



LAVECO® since 1991.
The Company Maker



THE CYPRUS COMPANY



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INFORMATION ON CYPRUS



Main Data

Location:	Island in the Mediterranean Sea, south of Turkey. Geographical coordinates: 35 00 N, 33 00 E.
Size:	Total area of island: 9 250 km ² (including 3 355 km ² in the Turkish Cypriot area).
Highest Point:	Mount Olympus, 1 951m above sea level.
Coastline:	As an island Cyprus has no land borders. Total length of coastline: 648km.
Time Zone:	GMT + 2
Capital:	Nicosia
Form of Government:	Republic. Only the Greek government is recognised by the international community.
Political Division:	6 administrative divisions: Famagusta, Kyrenia, Larnaca, Limassol, Nicosia and Paphos.
State Holidays:	Greek Cypriots celebrate Independence Day on October 1st.
Head of Government:	President is both chief of state and head of government. Post of vicepresident is reserved for Turkish Cypriot, but vacant since early 1960s.
Currency:	Euro in the Greek area, Turkish lira in the Turkish area.
Language:	Greek and Turkish are official languages; English is widely spoken.
Religion:	Greek Cypriot area is almost exclusively Greek Orthodox, and the Turkish area is primarily Muslim.

Foreword

The companies incorporated by LAVECO Ltd. in Cyprus are registered and administered in the Greek area of the island. For this reason, the information contained below concentrates primarily on the Greek-administered south.

History



Cyprus is an island with a very long history, full of power struggles and periods of occupation by various different forces. The first occupation was by the Egyptians in around 1450 BC, and was followed by two millennia during which the island passed from empire to empire. Turkey ruled the island for 300 years from the latter part of the 16th century until 1878 when an agreement was reached with the British over the administration of Cyprus. After the First World War Cyprus became a British Crown Colony, and so began a very turbulent period. Riots and terrorism broke out at various times up to the granting of independence in 1960. Problems continued between the Greek and Turkish communities, with Turkish Cypriots demanding the establishment of a separate state and the Greeks insisting on unity. Things came to a head in 1974, when the hostilities led to the current situation with a Turkish Cypriot area in the north and a Greek Cypriot area in the south separated by a UN buffer zone. EU accession in May 2004 offered a chance of reunification, but a referendum failed to provide a positive outcome.

Geography



Cyprus is the third largest island in the Mediterranean, situated 65km to the south of the Turkish coast and some 980km south-east of Athens. The total area of the island covers 9 250km², of which 3 355 are in the Turkish-administered north. The centre of the island is dominated by a large fertile plain, with mountains to the north and south, the highest of which is Mount Olympus at 1 951m. Cyprus has no lakes or rivers, and the supply of fresh water is a constant problem. The total length of coastline is 648km, with many bays and beaches on all sides. Many of the beaches are sandy, but there are also beaches with shingle, rocks and clear blue waters.



Climate



The climate of Cyprus is typically Mediterranean, with hot, humid summers and mild winters. There is a light rainy season during the winter months, with the average annual rainfall ranging from 300 – 400mm in the north-east to over 1000mm at the top of the Troodos Massif, the highest mountain range, where in winter months much of this falls as snow. The average rainfall for the whole island is around 500 mm, though this has been declining steadily over recent decades, further exacerbating the problems with the water supply. Temperatures vary considerably between the geographical regions, though on average summer highs tend to reach around 40° C on the central plain and 27° C in the mountains, and winter lows touch 5° C on the plain and 0° C on the upper slopes of the Troodos.

Population



Cyprus has a total estimated population of some 885 600, of whom almost 660 600 are Greek Cypriots, and 88 900 are Turkish Cypriots, with the remainder made up of a very cosmopolitan group including some 25 823 Britons and 9 854 Russians. The vast majority of Turkish Cypriots (98,7%) live in the Turkish-administered area, while similar numbers of Greek Cypriots and other groups (99,5 and 99,2% respectively) live in the Greek Cypriot area. The population has recently been growing at the rate of about 1,6% per year. The Greek area follows predominantly the Greek Orthodox religion, while the Turkish area is almost exclusively Muslim. The official languages of Cyprus are Greek and Turkish, but English is very widely spoken.



Government



When independence was proclaimed in 1960 the constitution called for a system of government incorporating the two communities under a Greek Cypriot president and Turkish Cypriot vice-president, who would jointly appoint a Council of Ministers from the 50 (35 Greek and 15 Turkish) elected members of the House of Representatives (this was later amended to 80 members, with 56 Greeks and 24 Turks).

In practice, however, this only worked for the first years of the 1960s, and the two areas are now governed independently. The Greek-run government has retained the planned format, with the post of vice-president and the seats allocated to Turkish representatives remaining vacant.

The Turkish community established their own legislative institutions and proclaimed the self-governing "Turkish Federal State of Cyprus" (now "Turkish Republic of Northern Cyprus") in 1975, though this state is only recognised by Turkey.

The United Nations has been very active in efforts at the reunification of the two sides, and a great deal of optimism surrounded EU accession in May 2004, but a referendum failed to achieve a positive result.

The Legal System



The legal system of the Greek Cypriot area is based very closely on English or Anglo-Saxon law, and the majority of laws have been translated into English. It is also extremely common for lawyers from Cyprus either to study in British universities or to gain experience with UK legal firms.

The Continental system of administrative law has also been introduced in parallel with the Anglo-Saxon principles.

In the Greek area there are six District Courts to deal with minor offences, while more serious cases are heard in the Assize Courts. The highest court in Cyprus is the Supreme Court.



Transport



All inland transport takes place by road, as there are neither railways nor inland waterways in either region. The total length of the road network in the Greek area is some 11 000km.

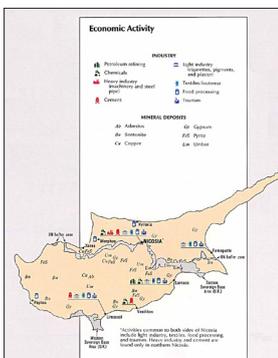
There are seaports capable of handling large container ships, and international airports in Larnaca and Paphos operating with more than 40 airlines.

Communications

Communications throughout the island are excellent. State of the art main and mobile telephone networks are in operation, providing direct access to the rest of the world.

Internally, postage and courier services are fast, reliable and inexpensive, and scheduled bus and taxi services also link the major towns and cities. The island is served by the major courier companies, including DHL, UPS and FedEx.

Economy



The Greek area is considerably more prosperous than its Turkish counterpart, with per capita GDP some three times greater than that of the Turkish area. The economy in both areas is dominated by tourism, and as such can be subject to fairly large swings, dependent on the various factors which can affect this field. The Greek Cypriot area also has a long tradition as an offshore jurisdiction, which, through detailed changes in the laws and co-operation with the OECD and EU, it has now adapted to being a leading financial services industry. These tourism and financial services industries account for some 75% of the workforce in the Greek area. 20% of the workforce is in the industry, with agriculture accounting for the rest. These figures are also mirrored by the contribution of each sector to the GDP. In addition to the service industries, the island also has food, beverages, textiles, chemical and metal and wood product industries.

Tourism In Cyprus



Tourism is extremely important for the whole island.

The Greek area has been a very popular tourist destination for a considerable number of years, with large numbers of Britons and Russians in particular enjoying the Mediterranean climate throughout the year, while the Turkish area in the north is fast developing.

Political instability in the region, together with fluctuating economic conditions in western Europe play an important role in determining the number of tourist arrivals each year.

In the Greek area, tourism is centred around Limassol and Larnaca in the south, Pafos in the south-west and Agia Napa on the east coast.

The Banking System



The banking system in the Greek area of Cyprus is one of the most advanced and efficient systems available.

The Central Bank of Cyprus is responsible for the issue and control of banking licences and for continued supervision of banking establishments. As well as local banks with branches throughout the world, Cyprus also plays host to a large number of international banks.

All banks offer the most up to date services and technology available, allowing clients to manage accounts by telephone, fax and via the Internet.

The currency is the Euro, but as in all major financial areas, accounts can be opened in all major currencies.





Sample Certificate of Incorporation

ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ
REPUBLIC OF CYPRUS



HE

HE 44

THE COMPANIES LAW, CAP. 113
Section 15(1)

CERTIFICATE OF INCORPORATION

IT IS HEREBY CERTIFIED that,

LIMITED

has this day been incorporated under the Companies Law, Cap. 113 as a Limited Liability Company.

Given under my hand in Nicosia on the 31st of December, 2007

.....
Registrar of Companies

TRANSLATED TRUE COPY
(Sgd.) K. ARGYROU


for Registrar of Companies

19 January, 2008

Sample Certificate of Tax Residence

ΚΥΠΡΙΑΚΗ



ΔΗΜΟΚΡΑΤΙΑ

MINISTRY OF FINANCE
INLAND REVENUE DEPARTMENT
INCOME TAX OFFICE
LARNACA



T.I.C. 12081028

November 5, 1997

C E R T I F I C A T E

This is to certify that LAVECO LIMITED is registered in Cyprus under Registration Number 81028 and as from the 2nd day of September, 1996 which is the date of its registration, is resident in Cyprus within the meaning of the double taxation convention between Cyprus and the United Kingdom and is liable to tax in Cyprus on its worldwide income according to section 28A of the Income Tax Law.

This certificate is issued at the request of the company's auditors Messrs Vassiliou, Nicolaidis & Vassiliades.

