



PARPARINOS  MILONAS
CORPORATE & LEGAL CONSULTANTS

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FOR MORE DETAILED INFORMATION PLEASE REFER TO OUR WEBSITE AT:
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THE FIRM

Parparinos Milonas Corporate & Legal Consultants was established with a Vision! To assist in the promotion of Cyprus's image from that of a favourable travel destination to one of a Global Financial Centre by offering our Clients a Competitive advantage for Growth advising them on reducing overall Taxation and Protecting Accumulated Wealth. Our Clientele already includes major Corporations from all over the World who have entrusted us to manage effectively their financial future. The Firm's Values are fundamentally based on great respect for our Client's aims and ambitions, and our primary concern is their Capital Protection and the Safeguarding of their Interests.

Our experienced legal advisors and our professional corporate personnel are always at your discretion to cope with any advice you may require. In the frontline of the legal world, we work hard to hold what precedes our values. Accuracy, integrity, reliability, punctuality, discretion and efficiency are some of the keywords that we seek to represent to our clientele vocabulary. Our clientele was and is always in pursue of high quality, speedy response and cost-effective legal services that meet the demands of the modern specialised legal practice. This is the reason why our success is founded on an uncompromising service commitment to our clients and a strong dedication to our lawyers, staff and the communities in which we practice.



ABOUT CYPRUS

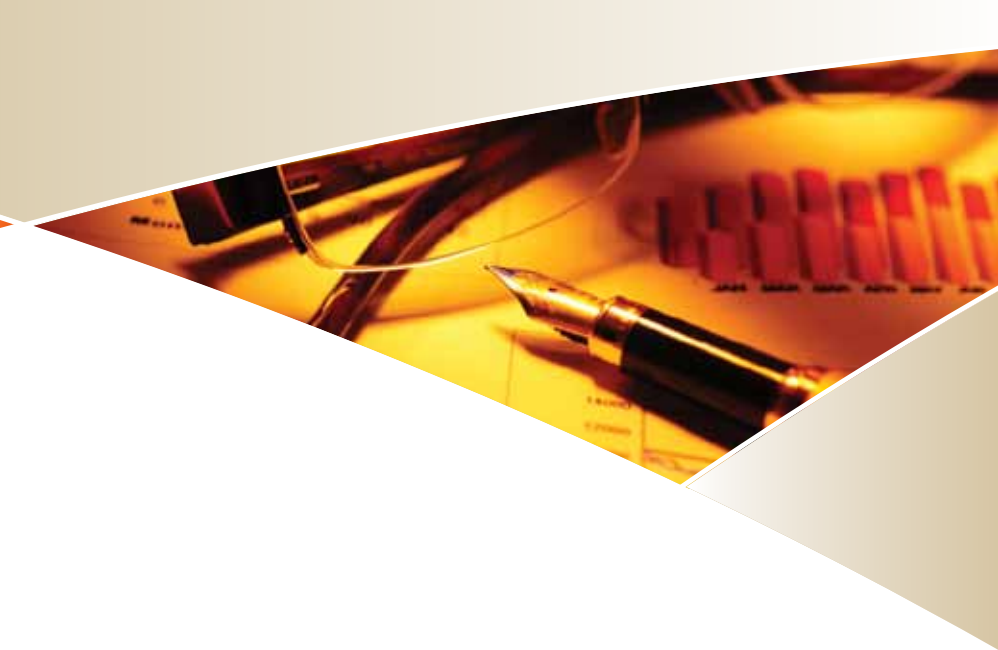
THERE IS A COMBINATION OF A NUMBER OF FAVOURABLE FACTORS THAT HAS MADE CYPRUS ONE OF THE MOST ATTRACTIVE PLACES FOR BUSINESSMEN ACROSS THE GLOBE FOR THE REGISTRATION OF COMPANIES:

- Cyprus, being a full member of the European Union since 1st May 2004, is the third largest island of the Mediterranean geographically in the east end side, providing a strategic and ideal gateway to Europe, Africa, and Asia.
- The island's infrastructure, coherent legal system which is based on English Law, high standard of professional and other support services, combined with the low cost of living, investment security, generous tax incentives and other facilities create an ideal business atmosphere, as evidenced by the substantial growth in numbers of companies registered in the Island.
- Cyprus is highly ranked on the list of preferential tax jurisdictions for international tax planners, and in addition to the low corporate tax rate of 10% and extensive network of Double Tax Treaties, there are several tax advantages for holding companies such as full participation exemption (dividends and capital gains) and zero withholding taxes on dividends, interest and royalties.
- Today, Cyprus is widely used by a number of global companies to reduce their overall tax burden and increase their effectiveness by structuring their investments through Cyprus.
- Reached by air in no time from continental Europe, the Middle East and Africa, and well served by all major airlines, the island is easy to get to.

