



# Gramaro Accounting Services Ltd

Member of Andreas Sofocleous Group of Companies

A BVI company shall register with the Tax Authorities in Cyprus if it is managed and controlled from Cyprus. Once becoming a Cyprus Tax Resident, a BVI company has the same obligations under the Law as all Cyprus Tax resident companies, such as:

- [a] Preparing annual audited financial statements under IFRS.
- [b] Filling a tax form every year based on the audited financial statements.
- [c] Declaring and paying tax on its worldwide income.

A Cyprus Tax resident BVI company may also benefit from Cyprus' extensive double tax treaty network, one of the lowest corporation tax rates at 12.5% and significant tax incentives.

In addition, Cyprus maintains a very competitive tax regime for dividends, gains from sale of shares and has practically no withholding taxes on payments to non-Cyprus residents or non-domiciled Cyprus Tax residents.

**Below is a brief description of the main provisions of Cyprus' tax regime as well as the key incentives provided to Cyprus Tax Resident Companies.**

- The tax rate on corporate profits is 12.5%.
- Gains from the sale of securities (e.g. shares, bonds) are exempt from corporate tax.
- Dividends received by Cyprus Tax Resident companies from other Cyprus Tax Resident companies are unconditionally exempt from Corporate tax.
- Dividends received by Cyprus Tax Resident companies from abroad will not be exempt from Corporate Tax only if such dividends are a tax-deductible expense for the company paying the dividend.
- Notional interest deduction on equity which may reduce the effective tax rate from 12,5% to as low as 2,5%.
- No Controlled Foreign Company (CFC) rules.
- Tax neutrality on foreign exchange differences (unless they arise from trading in currencies or currency derivatives).
- Attractive Intellectual Property regime in line with "modified nexus approach" (OECD Action 5).
- No succession taxes.
- No exit tax rules.

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If needed, we can assist you in the registration of the company with the Tax Authorities in Cyprus.

It is estimate that a Cyprus TIC number can be obtained within a week.