For the Commissioner of Income Tax
(Maria Potamitou)



Registration of Companies

The incorporation procedure	<p>The shareholders of the company must sign the Memorandum and Articles of Association in front of witnesses, and this document can then be filed with the Registrar of Companies, in order to register the company. Following registration, the Registrar issues the Certificate of Incorporation, together with separate documents confirming the details of the company's secretary and director, registered address and shareholders. The original documents incorporating the company must be filed in Greek, but the certificates issued by the Registrar, can be in either Greek or English, according to the client's request.</p>
Company type	<p>Private limited company by shares.</p>
Source of corporate legislation:	<p>Company Law, Cap 113 as amended.</p>
Time required for registration:	<p>Approximately 2-3 weeks</p>
Can shelf companies be registered?	<p>Yes, it is possible to register shelf companies.</p>
Possible suffixes to company name:	<p>Limited or Ltd.</p>

<p>Restrictions on company names:</p>	<p>All company names must be checked with, and receive the prior approval of the Registrar of Companies. Approval from the Registrar requires a minimum of 4 working days.</p> <p>The procedure is particularly strict in Cyprus, as approval will not be granted for names which already exist, or are conspicuously similar to existing company names. It is not possible to include in the name the words European, Euro, Royal, National, Global, Imperial, Cooperative, Investment, Financial, Trust, Insurance, Bank, Building Society, Municipal, Chamber of Commerce, or University, or any other word, syllable or prefix which the Registrar considers unsuitable.</p> <p>The use of certain expressions is only possible with strictly defined requirements on the basic capital.</p> <p>The expression "International", for example, may only appear in a company name if the company has actual paid up capital of at least 500000 CYP (1 CYP = 0,5756 EUR, 19/08/2009).</p>
<p>Is it necessary to disclose the identity of the beneficial owners in advance?</p>	<p>No, as of September 2004 it is no longer necessary to disclose the details of the true beneficial owners to the Central Bank.</p>
<p>Company activities:</p>	<p>The company may, from the date of incorporation, do any of the things set down in the Memorandum & Articles of Association. The standard company Memorandum & Articles generally includes a very wide variety of activities. Therefore, the company being incorporated can carry out any trading, service, consultancy, investment or intermediary activities. Banking and insurance activities, however, together with related financial services, are subject to restrictions. Cyprus companies may only pursue these activities if they are in possession of a special licence.</p>



Minimum and maximum number of shareholders:	<p>The minimum number of shareholders in a private limited company by shares is 1, while the maximum number is 50. The shareholders of a Cyprus company may be both companies and private individuals alike.</p>
Minimum requirements on capitalisation:	<p>There are no minimum basic capital requirements for a private limited company by shares. It is a general practice to incorporate companies with 1000 shares capital.</p>
Is it possible to issue bearer shares?	<p>No. A private limited company by shares may only issue registered shares.</p>
Requirements with regard to directors:	<p>The directors of the company may be legal or private persons of any nationality, without restriction.</p>
Minimum and maximum number of directors:	<p>Every company must have at least one director, and may not have more than thirty.</p>
Are corporate directors permitted?	<p>Yes, but in practice it is more usual to have private individuals.</p>





Directors' rights:

The directors are the people originally entrusted with the management of the company, and are appointed by the company's shareholders. The rights and obligations of the directors are contained in the Memorandum and Articles of Association, and include among other things the following:

Rights of attorneys:

The directors may issue powers of attorney for concrete transactions, or for certain areas of the company's activities, and the rights of the attorneys will be set down clearly in the power of attorney document. These activities may include, for example, some legal business of the company abroad (such as opening an office abroad, purchasing a foreign company etc.), trading transactions (such as purchase of real estate), and the opening and management of company bank accounts. In general, if a Cyprus company has Cypriot directors, they will no longer issue so-called general powers of attorney due to changes in the laws regarding the responsibilities of directors, and the place of management and control (see our article at www.laveco.com - LAVECO Newsletters, Issue 2009.1).

Contract-signing rights:

The right to sign contracts is entrusted to the directors, though they may, through powers of attorney, further delegate this right, thus authorising an attorney to sign contracts.

The appointment and replacement of directors:

The first director is appointed by the founder of the company. Subsequently, the shareholders have the right to remove (replace) the director, or, in the case of the death or resignation of a director, to appoint a new one. The Memorandum and Articles of Association may stipulate that a certain group of shareholders have responsibility for the appointment of directors (for example, shareholders with or without voting rights).



<p>Company residency:</p>	<p>A Cyprus company is considered resident for taxation purposes if the company's place of management and control is in Cyprus. If the most important decisions regarding the company's operation are taken in Cyprus, then the company's place of management will be considered to be Cyprus.</p>
<p>Company secretary:</p>	<p>According to the Law, the company must have at all times during its existence, without interruption, a company secretary. The secretary is responsible for preparing and signing the annual return, and for filing it with the tax authorities.</p>
<p>Registered office:</p>	<p>The company must have at all times during its existence a registered office on the island. This office may not be a P.O. BOX.</p>
<p>Exchange control:</p>	<p>Cyprus companies are free to carry out business transactions in practically any currency, without any restrictions. Foreigners can transfer the profits from their investments to the country of their choice without having to request special permission. The company's annual financial report, however, must be prepared in Euros, as must the audit.</p>

<p>Opening of bank accounts:</p>	<p>Cyprus companies are free to open bank accounts in any bank in any country, including Cyprus.</p>
<p>Company seal:</p>	<p>In keeping with Anglo-Saxon tradition, use of a dry seal is typical. At the discretion of the directors, a stamp may also be used just as freely.</p>
<p>Information publicly available on the company register:</p>	<p>In addition to the company name, headquarters, and date and number of incorporation, the details of the directors, company secretary and shareholders are publicly available on the company register. The details of the true beneficial owners, however, can not be obtained from the Registrar of Companies, as this type of information is not held by this body.</p>

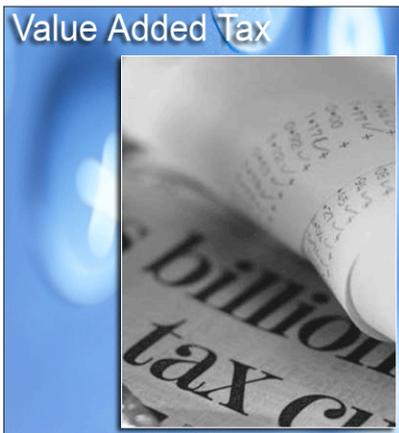




The Cyprus Tax System

Corporate Tax

Tax resident companies



A company is considered resident in Cyprus for tax purposes if the management and control of the company take place in Cyprus. From this point of view, then, a company which is registered in Cyprus will not be resident in Cyprus for tax purposes if the management takes place outside Cyprus.

At the same time, the management and control criteria also apply to companies not registered in Cyprus; that is, if the management and control of a company take place in Cyprus, then the company is considered resident in Cyprus for tax purposes, even if the company itself wasn't registered there. The question of the tax residency test has taken on even greater significance following accession to the European Union on May 1st 2004. On the one hand, whether or not a company is considered resident for tax purposes is extremely important from the point of view of Cyprus taxation, as this will decide whether or not the company can be taxed in Cyprus. On the other hand, it is important because this will decide whether or not the company is able to benefit from the advantages offered by the agreements signed by Cyprus for the avoidance of double taxation. As these agreements only apply to companies resident for tax purposes, only these companies can take advantage of the international treaties, and receive the so-called Certificate of Tax Residence issued by the Taxation Department of the Foreign Ministry.

Cyprus has been a full member of the European Union since May 1st 2004. Membership, however, has not changed the applicability of the agreements entered into over a number of decades.

These are still valid, and the lower rates of tax stipulated can still be applied. What has changed, however, is the communication between the tax authorities of the EU member states. In particular, verification and control between the tax authorities of the individual members has become much more direct and commonplace in certain matters, thanks to the uniform EU VAT regulations.

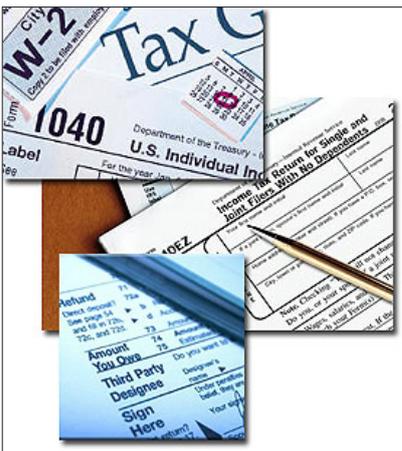
Income



All revenue arising from entrepreneurial activities (trading, services, manufacturing, processing, agriculture, mining etc.) counts as income, wherever it arises geographically, be it in Cyprus or elsewhere (the tax system in Cyprus generally allows for the taxation of world-wide income). At the same time, the following items do not count as income:

- Revenue from the sale and purchase of stocks and shares, irrespective of whether they relate to companies in Cyprus or abroad. Except disposal of shares of companies which own immovable property in Cyprus.
- Amounts received as dividends.
- 50% of the revenue arising from interest received on the re-payment of loans.
- Profit arising from the operation of foreign premises.

Tax rates



The general rate of profit tax in Cyprus is 10%. This means that for these companies the following benefits do not apply:

- That dividends do not count as taxable income.
- That 50% of interest does not count as taxable income.
- That amounts arising from the sale of stocks and shares do not count as taxable income.



Expenses



Generally, any outlay, either in Cyprus or abroad, arising in relation to the real and concrete business activities of the company can be deducted as expenses.

In addition, the following items may also be deducted as expenses:

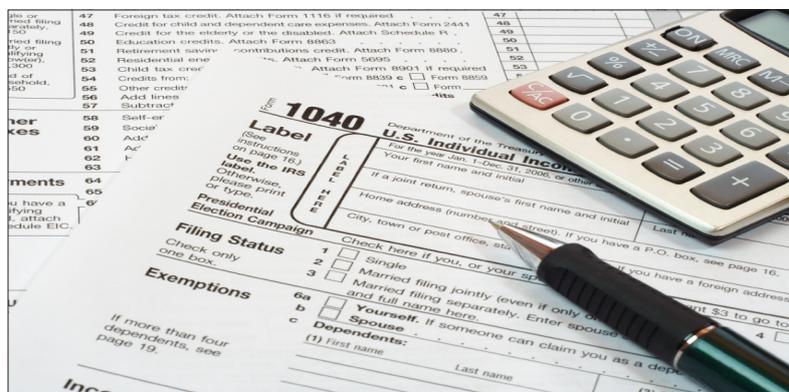
- The full amount of charitable donations.
- Social security contributions due on employees' salaries.
- Representation expenses, up to an amount equal to 1% of the total income, with a maximum of 10 000 EUR.