THE WORLD BANK'S DOING BUSINESS REPORT WAS ANNOUNCED AND RANKED CYPRUS 40TH AMONG 183 COUNTRIES. DOINGBUSINESSREPORT EVALUATES AND RANKS 183 COUNTRIES ACCORDING TO 10 CATEGORIES FOCUSING ON BUSINESS MATTERS OF EACH COUNTRY. THERE ARE MANY FACTORS THAT HAVE CONTRIBUTED TO MAKING CYPRUS A FAVORABLE ENVIRONMENT FOR DOING BUSINESS.

The characteristics of the business environment in cyprus reveal the advantages and flexibilities Cyprus offers as an international business and financial center. All these make cyprus the perfect place for today's investors and business people:

- Cyprus is considered being a low tax country rather than a tax haven country.
- The island has an extensive Double Tax Treaty Network currently with 45 countries.
- Friendly international relations
- Sophisticated infrastructure
- Excellent professional services with modern banking and insurance networks.
- Highly-educated and versatile workforce.
- Low operational costs.
- High standard of living in a crime free environment.
- High quality of primary, secondary and higher education.



LEGAL SYSTEM

The Legal system in Cyprus follows the English Legal structure and consequently all statutes relating to business matters and procedures are very similar to those of the English system. Cyprus participates in a large number of international conventions and treaties including those relating to double taxation and protection of interests of foreign investors. As a full member of the European Union, Cyprus is implementing all the EU Directives and Regulations. With high-skilled professional lawyers, internationally recognized, Cyprus has been long preferred by many foreign investors and businessmen for any kind of legal advice and often enough complex legal opinions.

ACCOUNTING SYSTEM

All accountants and auditors, providing services to the public, are approved by the Minister of Commerce. The approval is only given to qualified persons, members of recognized overseas accounting bodies. The main accounting body in Cyprus is the Institute of Certified Public Accountants (ICPAC). The accounting profession is bound to follow the international accounting and auditing standards (IAAS).

BANKING SYSTEM

The banking industry in Cyprus is well developed and plays a predominant role and acts as an effective intermediary between savers and investors.

ITS SYSTEM COMPRISES THREE CATEGORIES OF CREDIT INSTITUTIONS:

- Domestic commercial credit institutions
- Co-operatives
- International credit institutions.

Commercial banking arrangements and practices follow the British model. Local banks have managed to develop strong correspondence networks around the world thus, enabling them to have easy access to the world banking network and being able to carry out traditional and specialised financial transactions.

The Central Bank of Cyprus, by virtue of the powers conferred upon it by the Central Bank of Cyprus Law, is the licensing authority for the conduct of banking business and for the supervision of banks. Its main responsibility is to ensure a safe and stable financial system that would preserve public confidence and foster economic stability and growth. This objective is satisfied by maintaining an effective mechanism of bank regulation and supervision.

In recent years banks have expanded their activities beyond traditional banking and their services include insurance, leasing, hire purchase finance, factoring, mutual fund management, investment and consulting as well as custody and asset management services. They have also developed new products and services through electronic means or electronic access, using alternative distribution channels such as the internet, call centers, etc.



THE FIRM CAN BE DIVIDED IN 3 MAIN DEPARTMENTS:

1. CORPORATE AND TAX PLANNING
2. LEGAL AND LITIGATION
3. REAL ESTATE AND PROPERTY INVESTMENT

Our firm possesses in-depth knowledge in the field of corporate management and tax planning for international clients and we are well equipped to deal with relevant requests and provide assistance in all relevant matters involving Cyprus. The firm's corporate lawyers handle corporate and related matters, including incorporation and management of companies both in Cyprus and internationally.

Being one step ahead of our clients, we provide managerial, legal, tax, accounting and auditing, banking, documentation and contract drafting.

At the same time we engage in company registrations in all major jurisdictions around the world and can be of assistance in creating corporate tax planning structures for international clients. We are also in a position to prepare and structure trusts and international trusts.

We can also provide you with our large list of shelf companies which can be readily available within one working day. Speed and reliability characterise our work and we feel confident that we can pro-

vide a high standard of service.

