights of another company. Losses from a permanent establishment abroad can be set off against profits earned by a company in Cyprus.

#### (e) Profits of permanent establishments abroad

The profits of permanent establishments abroad are not subject to income tax in Cyprus, given that less than 50% of their activities result in investment income, and that the foreign tax suffered is not significantly lower than the tax payable in Cyprus.

#### (f) Disposal of securities

Profits gained from the sale of securities listed on a recognised Stock Exchange are exempt from tax for all companies.

#### (g) Reorganisations

Transfers of assets and liabilities between companies in the course of reorganisations, such as mergers, demergers, transfer of activities or exchange of shares, are not subject to tax.

#### (h) Foreign tax credit

Tax relief of foreign tax paid is granted in Cyprus even in the absence of a double-taxation treaty, provided sufficient evidence is submitted that foreign tax was indeed paid. Hence, Cyprus turns into a lucrative hub for establishing holding companies.

### PERSONAL INCOME TAX

Individual tax resident of Cyprus is an individual who stays in the Republic for 183 days in the year of assessment. Cyprus tax residents are taxed on income earned both in Cyprus and abroad. On the contrary, all individuals who are non-tax residents, will be taxed only on income earned in Cyprus.

#### (a) Income tax rates

The following tax rates apply:

Taxable Income (C€)	Tax Rate (%)
Up to 10.000	Nil
10.001 - 15.000	20%
15.001 - 20.000	25%
Over 20.000	30%

Foreign pensions are taxed at the rate of 5%, while an annual exemption of C€2.000 is granted.

Moreover, 20% exemption of emoluments or C€5.000, whichever is the lowest, is granted in the case of non-residents starting employment in the Republic, for a period of 3 years after the 1st of January following the year of commencement of the employment.

#### (b) Tax on dividends

Dividends are exempt from income tax. Subject to certain conditions, dividends are subject to special contribution for the defence at the rate of 15%, applicable only to residents.

#### (c) Tax on interest

The total interest income derived by individuals is not subject to income tax in Cyprus. Interest income from saving bonds, development bonds, deposits with housing finance corporation and provident fund is subject to special contribution for the defence.

#### (d) Tax treatment of losses

The losses of current year, as well as that of previous years, are deducted from the taxable income, subject to certain conditions.

#### (e) Profits of permanent establishments abroad

The profits of permanent establishments abroad are exempt from tax under certain conditions.

#### (f) Disposal of securities

Profits gained from the sale of securities listed on a recognised Stock Exchange are exempt from tax for all companies. Securities include shares, bonds, debentures, founders' shares and other securities of companies or other legal persons, incorporated in Cyprus or abroad and options thereon.

#### (g) Remuneration by services rendered abroad

Salary earned abroad, by rendered services to a non-Cyprus resident employer or foreign permanent establishment of a Cyprus resident employer, for a period of more than 90 days in a tax year, is not subject to tax.

#### (h) Other income

Income received in the form of retiring gratuity, compensation for death or injuries, provident fund, pension fund, or other approved funds, is exempt from tax.

#### (i) Deposits to Housing Finance Corporations

40% of the amount deposited to the Housing Finance Corporations is exempt from tax; given that the deposit amount does not exceed the 25% of the individual's total income. The exemption applies only for the deposit schemes that existed as at 30 April 2003.

## VALUE ADDED TAX

VAT is charged on every taxable supply of goods or services, that is on every supply of goods or services made within the Republic, by a taxable person in the course or furtherance of any business carried on by him, other than a supply exempted in accordance with the provisions of the Law. Additionally, VAT is charged on the importation of goods into the Republic and on the acquisition of goods from other member states.

VAT as an indirect form of taxation intended to burden consumption expenditure. It is an indirect tax because the trader / taxable person acts as an agent of the VAT Service, collecting VAT from customers / consumers on its behalf and returning the tax to the Republic.

VAT is imposed on supplies and collected at every stage of the production, transportation and distribution of goods and services.

### (a) VAT Rates

The legislation provides for the following tax rates:

- ▶ Standard rate 15%
- ▶ Reduced rate 8%
- ▶ Reduced rate 5%
- ▶ Zero rate 0%

VAT is charged on every supply of goods or services at the standard rate of fifteen per cent (15%). The reduced rate of 5% is imposed on the supply of coffins, services supplied by undertakers, services of writers, artists, on the supply of fertilisers, foodstuff for animal, live animals, seeds, non bottled water, newspapers, books, periodicals, certain products for persons with special need, ice cream, certain types of nuts (salted, etc), transport of passengers and their accompanying luggage with urban and rural buses, the letting of camping sites and caravan parks.

