

THE CYPRUS COMPANIES-

The private company limited by shares is the vehicle generally used for commercial or other activities.

(i) **Shareholders**: minimum number is one , and **nominees are permitted**. Shares must be registered shares with a par value.

(ii) **Directors** :

The company may have a single director and corporate directors are permitted. There is no obligation that the directors reside in Cyprus but companies wishing to be "**managed and controlled**" in Cyprus are advised to have local residents on the board.

Similarly, while the law does not require a directors' meeting to be held in Cyprus, the company wishing to be resident in Cyprus will hold its board meetings in Cyprus.

The company must have a registered office in Cyprus.

An Annual General Meeting must be held and Annual Audited Accounts must be prepared and submitted to the authorities. Returns have to be made, showing the shareholders the registered office and the directors: these are open to public inspection.

(iii) **Tax Planning** :

Non-residents may form a company in Cyprus, which is managed and controlled here and which is liable to tax on its international net income at the rate of **10 per cent**.

The basic criteria for defining where the management and control of a company takes place are not set by the new tax law but they are outlined in case law as :

1. where the majority of the board of directors reside
2. where the board meetings are held
3. where the Company's general policy is formulated

Such a company takes benefit of all double tax agreements Cyprus has with numerous countries and :

1. is not liable to Capital Gains Tax (except on gains from immovable property situated in Cyprus) and
2. no withholding or other tax is chargeable on its dividends.
3. shares in the company are exempt from estate duty, and gains arising from the disposal of its shares are free of capital gains tax unless immovable property situated in Cyprus is owned by the company when its shares are sold .