The following items may not be deducted as expenses:

- Amounts used for the running of cars and motorbikes.

Losses made by a Cyprus company, which can not be deducted from the income of the company for the given financial year, may be carried forward and deducted from the following year's income.

Determination of the level of losses within a group of companies is also possible, as long as one of the companies is the holder of either at least 75% of the shares or 75% of the voting rights in the other company.



Withholding taxes

<p>Royalties</p>	<p>Fees arising from the profitability of rights held in Cyprus are taxable in Cyprus.</p> <p>The rate of tax is 10%, and 5% in the case of film royalties, unless there is a valid agreement for the avoidance of double taxation signed by Cyprus – and which is applicable in the given case – stipulating a lower figure. Royalties arising outside Cyprus are not taxable in Cyprus.</p>
<p>Dividends</p>	<p>According to Cypriot tax laws, dividends paid to non-Cypriot tax residents are exempt from dividend tax.</p> <p>At the end of the financial year, once the company has paid its corporation tax, its foreign owners are free to take their share of the profits out of the company and out of Cyprus.</p> <p>These profits may, of course, also be re-invested.</p>
<p>Interest</p>	<p>The total amount of interest paid to non-Cypriot tax residents is exempt from tax in Cyprus (unlike many other EU member countries, Cyprus does not employ regulations on under-capitalisation in domestic tax laws).</p> <p>Income of non-resident professionals, entertainer and athletes from activities in Cyprus are taxable at a rate of 10%.</p>





Tax Treaties Withholding Tax Tables

The following tables give a summary of the withholding taxes provided by the double tax treaties entered into by Cyprus.

Cyprus Table of Treaty Rates:

- Excluding treaties not yet in force; references to notes are in parentheses after the rates and apply to payments in both directions unless otherwise specified; all rates are percentages.
- EU Directives may have the effect of reducing withholding taxes to zero.
- Cyprus does not withhold taxes on payments of dividends and interest to non-residents.

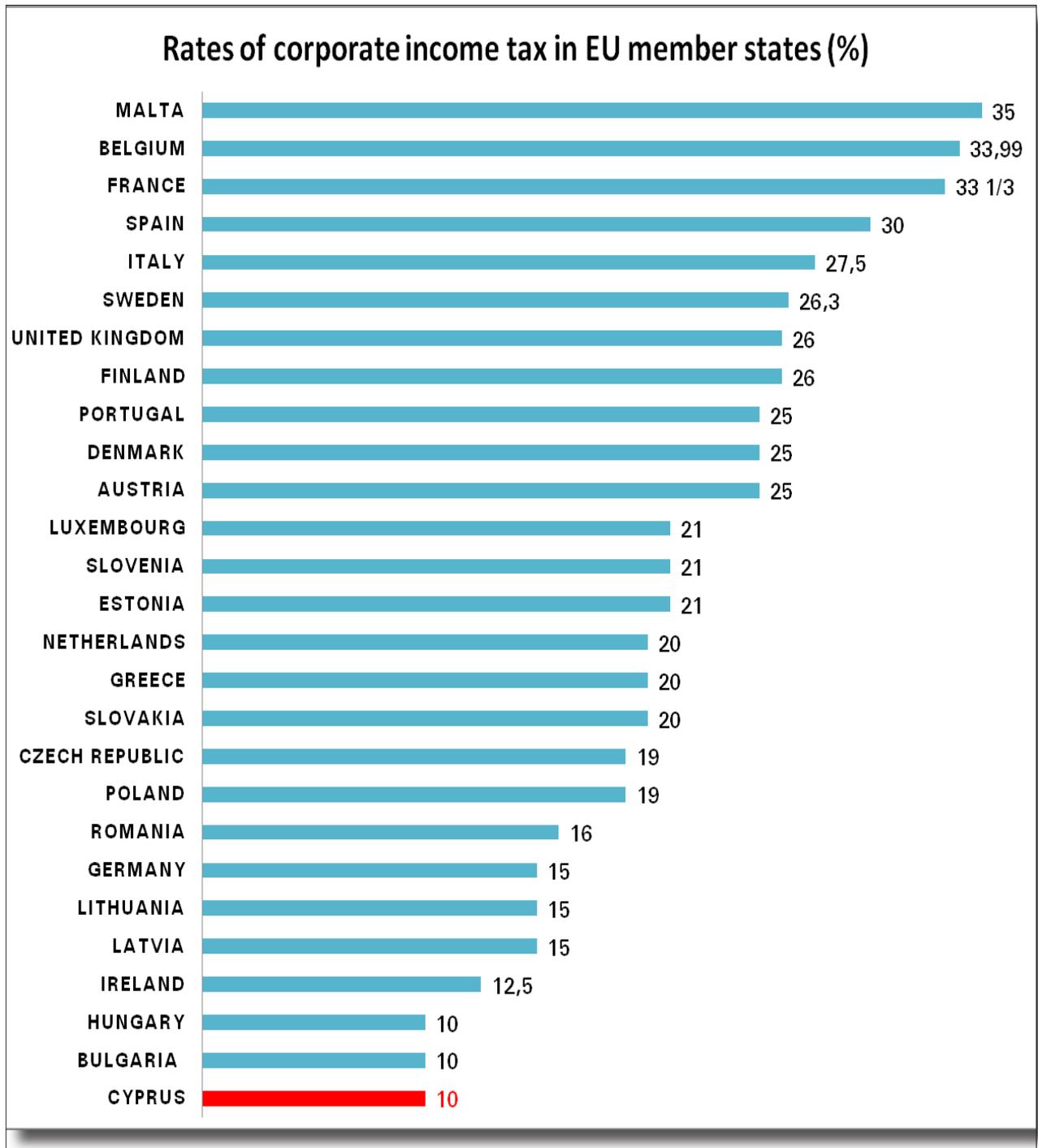
Country	Dividends		Interest		Royalties	
	Rcvd. in Cyprus	Paid from Cyprus	Rcvd. in Cyprus	Paid from Cyprus	Rcvd. in Cyprus	Paid from Cyprus
Armenia	0	0	0	0	0	0
Austria	10	10	0	0	0	0
Belarus	5/10/15 (1)	5	5	5	5	5
Belgium	10/15 (2)	10/15 (2)	0/10 (3)	0/10 (3)	0	0
Bulgaria	5/10 (4)	5/10 (4)	0/7 (3)	0/7 (3)	10 (5)	10
Canada	15	15	0/15 (3)	0/15 (3)	0/10 (6)	0/10 (6)
China	10	10	10	10	10	10
Czech Rep.	10	10	0/10 (3)	0/10 (3)	0/5 (7)	0/5 (7)
Denmark	10/15 (2)	10/15 (2)	0/10 (3)	0/10 (3)	0	0
Egypt	15	15	15	15	10	10
France	10/15 (2)	10/15 (2)	0/10 (3)	0/10 (3)	0/5 (8)	0/5 (8)
Germany	10/15 (2)	10/15 (2)	0/10 (3)	0/10 (3)	0/5 (8)	0/5 (8)
Greece	25 (9)	25	10	10	0/5 (8)	0/5 (8)
Hungary	5/15 (2)	5/15 (2)	0/10 (3)	0/10 (3)	0	0
India	10/15 (10)	10/15 (10)	0/10 (3)	0/10 (3)	10/15 (11)	10/15 (11)
Ireland	0	0	0	0	0/5 (8)	0/5 (8)
Italy	15	0	10	10	0	0
Kirgistan	0	0	0	0	0	0

Country	Dividends		Interest		Royalties	
	Rcvd. in Cyprus	Paid from Cyprus	Rcvd. in Cyprus	Paid from Cyprus	Rcvd. in Cyprus	Paid from Cyprus
Kuwait	10	10	0/10 (3)	0/10 (3)	0/5 (7)	0/5 (7)
Lebanon	5	5	0/5 (3)	0/5 (3)	0	0
Malta	Note 12	15	0/10 (3)	0/10 (3)	10	10
Moldova	5/10 (20)	5/10 (20)	5	5	5	5
Montenegro	10	10	10	10	10	10
Mauritius	0	0	0	0	0	0
Norway	0/5 (13)	0	0	0	0	0
Poland	10	10	0/10 (3)	0/10 (3)	5	5
Romania	10	10	0/10 (3)	0/10 (3)	0/5 (7)	0/5 (7)
Russia	5/10 (14)	5/10 (14)	0	0	0	0
San Marino	0	0	0	0	0	0
Serbia	10	10	10	10	10	10
Seychelles	0	0	0	0	5	5
Singapore	10	10	10	10	10	10
Slovakia	10	10	0/10 (3)	0/10 (3)	0/5 (7)	0/5 (7)
Slovenia	10	10	10	10	10	10
South Africa	0	0	0	0	0	0
Sweden	5/15 (2)	5/15 (2)	0/10 (3)	0/10 (3)	0	0
Syria	0/15 (2)	0/15 (2)	0/10 (3)	0/10 (3)	10/15 (15)	10/15 (15)
Tadzikistan	0	0	0	0	0	0
Thailand	10	10	10	10	5/10/15 (16)	5/10/15 (16)
Ukraine	0	0	0	0	0	0
UK	15 (9)	15 (9)	10	10	0/5 (17)	0/5 (17)
USA	5/15 (18)	0	0/10 (19)	0/10 (19)	0	0
Uzbekistan	0	0	0	0	0	0



1. 5% if investment in Belarus company exceeds €200.000. 10% if investment is less than €200.000 but control exceeds 25%. 15% in all other cases.
2. 15% if control is less than 25% in foreign company
3. 0% if recipient is a state organisation
4. 0% if recipient is a state organisation
5. Not applicable if Bulgarian interest in Cyprus company exceeds 25% and Cyprus company is taxed at lower than normal rates
6. 0% if in respect to production of theatrical, musical or artistic work, except from television films
7. 0% if in respect to production of theatrical, musical or artistic work including cinematographic films
8. 5% for cinematographic or television films
9. 0% according to national legislation
10. 15% if control is less than 10%
11. 10% on payments of technical, management or consulting services
12. Withholding tax on dividends shall not exceed tax on underlying profits
13. 0% if control of Norwegian company is at least 50%
14. 10% if investment in foreign company is less than US\$100.000
15. 10% for artistic or scientific work, cinematographic and television films
16. 10% for right to use, or information concerning industrial, commercial or scientific equipment.
15% for patent royalties, brands and industrial methods
17. 5% for cinematographic or television films
18. 5% if control in US company exceeds 10% and the income of the US company does not comprise interest or dividends exceeding 25% of total income, unless such interest or dividends is received from subsidiary companies
19. 0% if interest is payable to a government or financial institution or in connection with debts accruing from the sale of property or the rendering of services or in connection with loans guaranteed by government
20. 5% if beneficial owner of the dividends is a limited liability company holding at least 25% of the shares of the remitter company