Furthermore we are in a position to provide local directors, and secretarial services, as well as both physical and corporate nominee shareholders depending on the needs of the client. The day to day management of the companies we manage is done with great care including the updating of the company files, the daily correspondence with the client and the immediate response to requests, daily correspondence with banks for various banking issues that may arise, issue of board resolutions and many more.

Our contacts in the banking sector in Cyprus allow us to provide a very efficient banking service including account opening in all currencies, provision of e-banking facility, issuing of corporate plastic cards, and all other related banking services.

Accounting and auditing is another service we provide through our associated auditors including the submission of annual returns, temporary tax assessments and all tax obligations a company has in Cyprus. Tax advice, escrow services, legal opinions and corporate due diligence reports can also be conducted and provided.

Last but not least, virtual office services, contract and agreement drafting, and all other issues that may concern the management of a company can also be provided by our firm.

Our legal and litigation department can provide the full range of civil and public/administrative law litigation services. We can handle litigation disputes in all fields of law. Also, legal work on various aspects of the law, including legal opinions, contract drafting, negotiations etc, appear heavily on our agenda.

Our real estate department has been handling the legal work of foreign individuals and/or entities purchasing property in Cyprus for residential or investment purposes. Together with our respected contacts in the real estate market we can provide our clients with any property deal they may require. We have managed to organise ourselves in a way that a foreign purchaser can use our firm as a one stop shop. We are able to provide all types of land registry searches, handle all the conveyance work, obtain any relevant permits, advise on tax planning, organise inheritance and wills, deal with all land registry registrations etc.

OUR FIRM POSSESSES IN-DEPTH KNOWLEDGE IN THE FIELD OF CORPORATE MANAGEMENT AND TAX PLANNING.



CORPORATE & TAX PLANNING

PARPARINOS MILONAS CORPORATE & LEGAL CONSULTANTS CORPORATE DEPARTMENT IS COMPRISED OF DEDICATED PROFESSIONALS TO SATISFY ANY REQUEST OUR CLIENTS MAY HAVE. OUR FIRM IS ABLE TO PROVIDE PUNCTUAL AND EFFICIENT CORPORATE SERVICES, TARGETED TO PRESENT TO ITS CLIENTS THE MOST EFFICIENT AND THE MOST ACCURATE VEHICLE FOR THEIR BUSINESS. REGISTRATION OF COMPANIES IN CYPRUS AND ABROAD, THE PROVISION OF CYPRIOT DIRECTORS, PROVISION OF SECRETARIAL SERVICES AND REGISTERED OFFICE ADDRESS FACILITIES AND NOMINEE OR TRUSTEE SERVICES ARE SOME OF THE SERVICES WE PROVIDE.

A company incorporated in Cyprus is considered to be a tax resident of Cyprus if it is managed and controlled in Cyprus. A company to be managed and controlled in Cyprus is expected to have the majority of directors to reside in Cyprus and to hold Board Meetings in Cyprus. Resident companies are subject to corporation tax at the rate of 10% which is the lowest corporate tax rate in the entire European Union. Cyprus has concluded tax treaties with 45 countries worldwide.

A company incorporated in Cyprus is not considered to be a tax resident of Cyprus if it is not managed and controlled in Cyprus. A Cyprus company not managed and controlled in Cyprus is expected to have the majority of the directors to reside outside Cyprus and to hold Board Meetings outside Cyprus. Companies incorporated in Cyprus but with no tax residents of Cyprus are not subject to taxation in Cyprus unless they have a permanent establishment in Cyprus or they receive rental income from property in Cyprus or they make profits from the sale of Cyprus based real estate.

Cyprus has emerged as one of the most favored holding company jurisdictions in Europe. The location of the island as well as the tax legislation, which has been developed in accordance with EU

and OECD requirements, have contributed to making Cyprus an attractive location for setting up of holding companies.

Holding companies are set up as an efficient means of fusing ownership of investments in operating subsidiaries. Businessmen will usually decide which jurisdiction provides the most tax effective means when establishing a holding company.

A Cyprus Holding Company is a company that holds shares in other companies. It usually refers to a company which does not produce goods or services itself, rather its only purpose is owning shares of other companies. Holding companies enable a reduction of risk for the owners and can allow the ownership and control of a number of different companies.

Cyprus is increasingly becoming one of the most popular holding company jurisdictions in Europe since it has also a multitude of tax advantages.