As from 1 August 2005, the following are taxable at the reduced VAT rate of 8%: transport of passengers and their accompanying luggage within Cyprus, with urban, suburban and rural taxis as well as with tour and suburban buses.

The VAT reduced rate of 8% is also imposed as from 1 January 2006 on the services of restaurants and the supply of food in the course of catering except the supply of alcoholic beverages wine and beer, which is chargeable at 15%, as well as on the provision of accommodation in the hotel sector or in sectors with a similar character. As from 1 January, 2006, the transport of passengers and their accompanying luggage by sea, within Cyprus is taxable at the VAT rate of 8%.

Certain supplies of goods or services are zero-rated; the supply, hiring and repair of sea-going vessels and aircrafts, the supply of services to meet the direct needs of sea-going vessels, the supply of goods entered into customs regime, the supply of medicines and food - except the supply of food in the course of catering. In addition, a supply of goods is zero-rated if the VAT Commissioner is satisfied that the goods have been exported or supplied to a registered person in another member state.

No VAT is charged on supplies of goods or services which are exempted under the VAT legislation; leasing or letting of immovable property, the supply of immovable property with the exception of buildings or parts of buildings and the land on which they stand if the application for a building permit was submitted after the 1st May, 2004, financial services, lotteries, medical care, social welfare, education, sports, cultural services, insurance transactions, etc.

### (b) Registration

According to the VAT legislation, every person making taxable supplies is liable to be registered in the following cases:

- (i) At the end of any month, if the value of his taxable supplies in the period of one year then ending has exceeded €9,000
- (ii) At any time, if there are reasonable grounds for believing that the value of his taxable supplies in the period of thirty days then beginning will exceed €9,000.

A person who by virtue of (i) is liable to be registered, is obliged to notify the VAT Commissioner of his liability by submitting an "Application for Registration in the VAT Register" (Form VAT 101) to the local VAT Office, within thirty days of the end of the relevant month and his registration is effective as from the end of the month

following the relevant month or from such earlier date as may be agreed between the person and the VAT Officer.

If a person is liable to be registered by virtue of (ii), he is obliged to notify the VAT Commissioner of his liability by submitting an "Application for Registration in the VAT Register" (Form VAT 101) to the local VAT Office, before the end of thirty-day period to which the liability arises and the registration is effective as from the beginning of this period.

Failing to comply, the person is liable to a levy of €50 for every month or part of month of the delay or refusal or omission.

It is clarified that the liability of a taxable person to be registered exists whether or not he has submitted an application for registration. The VAT Commissioner is authorised by the Law to register a taxable person retrospectively, that is from the date that person was, according to the Law, liable to registration. If a taxable person liable to registration neglects to be registered, he is still liable to pay tax on all the supplies he made from the date he was liable to registration.

It is noted that persons making zero-rated supplies are also liable to be registered.

### (c) Tax returns, tax payment and credit

Every taxable person is liable to submit Tax Declarations (Form: VAT 4) and pay the tax that may be due, usually every three months. Tax declarations relate to certain tax periods that are made known to the taxable person at the stage of his registration. The VAT Service dispatches tax declarations to the last known address of a registered person. The liability to submit tax declarations exists regardless of the relevant form being received or not by the taxable person. Thus, if he has not received it on time, he should contact the VAT Office of his district and ask for the form to be reissued.

Tax declarations could be submitted either by mail, by hand at district VAT offices or electronically using the TAXISnet (<http://taxisnet.mof.gov.cy>) service.

On the tax declarations, taxable persons calculate their output tax (the tax on supplies of goods or services they made during the relevant tax period and the VAT calculated on the acquisition of goods from other member states) and their input tax (the tax on supplies of goods or services made to them, the tax calculated on the acquisition of goods from other member states, as well as the tax paid on the importation of goods). The difference of the two amounts is either paid to the VAT Commissioner (debit balance) or carried forward to the next period (credit balance).

VAT legislation provides for certain cases in which the credit balance may be refunded to taxable persons. These cases are listed in the general order issued on 22 August 2003.