Comparison of EU Tax Rates





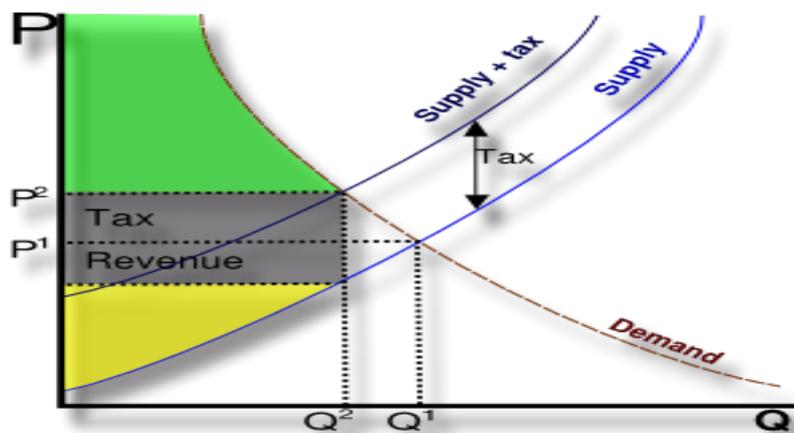
<p>Value Added Tax</p>	<p>Value Added Tax was first introduced in Cyprus in 1992. Initially, both companies and individuals paid a maximum of 5% VAT; the rate has gradually increased since then, and on January 1st 2003 reached the current rate of 15%.</p> <p>On May 1st 2004 Cyprus companies became subject to the European Union VAT system.</p>
<p>Companies subject to VAT</p>	<p>The fact that a company is subject to VAT in Cyprus does not necessarily mean that the company is tax resident from the point of view of corporation tax.</p> <p>Therefore, if a company is registered in Cyprus, but the management takes place outside Cyprus, then the company can, or even must, be subject to the Cypriot, and automatically therefore, EU VAT systems.</p> <p>Foreign companies, on the other hand, can only be subject to Cyprus VAT, if they register premises (a branch) in Cyprus and apply for VAT registration.</p>
<p>Tax liability</p>	<p>Any company registered in Cyprus – or foreign company with a branch in Cyprus – is liable for tax in Cyprus, provided that the income liable for VAT in a given financial year reaches or exceeds 9000 Cyprus pounds (1 CYP = 1,7 EUR).</p>
<p>EU VAT number</p>	<p>Any company registered in Cyprus – or foreign company with a branch in Cyprus – may obtain an EU VAT number in Cyprus.</p> <p>The application for a VAT number takes a few working days (it is usually the company's accountant in Cyprus who files the application with the tax authorities).</p>



VAT returns	<p>Companies subject to the VAT system are required to prepare quarterly VAT returns and file them with the competent tax authority.</p> <p>If the amount of VAT payable is higher than the amount being reclaimed, then this must be paid within 40 days.</p> <p>If the amount being reclaimed is greater, then the difference will be transferred by the tax authorities.</p>
VAT rates	<ul style="list-style-type: none">- Basic rate 15%- Reduced rate 5%- Zero rate 0%
VAT-free services	<p>Service providers who provide only VAT-free services are not authorised to deduct or reclaim VAT on acquisitions.</p> <p>The following services are currently VAT-free:</p> <ul style="list-style-type: none">- letting services- medical services- financial and insurance services- real estate transactions (exempt a building, or a part of buildings and the land on which they stand if the application for a building permit was submitted after the 1st May 2004)
Zero-rated services	<p>This covers, for example</p> <ul style="list-style-type: none">- medicines- food and food products (exempt the supply of food in the course of catering)- export products- air and sea transport <p>Distributors of zero-rated products and companies offering zero-rated services can reclaim the VAT paid on acquisitions, or can deduct it from the VAT they have to pay.</p>



<p>Products and services subject to reduced rate 5% VAT</p>	<p>The main services covered in this field typically include the following:</p> <ul style="list-style-type: none"> - fees for hotel services - catering services (excluding alcoholic beverages) - undertaking services - fees arising from artistic and performing arts activities
<p>Products and services subject to basic rate 15% VAT</p>	<p>Products and services not mentioned above; that is the majority of products and services fall into this category.</p>
<p>Expected changes in the future</p>	<p>From January 1st 2008 medicines, catering services and fees for hotel services, which were zero-rated before, are subject to 0%, 8% and 15% VAT, respectively.</p> <p>Similarly, building land, also previously zero-rated, is subject to the basic rate of 15% from January 1st 2008.</p>
<p>Real estate</p>	<p>From May 1st 2004, services related to the sale of real estate, including building land, are subject to VAT as follows:</p> <ul style="list-style-type: none"> - 15% on new property - 15% VAT on services related to subsequent sales



**Trade within
the community**

After May 1st 2004 the terms import and export lost their meaning in regard to the EU member states.

It is only possible to export to and import from countries outside the EU. Trade between Cyprus and other EU member states became so-called "intra community supply and intra community acquisition".

Cyprus has adopted the use of the general EU regulations with regard to community trade.

Accordingly, in the case of sales within the community, if the goods leave one member state and enter another, for sales purposes, then the first member state does not have to charge VAT on the sale of the goods, provided that

- the buyer is in possession of a community VAT number
- there is documentary proof that the goods left the first country and arrived in the second one.

Similarly, in the case of acquisition within the community, VAT is not charged in the country of arrival, provided that

- both the buyer and seller have EU VAT numbers and have informed each other of the fact
- the goods actually left one country and arrived in the other.





Triangular business transactions

There is a special type of international trading transaction, where companies from three different countries are involved in the trade.

The company buying the goods, acting as an intermediary, buys goods from one country and sells them on to a third country, without the goods ever actually entering the country of the intermediary.

In these triangular transactions within the EU, the most favourable situation occurs when all three trading partners possess community VAT numbers, and there is documentary proof that the goods were actually transported from one country to the other for the purpose of being sold.

In this case there is no VAT charged on either the acquisition or the sale.

Of course, this does not mean that the company in Cyprus is exempt from the preparation of VAT returns. Returns have to be prepared and filed with the tax authorities quarterly in this case too.

In a Triangular Transaction simplified procedure can be applied under the following conditions:

- All three parties must be registered for VAT purposes in one of the Member States,
- The intermediary supplier (Cyprus) must not be registered for VAT in the third Member State (France), where the goods are delivered,
- The invoice of the intermediary issued to the Buyer includes the phrase " VAT EU Art.28 Simplified Invoice"

The second buyer is registered for VAT purposes in the Country of delivery of the goods (France).



Personal income tax regulations

Individuals subject to taxation

In accordance with the laws of Cyprus a person is subject to personal income tax in Cyprus, whether they are Cypriot citizens or foreigners, if, during a given tax year, they actually spent more than 183 days in Cyprus.

In the case of individuals, the financial year coincides with the calendar year.

Tax resident individuals are required to prepare a tax return in Cyprus on their world-wide income, and to pay the necessary tax. Individuals who are not resident in Cyprus, but who receive income from certain Cypriot sources, are also required to pay tax in Cyprus on this income.

Thus, individuals who are tax resident in Cyprus are subject to tax on both their local and foreign work-related incomes (salaries, commission, etc.).

They are exempt from payment of the full amount of tax, however, on the following:

Type of Income	Exemption limit
Dividends	The whole amount
Interest from bank deposits, co-operative institutions or debentures of companies listed on the stock exchange	The whole amount
Profits from the sale of securities defined as shares, bonds, debentures, founders' shares and other securities of companies or other legal persons, incorporated in Cyprus or abroad and options thereon	The whole amount
Remuneration from any office or employment exercised in Cyprus by an individual who was not a resident of Cyprus before the commencement of his employment. The exemption applies for a period of three years commencing from the 1st January following the year of employment	20% of income with a maximum amount of CYP 5 000 annually (1 CYP = 1,7 EUR)



Remuneration from salaried services rendered outside Cyprus for more than 90 days in a tax year to a non-Cyprus resident employer or to a foreign permanent establishment of a Cyprus tax resident employer	The whole amount
Widows pension	The whole amount
Deposits with the Housing Finance Corporation	40% of the deposited amount, which can not exceed 25% of the individuals total income
Profits of permanent establishment abroad unless the permanent establishment directly or indirectly engages more than 50% in activities leading to investment income and the foreign tax burden is substantially lower from the tax burden in Cyprus	The whole amount
Lump sum received as a retirement, computation of pension or compensation for death or injuries	The whole amount
Income from scholarship or educational donation	The whole amount
Capital sum accruing to individuals from any payments to approved funds	The whole amount

Personal income tax rates in Cyprus are currently as follows:

TAXABLE INCOME (EURO)	TAX RATE (%)	ACCUMULATED TAX (EURO)
0 - 19 500	0	0
19 501 - 28 000	20	1700
28 001 - 36 300	25	3775
Over 36 300	30	

In the case of non-Cypriot tax residents, the following payments from Cyprus companies are exempt from tax in Cyprus:

- work-related income (salaries, commission etc.)
- dividend payments.

National defence contributions

Special Contribution for Defence

Cyprus tax residents are subject to the "special contribution for defence" to help fund the defence budget (used primarily for manning the buffer zone between the Greek and Turkish areas). Non-tax residents are exempt, and the rates for legal entities are generally nil.