When referred to an International Business Company (IBC), it usually means a limited company, the shares of which are held by non-residents and its activities are usually outside Cyprus. However, it's not a legal term. The term 'managed and controlled' suggests, among other things, that the majority of the members of the Board of Directors are resident in Cyprus and that the

important decisions of the Board are taken in the Republic. Also, it is important to know that an IBC can either be resident in Cyprus, if its management and control is in Cyprus or non-resident if its management and control is outside Cyprus.

THERE ARE A LOT OF ADVANTAGES AN IBC MAY HAVE. AN IBC:

- gains from buying and selling shares and/or other securities are exempt from tax.
- has no capital gains tax on profits made by the disposal of assets, except for immovable property situated in Cyprus.
- has dividends received from abroad which are completely exempt from income tax
- has the lower withholding tax rates in respect to other countries on remittances of income resulting from dividends, royalties, or interest due to the applicability of Double Taxation Treaties.
- has its dividends (including payments of interest or royalties) paid to non-resident shareholders not subjected to any withholding taxes.
- has its profits taxed at the corporation tax rate of 10%, provided its management and control is in Cyprus.

TAX PLANNING

Parparinos Milonas Corporate & Legal Consultants offer a wide range of tax planning services that are tailored to meet your precise needs. Unlike many corporate service providers, we take a global approach to our Cyprus tax planning services, thinking 'outside the box' to provide a creative solution which fits your needs. Our international tax professionals provide the best Cyprus tax planning services to organizations of all sizes.

OUR TAX PLANNING SERVICES INCLUDE BUT ARE NOT LIMITED TO:

- Cyprus company formation is one of our firms' core tax planning services. A properly structured Cypriot Company is a tax-efficient corporate vehicle through which international business can be conducted and is a legal way to protect global assets.
- IBC formation is also an important aspect of our firms' tax planning services. In certain circumstances, a properly-structured offshore Company is a tax-efficient corporate vehicle through which international business can be conducted.
- International or Local Trusts is another effective tax planning service. International Trusts are ideal for entrepreneurs and high net worth investors who need to legally minimise their international tax exposure and optimise asset protection.
- Offering a reputable, reliable Cyprus corporate bank account is an important part of our firms' tax planning services portfolio. With tax advantages in mind, we can assist you in opening a Cyprus corporate bank account with a leading international or local bank institution.
- Mergers and Acquisitions (M&A) plans. Our tax planning services include providing invaluable advice on drawing up an M&A roadmap and developing a tax-efficient structure going forward.
- International tax legislation, which lies at the heart of any successful tax minimisation strategy, is the need to keep abreast of international tax legislation. A key aspect of our firms' tax planning services lies in keeping our Clients informed of regulatory changes before they can have any negative impact.
- Making our Clients aware of the availability of tax relief tools is a key part of our tax planning services as Cyprus has signed double taxation agreements with more than 45 countries.
- Cyprus Corporate and personal income tax advice. Our firm can advise on the latest corporate and personal income tax rates in Cyprus, as well as assisting our Clients to prepare and submit Cyprus corporation tax computations and Cyprus tax returns to the relevant tax authorities, including the Inland Revenue Department of Cyprus.
- Goods and Services Tax (GST) and Value Added Tax (VAT) registration, where applicable, is available to our Clients in any jurisdiction in which they operate.

Parparinos Milonas Corporate & Legal Consultants can also provide specialist advice to corporate trustees and individual trustees in holding international trust set up in Cyprus by our Corporate & Tax Planning Department.

INTERNATIONAL TRUSTS

Trusts have been used as a means of practical international tax planning and business organization and have been consistently expanding. The Trustees Law (CAP 193) of 1955, which has for long formed part of the Cypriot Legal System, is largely based upon the doctrines of equity and upon its English counterpart, the English Trustees Act of 1925.

THE CONCEPT OF TRUST INVOLVES THE FOLLOWING PARTIES:

- **Settlor:** the person who creates the trust.
- **Trustee:** the person who holds the trust, who can either be a person or a legal entity.
- **Beneficiary:** the person who will acquire the benefit of interest in the relevant property.