No right for credit of tax is allowed if the expenditure involved concerns, vehicles up to nine seats not intended for resale, receptions and entertainment for others than the employees of the business and accommodation expenses for the directors of a company.

When a taxable person makes exempted supplies as well as taxable supplies, his input tax should be apportioned.

# Notes

## Appendix 3

- (1) The number includes an estimation of the population of occupied Cyprus. The population in the government controlled area is estimated at 749.200 (Jan 2005) compared to 730.400 in the previous year.
- (2) The indicator gives the price in Euro of a 10 minute call at 11 a.m. on a weekday (including VAT) for a local / national call (3km / 200km). The prices refer to August each year. Normal tariffs without special rates are used.
- (3) The indicator gives the price in Euro of a 10 minute call at 11 a.m. on a weekday (including VAT) for an international call (to the United States). The prices refer to August each year. Normal tariffs of the incumbent operator without special rates are used.
- (4) Based on a rate of exchange: C£1 = €1,7336
- (5) Provisional Figures.
- (6) (a) **Third country nationals:** In the case of executives, the application (Form M61) is submitted to the Civil Registry and Migration Department. For non-executives the application (M61) is submitted to the District Aliens and Immigration Branch of the Police. The application must be accompanied by a contract of employment stamped by the Labour Office. Application fee C£20.
- (b) **EU Nationals:** In the case of executives, the application (Form MEU1/MEU2) is submitted to the Civil Registry and Migration Department. For non-executives the application (Form MEU1/MEU2) is submitted to the District Aliens and Immigration Branch of the Police. Application fee C£5.
- (7) The term "ship management services" includes crew recruitment, plus services in relation to technical and financial management of the ship, under certain conditions. It must be noted that the special tax regime of shipmanagers operating in the Republic of Cyprus, offers now the possibility for the shipmanagers to be exempted from the relevant tax in respect also of any Community ship to which the provision of shipmanagement services in relation to its crewing and technical management is entirely contracted to a Cyprus or a Community ship management company, which has an office in Cyprus staffed with a sufficient in number and qualifications personnel, for technical, administration and accounting matters relating to ships.
- (8) Provided the direct holding is at least 1% of the share capital of the overseas company. The exemption does not apply if the subsidiary company engages in more than 50% of its activities in producing investment income and the foreign tax burden on its income is substantially lower than that in Cyprus.
- (9) As defined under the Statistical Classification of Economic Activities NACE, Rev.1.1 of the European Union.
- (10) Based on the new Commission Recommendation of 2003/361/EC by EC, an enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.
- | Enterprise category | Headcount | Turnover and/or | Balance sheet  |
|---------------------|-----------|-----------------|----------------|
| Medium-sized        | ≤ 250     | ≤ € 50 million  | ≤ € 43 million |
| Small               | ≤ 50      | ≤ € 10 million  | ≤ € 10 million |
| Micro               | ≤ 10      | ≤ € 2 million   | ≤ € 2 million  |
- (11) According to the Commission Regulation (EC) No 69/2001 of 12 January 2001, the De Minimis Rule imposes that:
- The total De Minimis Aid granted to any one enterprise shall not exceed C£57.000 (€100.000) over any period of three years beginning from the time that the first De Minimis Aid is granted.
  - This ceiling shall apply irrespective of the form of the aid or the objective pursued.
  - The ceiling shall be expressed as a cash grant.
  - The ceiling will apply to the total of all public assistance considered to be De Minimis Aid.
- This Regulation applies to aid granted to enterprises in all sectors, with the exception of:
- (a) The transport sector and the activities linked to the production, processing or marketing of products listed in Annex 1 of the EC Treaty.
- (b) Aid to export-related activities, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity.
- (c) Aid contingent upon the use of domestic over imported goods.

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*Specifically, our agency's activities include:*

- *Provision of best practice information and guidance to potential investors in implementing a project in Cyprus*
- *Liaising with various governmental departments and facilitating the process of obtaining the necessary licences, required for the implementation a project*
- *Provision of aftercare development aimed at anchoring existing investors and encouraging them to upgrade their activities in Cyprus*
- *Provision of advice regarding the various benefits offered*
- *Promotion of Cyprus as an international business and R&D centre*

*We look forward to assisting you in exploring the competitive advantages of Cyprus as an investing destination.*



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