Current rates are as follows:

TAX RATES	Individuals %	Legal entities %
Dividend income from Cyprus resident companies	15	Nil
Dividend income from non-Cyprus resident companies	15	Nil (under conditions)
Interest income arising from the ordinary activities or closely related to the ordinary activities of the business	Nil	Nil
Other interest	10	10
Rental income (reduced by 25%)	3	3
Profits of semi-government organisations	N/A	3

Any foreign tax paid on income which is subject to Special Contribution for Defense will be given as an allowance against the Cyprus tax even if there is no double tax treaty agreement signed with that country.





Capital Gains Tax

Capital Gains Tax is imposed on the disposal of immovable property situated in Cyprus. This also applies to the disposal of shares in companies owning such property, excluding shares listed on any recognised stock exchange. The rate of Capital Gains Tax is currently 20%.

There are exemptions on disposals arising under certain circumstances, such as, for example, transfer arising on death, and gift made between family members.

If you would like to receive more information on this subject, or for a full list of exemptions, please contact our Cyprus office, where our staff will be happy to help.

Administrative costs

<p>Administrative requirements</p>	<p>In the case of sales within the community, the seller</p> <ul style="list-style-type: none"> - is required to complete and file with the tax authorities the so-called EC Sales List every quarter, within 40 days of the end of the given quarter. <p>The information contained in these may be used by the tax authorities not only at home, but in cooperation with the authorities of any other member state</p> <ul style="list-style-type: none"> - must show all sales made in the EU in its local quarterly VAT return - is required to file, for statistical purposes, within ten days of the end of each month the so-called Intrastat document - must show its own and the buyer's EU VAT numbers on sales invoices. <p>In the case of acquisitions within the community, the seller</p> <ul style="list-style-type: none"> - is required to file within ten days of the end of each month the so-called Intrastat document - must show the amount of acquisitions within the EU in its quarterly VAT return - must inform its EU trading partners of its EU VAT number prior to making the acquisitions.
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Other regulations	<p>Special regulations apply to certain products and types of sales. These include, for example</p> <ul style="list-style-type: none">- distance selling- sales of alcoholic beverages- sales of petrol and fuels- sales of coffee and tobacco products. <p>In these cases, special regulations cover the determination, charging and recording of VAT, as well as the preparation of VAT returns.</p>
Accounting obligations	<p>All companies registered in Cyprus, regardless of whether they are tax resident or just subject to VAT, are required to keep accounts in line with the laws of Cyprus, and to report to the authorities. As a full member of the European Union, and despite the fact that it follows British traditions, Cyprus has been continually adopting (and is still adopting) and employing EU accountancy principles and standards.</p> <p>The corporate documents (that is, copies of the incorporation documents and copies of minutes recording meetings of shareholders and boards of directors) must be kept in the company's registered office, together with the company seal.</p> <p>The company secretary is usually responsible for maintaining records of the owners and directors, and for registering any changes in the company's registers.</p>





<p>Reporting requirements</p>	<p>Changes in any of the following must be registered with the Registrar of Companies:</p> <ul style="list-style-type: none"> - directors - owners - company secretary - registered office address <p>Provided that the new details are in accordance with the regulations set down by law, the Registrar of Companies will register the changes in the records, and the changes then become official.</p> <p>As the company records in Cyprus are available to the public, once the changes have been registered, anyone can gain access to the new details of the company.</p>
<p>Annual return</p>	<p>In accordance with Anglo-Saxon traditions, all companies registered in Cyprus are required, once a year, to file a so-called "Annual Return" with the Commissioner of Companies at the Registrar of Companies.</p> <p>At the time of filing, it is also necessary to attach the required annual fee.</p> <p>The Annual Return is signed and usually filed with the Commissioner by the company secretary.</p> <p>If a company fails to meet its requirements with regard to the filing of an Annual Return, the Commissioner has the right to decide whether or not the company should be struck off the register of companies.</p>



Audited financial report

All companies registered in Cyprus, regardless of whether they are tax resident or just subject to VAT, are required to file with the tax authorities in Cyprus an audited annual report regarding the given financial year.

The records forming the report may be kept by anyone; they can be kept by a Cypriot or non-Cypriot alike, and could even be kept outside Cyprus.

Only auditors registered in Cyprus, however, are authorised to carry out the auditing of the report.

In practice the accounts and the audit are very rarely separated, and the accountant in Cyprus who prepares the accounts also carries out the auditing of the report.

It is not advisable to separate the two, as a non-Cypriot accountant is unlikely to know all of the accounting rules in Cyprus (for example, deduction of expenses, amortisation etc.), and would be unable, therefore, to keep suitable accounts.

The first financial year of a Cyprus company begins on the date of incorporation and it ends on 31st December of the current year.

The accounting period is a period of twelve months starting from 1st January.





**Additional
administrative
requirements**

Companies have one year from the end of their financial year to prepare the audited financial report.

Typically, therefore, companies have until December 31st of the year following the financial year to file their audited financial report with the tax authorities in Cyprus.

Companies must estimate the amount of tax that will be due at the beginning of the financial year, and must make an advance tax payment every quarter.

If, as a result, a company pays too much tax, then the tax authorities will refund the difference to the company's bank account following the filing of the financial report.

Companies subject to VAT must prepare a statistical "Eco-stat" report each month, and file it with the tax authorities by the tenth day of the following month.

They must also prepare the following quarterly reports:

- VAT return. This must show separately the amounts of any sales and acquisitions within the EU.

The return must be filed with the tax authorities within 40 days of the end of the quarter in question.

- EC Sales List. This must contain details of any sales made within the EU, and again must be filed within 40 days of the end of the quarter in question.



Cyprus - Price-list

COMPULSORY COSTS (payable prior to registration)

FORMATION FEES	
Incorporation fee	270 EUR
Notarial Certification	90 EUR
International authentication (Apostille)	90 EUR
Legal expenses, filing fees and stamp duties	70 EUR
Issuing of share certificates and Initial minutes and forms	80 EUR
Corporate seal	45 EUR
Courier fees	45 EUR
Compulsory Tax Registration Fee	100 EUR
Subtotal	790 EUR
ANNUAL FEES*	
Registered office	390 EUR
Company secretary	390 EUR
Annual tax and duties	10% of net profit and 350 EUR in case the company was active in the subject year
* The annual fees for the first year of existence of the company are payable prior to registration. Subsequently the amount of 780 EUR is payable annually beginning from the second year of existence of the company. Non-payment of the annual fees results in the company being struck off the Company Register.	
Subtotal	780 EUR
Total	1570 EUR

All the above fees are subject of 15% VAT

The amount of **1570 EUR** includes the following services: formation of the company, duties payable to the local authorities for the registration of the company, filing fees, provision of registered office and secretary for 1 year, luxury leather corporate kit containing Certificate of Incorporation with Apostille and authenticated translation into English, certified translation into English of Memorandum and Articles of Association, Certificates of the director(s) and secretary, Certificate of Registered Office, share certificates, initial forms and minutes and 2 company seals.

The price contains no hidden costs!



OPTIONAL COSTS	
Nominee director (private person)	990 EUR
Nominee shareholder	210 EUR
Certificate of Good Standing	90 EUR
Special Power of Attorney with Notarial Certification	290 EUR
Notarial Certification or Apostille	90 EUR
Accounting & auditing fee	Varies according to the number of transactions involved
Certificate of Tax Residence with Apostille	275 EUR
Certificate of Directors & Secretaries with Apostille	145 EUR
Certificate of Incorporation with Apostille	145 EUR
Certificate of Shareholders with Apostille	145 EUR
Certificate of Registered Address with Apostille	145 EUR
Change of Directors & Secretary up to 5 directors	390 EUR
Change of Shareholder up to 5 shareholders	390 EUR
Change of Registered Office	390 EUR

Signing of Documents: Signatures

Up to the first 6 signatures	60 EUR
Any additional 6 signatures	30 EUR

Signing of Documents: Initials

Up to the first 6 signos	30 EUR
Any additional 6 signos	15 EUR

All the above fees are subject of 15% VAT

LAVECO LTD. is pleased to offer its clients shelf companies in Cyprus. Contact our office for details and a list of shelf companies, or visit our website at www.laveco.com. The price of shelf companies varies according to the level of optional services required.

Cyprus Company Packages

Version 1

Cyprus Packages

Description	First year's fees (EUR)	Second year's fees (EUR)
1. Registration + Reg.Office + Secretary	1 570.-	780.-
2. Nominee Director	990.-	990.-
3. Power of Attorney	290.-	290.-
4. Bank Account Opening	375.-	0.-
5. Obtaining of EU VAT number	200.-	0.-
6. Obtaining of EU VIES number	200.-	0.-
7. Quarterly VAT Report + VIES reports	960.-	960.-
8. Admin fees (10 transactions/year)**	800.-	800.-
9. Accounting + auditing	800.-	800.-
TOTAL:	6 185.-*	4 620.-*

*All the above fees are subject of 15%VAT
Deposit for VAT number and VAT penalty 2000 EUR

Seychelles Packages

Description	First year's fees (USD)	Second year's fees (USD)
1. Registration + Reg.Office + Agent	1 670.-	880.-
2. Bank Account Opening in Cyprus***	475.-	0.-
TOTAL:	2 145.-	880.-

** The administration fee is 80 EUR/transaction. It includes the issue of the invoice and the related bank transfer (this price does not include the signing of contracts or similar documents).

*** The original price is 750 EUR.

Version 2

Cyprus Packages

Description	First year's fees (EUR)	Second year's fees (EUR)
1. Registration + Reg.Office + Secretary	1 570.-	780.-
2. Nominee Director	990.-	990.-
3. Power of Attorney	290.-	290.-
4. Bank Account Opening	375.-	0.-
5. Obtaining of EU VAT number	200.-	0.-
6. Obtaining of EU VIES number	200.-	0.-
7. Quarterly VAT Report + VIES reports	960.-	960.-
8. Admin fees (50 transactions/year)**	3 000.-	3 000.-
9. Accounting + auditing	1 200.-	1 200.-
TOTAL:	8 785.- *	7 220.-*

*All the above fees are subject of 15%VAT
Deposit for VAT number and VAT penalty 2000 EUR

Seychelles Packages

Description	First year's fees (USD)	Second year's fees (USD)
1. Registration + Reg.Office + Agent	1 670.-	880.-
2. Nominee Director	590.-	590.-
3. Power of Attorney	290.-	290.-
4. Bank Account Opening in Cyprus***	475.-	0.-
TOTAL:	3 025.-	1 760.-

** The administration fee is 3.000 EUR/year. It includes the issue of invoices, the related bank transfers and the signing of contracts or similar documents. Up to 50 transactions/year.