TRUSTS ARE CREATED FOR MANY REASONS. THE MOST IMPORTANT ARE:

- Charity
- Forced heirship
- Children or vulnerable adults
- Unit trust
- Confidentiality
- Flexibility
- Tax planning – Mitigating inheritance tax, Capital gains tax or Income tax
- Exchange Control purposes
- Trust crated by law
- Asset protection – mitigating professional liability

The choice of the trustee is vital in the sense that there are certain advantages and certain disadvantages that arise when selecting each type of trustee:

ADVANTAGES THAT ARISE WHEN SELECTING A CORPORATE TRUSTEE ARE THE FOLLOWING:

- Immortality may be achieved whereas this is not possible when selecting an individual.
- A company can be the sole trustee; however the responsibility may be shared by a group of people through the directors.
- The corporate trustee has the advantage of limited liability.

IT SHOULD BE NOTED THAT UNDER CYPRUS LAW, WHEN A TRUST IS CREATED IT CONSTITUTES A SEPARATE LEGAL ENTITY. CONSEQUENTLY, IT CARRIES THE FOLLOWING CHARACTERISTICS:

- It has a life of its own.
- It is independent of the person who created the trust, namely the settlor.
- Its life continues regardless of the death of the settlor, the beneficiaries, or the trustee.

Cyprus has introduced a number of measures over the years to promote its position as an international business financial center, the main enactment being the International Trusts Law 69(1)/1992 adopted in 1992, which opened the way to the creation of International Trusts in Cyprus and which provides incentives for the establishment and administration of trusts in Cyprus by non-residents.

THE INTERNATIONAL TRUST IS A TRUST WHEREBY:

- The Settlor must not be a permanent resident of Cyprus (a Cyprus International Business Company however will be eligible as a settlor) and he must be of full age and sound mind under the law of his/her domicile;
- The beneficiary must also not be a permanent resident of Cyprus (with the exception of charitable institutions)
- The Trust Property should not include any immovable property in Cyprus
- At least one of the trustees is resident in Cyprus (Cyprus IBC or partnership is considered a resident trustee).

International Trusts are not taxed in Cyprus. In fact, they enjoy significant tax advantages and provide significant tax planning opportunities. These incentives provide foreign investors with the necessary freedom of movement of funds.

CYPRUS HAS BECOME A POPULAR TRUST JURISDICTION BECAUSE OF:

- Complex tax exemptions
- Short limitation period (two years) for challenging a trust
- No need for any kind of registration
- Complete confidentiality
- Low cost of establishment and administration
- Availability of competent professional trustees
- Flexibility in adopting foreign law



REGISTRATION

There are no registrations or reporting requirements of International Trust established in the Republic of Cyprus nor are the same of the Trust or persons referred to in the Trust Deed disclosed/revealed. The stamp duty chargeable for the instrument creating an International Trust is EUR 427.

If the Trust Deed is stamped more than 30 days after the date of creation of the Trust, a late payment fine is charged. The amount of the late payment fine depends on the length of the delay.

PERIOD OF PERPETUITY

The International Trust remains in force up to a hundred (100) years after its creation. However, this does not relate to cases of charitable trust, which are not subject to the rule and may exist in perpetuity.

VARIATION OF TRUST

The terms of the Trust may be amended following an application to the Courts of Cyprus. The Courts have the discretion to vary, amend or repeal the terms or the powers of the trustee, provided that the Court has confirmed that the arrangement is for the benefit of the person applying and that no prejudice is caused to the interests of any other party.

FLEXIBILITY

A trust is used as a flexible instrument when planning one's affairs. For example, a trust could be relocated from a jurisdiction that is no longer favorable for exchange control purposes to a more favorable jurisdiction.

TAX ADVANTAGES

THE FOLLOWING ADVANTAGES ARE INDICATIVE OF THE PROBABLE OPTIONS FOR TAX MINIMIZATION:

- All income and profits of an International Trust are not taxable in Cyprus.
- Dividends, interest, or other income received by a Trust from a Cyprus International Business Company are also neither taxable nor subject to withholding tax.
- An alien who creates an International Trust in the Republic of Cyprus and retires in Cyprus is still exempt from tax if the property and income of the Trust are situated outside Cyprus, even in the case that he is himself the beneficiary, provided that he does not reside in Cyprus for more than 183 days.
- An International Trust created for estate duty planning purposes is not subject to estate duty in Cyprus.
- Cyprus International Trusts are not subject to exchange controls.
- A Cyprus trust may be used to obtain the benefit of an applicable Double Tax Treaty.





