

Types of business entities in Cyprus

There are four types of business in Cyprus: Private Limited Company, Public Limited Company, Sole proprietorship (or sole traders), Partnership.

Private and public limited, are the most popular companies in Cyprus. There is no minimum share capital required, though there is a min (1) and a max (5) number of shareholders. Private companies subscribe non-transferable shares while shares of public companies are freely transferable. A sole proprietorship is run by a single member with full liability. Partnerships are either General or Limited.

Accounting and auditing requirements in business

Employers are required to submit a complete payroll analysis of their employees for each financial year. The relevant deadlines are given below:

	Action	Deadline
Companies	File their income tax returns	December 31
	Provisional tax payments (three times a year)	August 1 September 30 December 31
Self-employed		
- Not required to submit audited account	File their personal tax returns	June 30
- Required to submit audited accounts	File their personal tax returns	December 31

Taxation in Cyprus

Individuals

Taxation for tax residents in the Republic of Cyprus occurs depending on their profitable sources, both within and outside the Republic. For not tax residents, taxation occurs depending profitable sources only within the Republic.

Company (Corporation) Tax Rate

The corporation tax rate for all Cypriot resident companies is 12.5% on the income they produce in Cyprus and abroad. For non-Cyprus resident companies, on the income produced from business activities carried out through a permanent establishment in Cyprus and certain income sources in Cyprus.

Taxable Income €	Tax Rate %
0 – 19.500	0
19.501 – 28.000	20
28.001 – 36.300	25
36.301 – 60.000	30
60.001 and over	35

Value Added Tax (VAT)

VAT is imposed on the supply of goods and service provision in Cyprus, as well as on the acquisition of goods from the European Union and the import of goods into Cyprus.

Registration is compulsory for businesses with a turnover subject to VAT more than €15,600 during the 12 preceding months or an expected turnover subject to VAT in excess of €15,600 within the

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next 30 days. An obligation for registration also arises for businesses which make acquisition of goods from other EU Member States more than €10,251.61 during any calendar year.

In case of a refund claim, any registered person must submit to the Commissioner a VAT return not later than the 10th day following the end of the month, at the end of each VAT period, and pay the VAT due.

The rates of VAT are:	%
Exports of goods to non-EU countries	0
Basic foodstuffs, water supplies, pharmaceutical products, medical equipment, children's car seats, books (excluding e-books), admission to cultural events and amusement parks, writers and composers, renovation and repair of private dwellings, domestic waste collection, hairdressing, etc.	5 (Reduced)
Restaurants, catering (excluding alcohol), accommodation, public transports and taxis, etc.	9 (Reduced)
All other taxable goods and services	19 (Normal)

Registering a business in Cyprus

The Department of Registrar of Companies (and Official Receiver) is the starting point for registering a company in Cyprus. The Cypriot law requires that any incorporated entity must be registered, regardless of whether it is a native or foreign company. An application must be made to the Registrar of Companies to have the name approved. Once a company name has been approved, a Cypriot lawyer is required to file the relevant documents (including the company's Memorandum and Articles of Association) and pay the necessary fees to complete the procedure.

Registering a sole trader

sole proprietors are not required to register their business, although they may choose to do so.

Import / Export Regulations

In Cyprus, the Department of Customs and Excise applies *Article VII of the General Agreement of Tariffs and Trade (GATT)*, to value imported goods for Customs purposes. The primary basis for customs value under the GATT is the "transaction value", as defined in Article 1, i.e. the price that is paid or payable for the goods when these are sold for export to the importing country.

A form must be completed to provide Customs with information about the value of the goods declared on the customs entry. The declaration of value must be presented together with the customs entry unless allowed by Customs to present it within 14 days.

According to the law, the importation and exportation of certain goods is prohibited or restricted. Restrictions usually refer to the need for securing the authority or inspection from the appropriate Government Department.

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