*** The original price is 750 EUR.



Version 3

Cyprus Packages

Description	First year's fees (EUR)	Second year's fees (EUR)
1. Registration + Reg.Office + Secretary	1 570.-	780.-
2. Nominee Director	990.-	990.-
3. Power of Attorney	290.-	290.-
4. Bank Account Opening	375.-	0.-
5. Obtaining of EU VAT number	200.-	0.-
6. Obtaining of EU VIES number	200.-	0.-
7. Quarterly VAT Report + VIES reports	960.-	960.-
8. Admin fees (50 transactions/year)**	3 000.-	3 000.-
9. Accounting + auditing	1 200.-	1 200.-
10. Tel + Fax number (dedicated)	960.-	960.-
TOTAL:	9 745.-*	8 180.-*

*All the above fees are subject of 15%VAT
Deposit for VAT number and VAT penalty 2000 EUR

Seychelles Packages

Description	First year's fees (USD)	Second year's fees (USD)
1. Registration + Reg.Office + Agent	1.670.-	880.-
2. Nominee Director	590.-	590.-
3. Power of Attorney	290.-	290.-
3. Bank Account Opening in Cyprus***	475.-	0.-
TOTAL:	3 025.-	1 760.-

** The administration fee is 3.000 EUR/year. It includes the issue of invoices, the related bank transfers and the signing of contracts or similar documents. Up to 50 transactions/year.

*** The original price is 750 EUR.



Fees for Secretarial Services

SERVICES (Basic Fees)*				
JURISDICTION	MAIL FORWARDING	SHARED LINE (Tel+Fax, 2 Numbers)	DEDICATED LINE (Tel+Fax, 2 Numbers)	DEPOSIT **
USA - Dover	240 USD	360 USD	-	200 USD
UK - London	240 GBP	480 GBP	960 GBP	300 GBP
HUNGARY - Budapest	240 EUR	480 EUR	960 EUR	200 EUR
CYPRUS - Larnaca	240 EUR	360 EUR	960 EUR	200 EUR

N.B.

- * The fees indicated below include only the basic service fees and do not include postage, telephone, fax, expenses etc.
- ** The purpose of the deposit is to cover the expenses connected with mail, tel/fax forwarding (postage expenses, processing of fax messages, international calls, courier fees where applicable, etc.). Any amount remaining at the end of the period of service will be refunded.

SERVICE	FROM EUROPE	FROM AMERICA
Mail forwarding (registered mail)	Postal delivery fee + 25%	Postal delivery fee + 25%
Forwarding of fax messages	3.5 EUR / page	4.5 USD / page
Relaying telephone messages	9.5 EUR / message	9.5 USD / message
Courier services	Courier delivery fee + 25%	Courier delivery fee + 25%

This service includes the receiving and forwarding of letters and parcels (actual postage costs not included), and receiving and forwarding of telephone and fax messages (actual telephone and fax charges not included).



Brief Information on the Opening of Bank Accounts

01.02.2010.

Bank name	Country	Type of account	Time required for opening of accounts	Minimum balance required on the accounts	Personal appearance required	Restrictions on the opening of accounts	Fee charged for the opening of accounts
 BARCLAYS	Seychelles	Current	2 months	2500 USD	In the Laveco office	-	1850 EUR
	Seychelles	Current	2 weeks	5000 USD	No	-	850 USD
	Slovakia	Current, Investment	1 day	-	Yes	-	600 EUR
	Austria	Investment	3-4 weeks	500 000 eur	No	The accounts are not suitable for daily transactions.	950 EUR
	Hungary	Current	1 day	20 000 EUR	Yes	-	475 EUR
	Cyprus	Current	1 week	-	No	-	750 EUR
	Cyprus	Current	1 week	-	No	-	750 EUR
	Cyprus	Current, deposit	1 week	-	No	-	750 EUR
	Cyprus	Current, Investment	1 week	-	No	-	750 EUR
	Liechtenstein	Investment	2 weeks	100 000 USD	Yes	The accounts are not suitable for daily transactions.	850 EUR
	Austria	Investment	2 weeks	100 000 EUR	No	The bank is not willing to open accounts for clients from countries considered as „non-cooperative“ by FATF.	750 EUR
	Liechtenstein	Savings, Current, Investment	1 week	5 000 EUR/ USD/CHF	In the Laveco office	-	850 EUR
	Liechtenstein	Savings, Current, Investment	1 week	20 000 EUR/ 20 000 USD/ 50 000 CHF	No	The bank does not open account for US resident persons and companies	850 EUR
	Liechtenstein	Current, Savings	2-3 days	200 000 USD	Yes	-	850 EUR

This service includes the signing of related contracts, the issuing and sending of invoices (not including postage costs), the preparation and submission of bank transfers, and forwarding the monthly statement showing the bank account movements and balance to the client. Additional services provided by the accountant.

Eurobank

15.01.2010.

1.	Country of registration, main office, number of branches	The main branch is registered in Nicosia, and business centres operate in Larnaca and Limassol. The bank has 1724 branches and is present in Poland, Ukraine, Romania, Serbia, Bulgaria, Turkey, Greece, Luxemburg and in the United Kingdom.
2.	Year of foundation	EFG Eurobank Ergasias S.A., the owner of Eurobank was registered in 1990. The Bank operates in Cyprus since August 2007.
3.	Main shareholders	EFG Eurobank Ergasias S.A., a member of EFG Group, Geneva, Switzerland
4.	SWIFT code	EFGBCY2N

Information on the opening of accounts, main features of accounts

5.	Type of account	Current account (corporate and individual).
6.	Documents required for the opening of accounts	Corporate accounts: copies of the incorporation documents of the company certified by Apostille. For Cyprus registered companies legalization by Apostille is not required. Passport copies certified by Apostille, utility bills and bank reference letters for the directors, beneficial owners and persons managing the account. For companies more than 1 year old a Certificate of Good Standing is required. Individual accounts: passport copies certified by Apostille, utility bills, and bank reference letters.
7.	Time required for the opening of accounts	One week, provided all the information and documents requested are available. The account will be activated immediately upon receipt of the first incoming payment.
8.	Restrictions on the opening of accounts	No restrictions
9.	Personal appearance of signatories required	Not obligatory, however the bank would welcome a personal meeting with the client.
10.	Minimum balance required in the account	No minimum required.
11.	Methods of making payments	Through Internet, by fax with security codes.
12.	Internet banking	Available
13.	Credit / debit card types and possibilities	Euroclass Gold Visa credit card.
14.	Deposit required in card accounts	Double of the credit limit.
15.	Fee charged by the bank for the opening of accounts	Free of charge
16.	Account maintenance fee	Free of charge

Basic charges imposed by the bank

17.	Charge for incoming transfers	Up to 20 000 EUR: 8 EUR Above 20 000 EUR: 16 EUR Within SEPA countries: Up to 50 000 EUR: free of charge Above 50 000 EUR: 16 EUR
18.	Charge for outgoing transfers	Up to 2 000 EUR: 8 EUR + 0,1% max 340 EUR Above 2 000 EUR: 16 EUR + 0,1% max 340 EUR Within SEPA countries: up to 2 000 EUR: 5 EUR From 2 000 EUR to 50 000 EUR: 10 EUR
19.	Charge for cash withdrawals	In EUR: free of charge In other currencies: up to 2 000 EUR equivalent: free of charge Above 2 000 EUR equivalent: 0.4%, min. 3 EUR
20.	Charge for cash deposits	In EUR: free of charge In other currencies: up to 2 000 EUR equivalent: free of charge Above 2 000 EUR equivalent: 0.4%, min. 3 EUR

The conditions imposed by the banks regarding the opening of accounts may change from time to time. Therefore, we recommend consultation with the staff of LAVECO LTD., who will be able to provide up-to-date information, before making a final decision on the choice of bank.



FBME Bank

15.01.2010.

1.	Country of registration, main office, number of branches	Cyprus and Tanzania. The bank has a representative office in Moscow and a sister bank in Lebanon.
2.	Year of foundation	1982
3.	Main shareholders	Private individuals
4.	SWIFT code	FBMECY2N

Information on the opening of accounts, main features of accounts

5.	Type of account	Current account (corporate and individual)
6.	Documents required for the opening of accounts	Corporate accounts: certified copies of the incorporation documents of the company, certified copies of passports of directors, signatories and beneficiaries, bank reference letters and proof of residential address of directors, beneficiaries and signatories. For companies more than 1 year old a Certificate of Good Standing is required. Individual accounts: bank reference letter, certified copy of passport, proof of residential address
7.	Time required for the opening of accounts	One week, provided all the information and documents requested are available. The account will be activated immediately upon receipt of the first incoming payment.
8.	Restrictions on the opening of accounts	No restrictions
9.	Personal appearance of signatories required	Not required
10.	Minimum balance required in the account	No minimum required
11.	Methods of making payments	Through Internet, by fax, by post, personally
12.	Internet banking	Available Charges: 5 USD/month
13.	Credit / debit card types and possibilities	VISA (Gold Card), MasterCard (Standard and Gold), Debit/Pre-paid cards: KeyCard (Cirrus), and Global Card (Maestro and Cirrus)
14.	Deposit required in card accounts	For VISA Card and MasterCard the double of the credit limit is required
15.	Fee charged by the bank for the opening of accounts	Free of charge
16.	Account maintenance fee	23 USD per quarter

Basic charges imposed by the bank

17.	Charge for incoming transfers	10 USD
18.	Charge for outgoing transfers	0.1%, min. 8 USD – max. 83 USD, plus payment for SWIFT : min. 13 USD.
19.	Charge for cash withdrawals	0.8%, min. 13 USD
20.	Charge for cash deposits	0.5%, min. 13 USD

The conditions imposed by the banks regarding the opening of accounts may change from time to time. Therefore, we recommend consultation with the staff of LAVECO LTD., who will be able to provide up-to-date information, before making a final decision on the choice of bank.