LITIGATION & ARBITRATION

WE USE LITIGATION AND ARBITRATION AS TOOLS (MUCH LIKE CORPORATE FINANCE OR TAX PLANNING) TO ACHIEVE WORTHWHILE BUSINESS OBJECTIVES FOR OUR CLIENTS AS ALL DISPUTES ARISE IN A LARGER FINANCIAL AND BUSINESS CONTEXT. ON OCCASION, WHEN EMPLOYED EARLY ENOUGH, LITIGATION TECHNIQUES MAY PREVENT A PROBLEM FROM ARISING OR ESCALATING OUT OF CONTROL. AT OTHER TIMES, ARBITRATION CAN BE A FASTER AND CHEAPER WAY OF RESOLVING A DISPUTE. FREQUENT USERS OF THESE TOOLS REQUIRE SYSTEMATIC WAYS TO INCORPORATE THEM INTO THEIR OPERATIONS.

WE LISTEN TO DEVELOP AN EARLY UNDERSTANDING OF THE ISSUES RAISED, ACT QUICKLY TO ESTABLISH THE CORRECTNESS OF YOUR POSITION, GIVE YOU STRAIGHT TALK WITHOUT TERMINOLOGY AND OPTIONS YOU CAN QUICKLY ACT ON. OUR APPROACH IS TO SIGNAL THAT WE ARE PREPARED TO GO TO TRIAL, AND THEN USE THE STRATEGIC, TACTICAL AND LEGAL TOOLS AT OUR DISPOSAL TO ENCOURAGE THE OTHER SIDE TO RESOLVE THE MATTER AS PROMPTLY AND ECONOMICALLY AS POSSIBLE ON SOUND BUSINESS GROUNDS.

SUCH SERVICES INCLUDE:

- Assessment of risks and benefits, early calculation of damages.
- Legal research and technical investigations or monitoring specific activities.
- Recommendations on tactical or strategic approaches.
- Trial oriented philosophy: by preparing for Court, we send the clear message that we will go to trial but negotiate to persuade our clients' adversaries of the correctness of our position.
- Creative settlements to bridge the gap between the parties.
- Pre-litigation Discovery to obtain evidence; Injunctions; Litigation and vigorous Enforcement.

CROSS-BORDER LITIGATION DISPUTES

Commercial cross -border litigation is a significant area of practice of our Firm through our associated litigators who are experienced in almost every foreseeable area of dispute.

Through our extensive and reliable network of associate Law firms, we can assist and represent client in any part of the world in the best possible way by a professional team.

BUSINESS BREAK-UPS

Through the network of our associated Law Firms we can represent parties on amicable, disputed and litigated business break-ups. These matters involve a wide range of legal issues including contractual agreements between the participants, non-competition obligations, confidentiality obligations, trade secrets, client-customer solicitation, employee solicitation, fiduciary obligations, corporate opportunities, and business valuation.

ENFORCEMENT OF FOREIGN JUDGMENTS AND FOREIGN ARBITRAL AWARDS

We can assist our clients through our network of associated Law Firms worldwide in the enforcement of any foreign arbitral award in any part of the world including handling debt recovery, asset search and investigations.



REAL ESTATE & PROPERTY INVESTMENT

OUR FIRM HAS THE LEGAL EXPERTISE AND EXPERIENCE TO ADVISE AND ASSIST LOCAL AND INTERNATIONAL CLIENTS ON ALL MATTERS RELATING TO THE PURCHASE OF IMMOVABLE PROPERTY IN CYPRUS AND FINDING THE PRACTICAL SOLUTION FOR THEIR DEAL. OUR SERVICES INCLUDE DRAFTING THE CONTRACT OF SALE, ACQUIRING APPROVAL FROM THE COUNCIL OF MINISTERS FOR OUR NON EU CLIENTS, TRANSFERS AT THE LAND REGISTRY OFFICE AND ENSURE THAT ALL THE REGISTRATION REQUIREMENTS ARE COMPLIED WITH.

INVESTING ON IMMOVABLE PROPERTY IN CYPRUS

Cyprus has become an attractive place for property purchases from all countries around the world because of low taxation, low costs, high standards of living, the hospitality of local population, the excellent all year around climate, safety and security. The island has one of the most advanced and reliable Land Registry Offices in the world and a banking system equal to other developed European countries.

Cyprus maintains an effective Land Registry system in which all "immovable property (a term that includes both land and property) is registered. Each piece of immovable has an associated:

- Registration Certificate (also known as a Title Deed) containing information such as the owner(s), its size and location and the Land Office reference
- An accompanying Site Plan that situates the land on a map.