Hellenic Bank

15.08.2011.

1.	Country of registration, main office, number of branches	The bank is domiciled in Cyprus, with 80 branches in Cyprus and 25 branches in Greece. The bank has representative offices in South Africa, Moscow, Saint Petersburg and Kiev.
2.	Year of foundation	1976
3.	Credit rating	Moody's: Long term: Baa2, Short term: P-2
4.	Main shareholders	Public Company, 14% is owned by Archbishopric of Cyprus
5.	SWIFT code	HEBACY2N

Information on the opening of accounts, main features of accounts

6.	Type of account	Current and deposit accounts (corporate and individual)
7.	Documents required for the opening of accounts	Corporate accounts: certified copies of the incorporation documents of the company, passport copies, proof of address and bank reference letters for the directors, signatories and beneficiaries. For companies more than 1 year old a Certificate of Good Standing is required. Individual accounts: bank references, passport copies and certified signatures of the persons managing the account. Proof of residential address
8.	Time required for the opening of accounts	One week, provided all the information and documents requested are available. The account will be activated immediately upon receipt of the first incoming payment.
9.	Restrictions on the opening of accounts	No restrictions
10.	Personal appearance of signatories required	Not required
11.	Minimum balance required in the account	No minimum required
12.	Methods of making payments	Internet banking, telefax, by fax bearing Test Codes (Use of Test Keys), by mail, personally at the bank
13.	Internet banking	Available - free of charge. A Digipass device is mandatory as a means to additional security. Charge for Digipass: 10 EUR
14.	Credit / debit card types and possibilities	VISA and Mastercard (WorldSignia, Platinum, Gold, Classic, Electron and Prepaid P-card)
15.	Deposit required in card accounts	Yes, to the amount of the allocated limit. Debit cards: deposit equal to the limit. Credit cards: deposit is double the amount of the limit.
16.	Fee charged by the bank for the opening of accounts	Free of charge
17.	Account maintenance fee	Corporate Customers: 50 EUR per quarter Individual Customers: 25 EUR per quarter

Basic charges imposed by the bank

18.	Charge for incoming transfers	EUR: within EU up to 1,000 € - free, from 1,001 to 50,000 € - min. 5 €, max. 15 €, above 50,001 € - 40 €. Outside EU: up to 1,000 € - free, from 1,001 to 50,000 € - 20 €, above 50,001 € - 40 €
19.	Charge for outgoing transfers	EUR: within EU up to 50,000€ - SEPA: 0.15%, min. 2€ - max. 5€, SWIFT: 0.15%, min. 5€ - max. 12€. If the sender of SWIFT bears all charges: 0,1%, min 10€ – max. 70€. If same day value: 0,05%, min. 15€ - max. 50€ Outside EU or within EU over 50,000€: Handling fee: 0.1%, min 10€ - max. 250€. If the sender bears all charges: 0,1%, min. 10€ - max. 70€. If same day value: 0,05%, min. 15€ - max. 50€
20.	Charge for cash withdrawals	EUR – free of charge
21.	Charge for cash deposits	EUR – free of charge

The conditions imposed by the banks regarding the opening of accounts may change from time to time. Therefore, we recommend consultation with the staff of LAVECO LTD., who will be able to provide up-to-date information, before making a final decision on the choice of bank.



Marfin Laiki Bank

15.01.2010.

1.	Country of registration, main office, number of branches	The main branch is registered in Nicosia, Cyprus; 451 branches in the following countries: Cyprus, Greece, United Kingdom, Australia, Romania, Serbia, Estonia, Guernsey, Ukraine, Malta and Russia.
2.	Year of foundation	1901
3.	Credit rating	A2 (Moody's), A - (Capital Intelligence)
4.	Main shareholders	Public company
5.	SWIFT code	LIKICY2N

Information on the opening of accounts, main features of accounts

6.	Type of account	Current account, fixed deposit account, savings account, notice account, sight account and different types of investment accounts (corporate and individual)
7.	Documents required for the opening of accounts	Corporate accounts: certified copies of the incorporation documents of the company, bank references and utility bills for directors, attorneys, beneficiaries and the persons managing the account, passport copies of the directors, attorneys, persons managing the account and beneficiaries certified by notary public and signatures of directors and the persons managing the account certified by notary public. For companies more than 1 year old a Certificate of Good Standing is required. Individual accounts: bank references, two utility bills, passport copies and signatures of the persons managing the account certified by notary public.
8.	Time required for the opening of accounts	One week, provided all the information and documents requested are available. The account will be activated immediately upon receipt of the first incoming payment.
9.	Restrictions on the opening of accounts	No restrictions
10.	Personal appearance of signatories required	Not required
11.	Minimum balance required in the account	No minimum required
12.	Methods of making payments	Telefax with test key codes, Internet
13.	Internet banking	Available. Free of charge.
14.	Credit / debit card types and possibilities	VISA (Business, Business Debit, Platinum, Gold, Gold Debit, Classic, Classic Debit, Card&Fly Business, Card&Fly Platinum, Card&Fly Gold, Card&Fly Classic, Electron, Prepaid)
15.	Deposit required in card accounts	For credit cards: 3000 EUR or equivalent in other currency
16.	Fee charged by the bank for the opening of accounts	Free of charge
17.	Account maintenance fee	30 EUR per quarter

Basic charges imposed by the bank

18.	Charge for incoming transfers	0.1% min. 1.71 EUR, max. 17.09 EUR
19.	Charge for outgoing transfers (min, max)	up to 854.30 EUR: 8.54 EUR; over 854.30 EUR: 17.09 EUR. Extra charges for using the SWIFT system: 0.1-0.15% depending on the country, max. 341.72 EUR
20.	Charge for cash withdrawals	0.15% (min. 0.43 EUR) excluding first 10 transactions per month, per account. No upper limit!
21.	Charge for cash deposits	0.15% (min. 0.43 EUR) excluding first 10 transactions per month, per account. No upper limit!

The conditions imposed by the banks regarding the opening of accounts may change from time to time. Therefore, we recommend consultation with the staff of LAVECO LTD., who will be able to provide up-to-date information, before making a final decision on the choice of bank.

Fiduciary services

The LAVECO Group provides you with the full range of fiduciary services. For further details please contact one of the following directors of LAVECO Group.



 **LAVECO LTD.**
The Company Maker since 1991

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Regional Manager, Cyprus

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The Company Maker since 1991

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Information on the obligatory filing of accounts in Cyprus

As a member of the European Union, Cyprus also follows the EU standards in its accounting system, while also retaining the traditions of the Anglo-Saxon legal system. In general it can be stated that the tax administration system is well developed, with relatively transparent laws and regulations.

All companies registered in Cyprus must comply with these formal regulations, even if they have been dormant (carried out no transactions).

The purpose of this section is to provide our clients and partners with a summary of the main points of the Cypriot accounting system. Obviously, however, the information contained here is no substitute for a detailed consultation with a local accountant.

Subject of the accounting obligation:	Companies registered and tax-resident in Cyprus. Companies must apply for a Tax Number from the Inland Revenue.
Accounting obligation:	Companies must, by law, keep clear bookkeeping records in accordance with Cyprus procedures.
Auditing obligation:	The auditing of the accounts must be carried out by a certified auditor in Cyprus.
Financial year:	This typically coincides with the calendar year, and so begins on January 1 st and ends on December 31 st . If the financial year does not coincide with the calendar year, it can not be longer than 12 months. (In the past it could be extended to 18 months).
Deadline for the filing of financial statements:	December 31 st of the year following the subject year.
Rates of tax on profits:	The basic rate of corporate profit tax for Cyprus companies is 10%.



Tax advance and tax payment conditions:	<p>Companies which make a profit must pay a tax advance. In June of each financial year, the company directors and shareholders must estimate the expected profit for the year, and must pay a tax advance for the amount calculated in three equal instalments as follows:</p> <ul style="list-style-type: none">- first instalment: by August 1st- second instalment: by September 30th- third instalment: by December 31st. <p>There can be no great discrepancy between the estimated and actual amounts in the annual accounts, as, if the estimated profit is less than 75% of the actual profit, a 10% tax penalty is payable on the difference.</p> <p>In order to be able to prepare the accounts on time, and so that companies can pay the tax advance and the tax itself, the accountant we are in cooperation with asks clients to provide the material for the accounts twice a year, as follows:</p> <ul style="list-style-type: none">- the material relating to the first half of the year by September 30th of the subject year- the material relating to the second half of the year by March 31st of the year following the subject year
Accounting fees:	The accounting fees will be calculated based on the number of monthly accounting items (please see Appendix 1).
Auditing fees:	The audit is a separate process, and separate fees will be charged based on the number of yearly accounting items (please see Appendix 2).



The preparation of accounts for companies which do not have a VAT number

The accountant or the representative of LAVECO's office in Cyprus will send the client a written request, twice a year as described above, for the documentation (photocopies will suffice) necessary for the preparation of the company's accounts (invoices, contracts, bank statements, registers, minutes, bills of lading, customs papers etc.).

After receiving accounting documentation, the accountant will calculate the number of transactions and issue invoices for Accounting and Auditing, which will be forwarded to the client.