CENTRAL BANK EXCHANGE CONTROL REGULATIONS

From the 1st of February 1997 and onwards, the acquisition of property in Cyprus by foreigners and IBCs is not subject to the foreign exchange control. Thus, on disposal of the property the whole amount can be exported (after the tax obligations have been met).

LAND REGISTRY FEES

Land Registry Fees are levied by the Department of Land and Surveys upon the purchaser on the transfer of immovable property and are as follows:

At completion, you are required to pay Transfer Fees and in return, the District Lands' Office issues a Title Deed bearing your name as the property's legal, registered owner. At the time of writing, the fees are as follows:

- 3% - on the first € 85,430
- 5% - on the next € 85,430
- 8% - on the remainder

Therefore for a home costing €200,000, the Transfer Fees would be € 9,165.60; for a home costing €400,000, the Transfer Fees would be €25,165.60

If your Contract of Sale is in joint names (e.g. a husband and wife), the Property Transfer Fees are calculated as if you'd both bought a property of half the value.

IMMOVABLE PROPERTY TAX

Under the Cyprus 'Immovable Property Tax' laws 1980-2004 all property owners, regardless of whether they're resident in Cyprus or not, are liable to pay an annual tax based on the total value of all the immovable property registered in their name.

Cyprus' property tax is calculated on the market value of the property as at 1st January 1980 and is paid annually the Inland Revenue Department.

Individual owners are exempt from this tax if the 1980 value of their property is less than €170,860. As a result, you are extremely unlikely to pay (unless you have bought property valued in millions at today's prices). The tax is payable on the 30th of September of each year. Natural and Legal persons are both liable to this tax.

CALCULATING YOUR IMMOVABLE PROPERTY TAX LIABILITY

Every registered owner whose immovable property exceeds

€ 170,860 is required to submit a Declaration of Immovable Property (IR 301 and IR 302) and pay the respective tax every year before 30 September. The tax rates are as follows:

Property Value	Annual Property Tax	Accumulated Tax
Up to €170,860	0%	NIL
From €170,861 - €427,150	0.25%	€641
From €427,150 - €854,300	0.35%	€2,136
Over €854,300	0.40%	

CAPITAL GAINS TAX

Any Capital Gain is liable to be taxed at the rate of 20%. Subject to certain conditions, individuals may claim the following deductions:

- Up to €85,430 if the disposal relates to a private residence.
- Up to €25,629 if the disposal is made by a farmer and it relates to agricultural land.
- Up to €17,086 on any other disposal.

These deductions are granted once in the lifetime of the individual, until fully exhausted and if an individual claims a combination of them, the maximum deduction granted cannot exceed €85,430.

EXEMPTIONS

Under the law, certain disposals are not subject to Capital Gains Tax:

- Transfers arising on death.
- Gifts made from parent to child or between spouses or between up to third degree relatives. (A third degree relative is one with whom an individual shares about one-eighth (12.5%) of their genes. Third-degree relatives include your great-grandparents, great-aunts, great-uncles, and first cousins).

- Gifts to a company where the company shareholders are members of the donor's family and the shareholders continue to be members of the family for five years after the date of the transfer.
- Gifts by a family company to its shareholders provided such property was originally donated to the company. The property must be kept by the recipient for at least three years. For gifts that were made by the company to its shareholders that took place before 28 May 1999, the exemption applies irrespective of how the immovable property was originally acquired by the company.
- Gifts to charities and the Government.
- Transfers as a result of reorganizations.
- Exchange or disposal of immovable property under the Agricultural Land (Consolidation) Laws.
- Expropriations (for example, if the property is compulsory purchased).
- Exchange of properties, provided that a number of conditions are met:
 - the Land Registry determines that the two properties are of identical value;
 - the whole of the gain made on the exchange has

been used to acquire the other property. The gain that is not taxable is deducted from the cost of the new property, i.e. the payment of tax is deferred until the disposal of the new property;

- the parties wishing to exchange have their Title Deeds;
- the exchange between the parties has to be simultaneous.

Property exchange is complex, and should not be attempted without professional assistance.

The base date for calculating the acquisition cost of property is 1st January, 1980. If the property was built after this date it is calculated backwards.

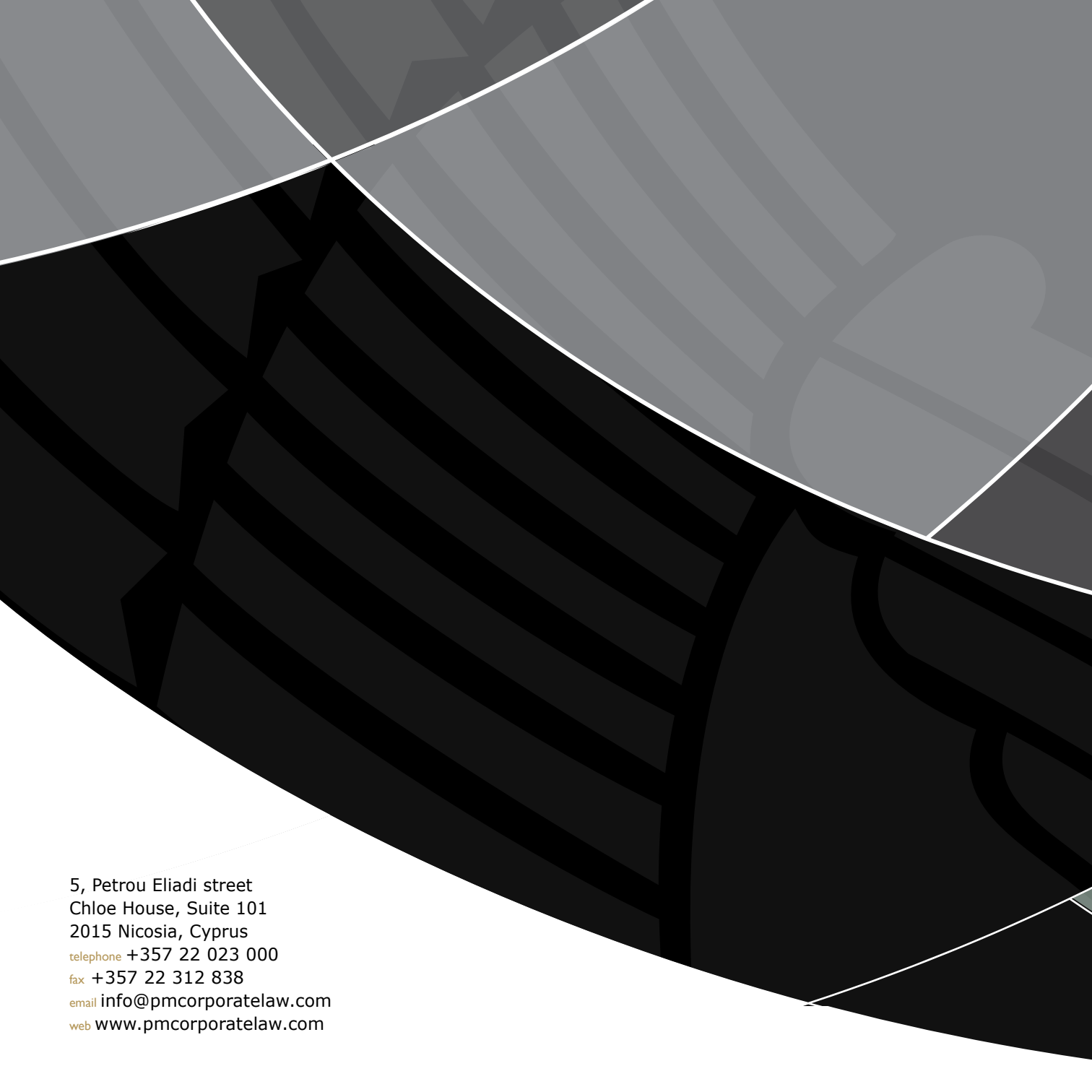
FOR MORE DETAILS SUCH AS ALLOWANCES, STAMP DUTIES AND MORE ON THE ABOVE PLEASE REFER TO OUR WEBSITE AT:

WWW.PMCORPORATELAW.COM

OUR NEW HEAD OFFICES IN CENTRAL NICOSIA OFF ATHALASSAS AVENUE

WE PROUDLY ANNOUNCE THAT OUR FIRM WILL SOON BE RELOCATING TO OUR BRAND NEW FREEHOLD PREMISES IN CENTRAL NICOSIA. WE ARE LOOKING FORWARD TO WELCOMING ALL OUR CLIENTS AT OUR NEW OFFICES!



The background features a complex, abstract design. It consists of several overlapping curved lines in shades of gray and black, creating a sense of depth and movement. A prominent feature is a grid of thick, black, curved lines that forms a pattern resembling a stylized architectural structure or a modern logo. The overall aesthetic is clean, professional, and contemporary.

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