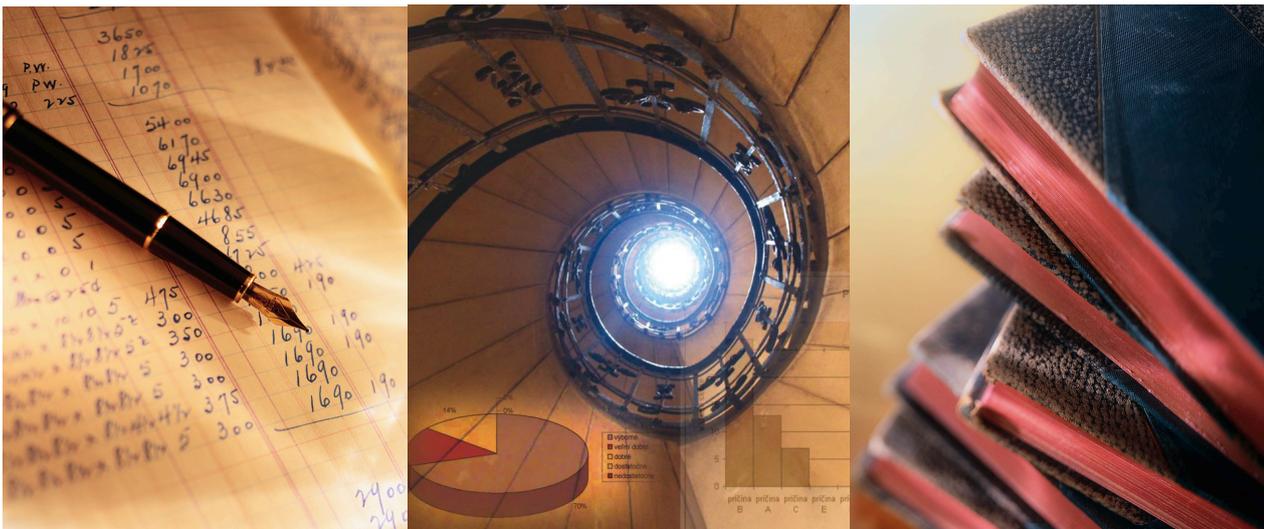
Once the invoices have been settled, the accountant will start the preparation of the accounts and Financial Statements.

The accountant sends the end of year financial statements to the company director to be signed.

The client returns the signed report to the accountant.

The accountant files the Financial Statements with the tax authorities and Commissioner of Companies in Cyprus.

- **Important note:** the accountant will only start to prepare accounts and Financial Statements
- once the relevant invoices have been settled. Therefore, we strongly advise our clients to
- settle all invoices in good time.



The VAT system

Once a company has been registered in Cyprus it has the right to apply for an EU tax number, and with this also becomes subject to the EU VAT system. The application generally takes between **1 & 2** weeks and the company then receives an EU tax number.

Every company registered in Cyprus and in possession of a tax number is obliged to file VAT returns, even if the company was dormant (had no transactions) during the given period.

VAT returns must be prepared quarterly. The quarterly periods are set by the tax authorities, and do not coincide with the calendar "quarters". The tax authorities send notification of this to the client (or the accountant).

The accountant prepares the VAT return on the basis of invoices and other documents provided by the client **ON A MONTHLY BASIS**.

If a company buys from one EU country and sells to another EU country, then it must file VIES (VAT Information Exchange System) returns. If the company is involved in buying and selling products or services within one country then such returns are not necessary.

In order to fill out the VIES forms, the following information will be needed:

- Country of Purchase
- Country of Sale
- Your client's VAT number (in their country of residence)
- Number of total transactions and the amount of each transaction

Deposit for VAT number	2000 EUR
Fees for application for EU VAT number	195 EUR + 15% VAT
Fee for application for VIES Electronic Registration	195 EUR + 15% VAT
Fee for filing the quarterly VAT returns	85 EUR + 15% VAT/ quarter
Fee for filling the monthly VIES return	60 EUR + 15% VAT/ report

- **Important note:** A Certificate of Registration for VAT is only issued by the authorities after 1-1.5 months, though the VAT number itself is valid and can be legally used at the time of notification. Similarly, there is a delay between the issue of the VAT number and it being posted by the Cypriot authorities on the EU's Internet database; LAVECO Ltd. can accept no responsibility for these delays.



The preparation of VAT returns

The client is obliged to provide the accountant with all the necessary documents (invoices, contracts, bank statements, registers, minutes, bills of lading, customs papers etc.), **within 10 days of the end of the subject month.**

- The accountant or LAVECO's Cyprus office will send a notification to the client at the end of each quarter.
- The VAT Forms from the Cyprus VAT Authorities will be forwarded to the clients every quarter. There is a deadline for the filing of the VAT Form, therefore the director of the company must sign the VAT Form without delay and return it to the Cyprus office of Laveco Ltd. in order to avoid any penalties. Unfortunately, the VAT form is in Greek, but the accountant will fill out the necessary information for the clients.
- The client sends the signed VAT Form back to the accountant.
- The accountant files the completed VAT return with the tax authorities.
- The accountant then sends an invoice for the completed service to the client. (Please note that the accountant will only prepare the return for the following quarter, if the invoice for the subject quarter has been settled).

Generally speaking, the majority of companies do not pay VAT in Cyprus, but if the company makes sales in Cyprus, or sells to private individuals or companies from within the EU which do not have an EU VAT number, then it actually has to pay the VAT due in Cyprus. Therefore, if you have any doubts regarding the payment of VAT, please consult with the accountant in Cyprus.

• **Important note:** if returns are filed late, penalties will be payable. If the return is filed even one day after the deadline (40 days after the end of the quarter), then an automatic penalty of 52 EUR will be imposed; and further delays in filing the return will result in increases in the amount of the penalty. Late filing may also result in the company being placed on a "blacklist"; at the present time, we have not been informed of the consequences of a company being blacklisted.

• **Important note:** the accountant will only accept documentation in English or Greek. As the accountant can not be expected to understand Hungarian, Romanian, Ukrainian, Bulgarian etc., any documents not in English or Greek and not accompanied by a translation will not be included in the accounts, and will be returned to the sender by post at the expense of the client.

How to close a company registered in Cyprus

In order to close a Cyprus company, the client must first settle all outstanding liabilities with the Cyprus authorities (such as the payment of tax, penalties, filing of Financial Statements, VAT returns etc.). All outstanding invoices for services provided by Laveco Ltd. and the auditor for the preparation of Accounting and Auditing, as well as the invoice for closing the company, must be settled.

Companies with a VAT number are obliged to file VAT reports until the company is officially closed, which takes a couple of months. This procedure depends on the Registrar of Companies and the Tax authorities, and LAVECO Ltd. can not take any responsibility for any delays in the closing process.

This information material is meant as a guideline to the most important regulations regarding the administrative requirements of companies registered in Cyprus. As the system is constantly developing, and the regulations in Cyprus are subject to change, please consult the LAVECO Ltd. office in Cyprus at:

LAVECO Ltd.	
Contact Person:	Sonia Vrachimi
Tel:	+ 357 24 636 919
Fax:	+ 357 24 636 920
E-mail:	cyprus@laveco.com

Wishing you success and fruitful results with the operation of your Cyprus Company!





Checklist – to be completed at the time of purchase of Cyprus companies

- copy of client's passport (director, owner, attorney)

- client's residential address (proof of address – utility bill, id address card)

- client's contact details (telephone, fax, email, postal address)

- application for VAT number, signed by client

- authorisation letter to the accountant, signed by the client

- sample dormant confirmation letter

- sample Tax Residence Certificate

- in case of nominee directors: management agreement, signed by client

- in case of nominee directors: nominee papers (indemnity, resignation letter, etc.)

Appendixes

Appendix 1

Accounting

Category	Accounting items per month	Price per accounting item in Euro
1	0	0
2	1 - 3	9,5
3	4 - 5	9,5
4	6 - 9	9,5
5	10 - 12	9,5
6	13-15	9,5
7.a	16-20	6,5
7.b	21-40	6,5
7.c	41-100	3
7.d	101+	1,65

Example 1 :

Companies A & B have 10 and 50 accounting items per month respectively.

COMPANY A

$10 \times 9,5 = 95$ EUR (per month)

COMPANY B

1st 15 items: $15 \times 9,5 = 142,50$

Items 16-40: $25 \times 6,5 = 162,50$

Items 41-50: $10 \times 3 = 30,00$

TOTAL: 335 EUR (per month)



Appendix 2

Auditing

Auditing items per year	Audit price (fixed) Euro	Audit price per item, Euro
0	625	N/A
1-36	668,75	N/A
37-60	725	N/A
61-108	787,5	N/A
109-144	831	N/A
145-180	875	N/A
181-240	N/A	6,5
241-480	N/A	6,5
481-1200	N/A	4,5
1201+	N/A	4,5

- ∴ **Important note:** In the case of the yearly audit, fixed prices apply to the first 180 items.
- ∴ Any additional items are charged per item.

Example 2 :

In the case of Companies A & B from Appendix 1, the yearly auditing fees will be as follows (assuming that the monthly figures in the example are average figures for the year):

COMPANY A

10 items per month = 120 annual auditing items

120 items = 831 EUR

COMPANY B

50 items per month = 600 annual auditing items

Items 1-180 = 875

Items 181-480 = 300 x 6,5 = 1950

Items 481-600 = 220 x 4,5 = 990

TOTAL: 3815 EUR



Subject: Authorisation to accountant

Dear Sirs,

I hereby authorise the company....., from this day forward, to carry out all tasks and duties in relation to accounting and auditing of the company (a company registered in Cyprus under registered number.....) in accordance with the laws of Cyprus. Furthermore, the company is authorised to maintain contact with and deal with the authorities in Cyprus (Tax authorities, social security office, VAT office, Employment authorities, etc.) in our name and on our behalf.

The current authorisation is valid from this day until revocation.

Yours sincerely

.....

Director / attorney



Report for accounting documentation					
Company name:					
Place of registration:					
Registration number:					
Documents					
A./ Bank statements					
Name of the bank:					
Number	Date	Statement number			
B./Incoming invoices					
Number	Date	Invoice number			
C./ Outgoing invoices					
Number	Date	Invoice number			
D./ Cash account					
Number	Date	Description	Credit	Debit	Balance
E./Minutes and Notes					
Number	Date	Description	Number of copies		
F./Agreements/Contracts					
Number	Date	Description	Number of copies		
G./Others					
Number	Date	Description	Number of copies		

Annual results

I. ANNUAL RESULTS WITHOUT THE USE OF A CYPRUS COMPANY

The company Economic GmbH (Germany) imports toothpicks from China and sells them to various countries in the EU.

I.A. Pre-tax results for 2003	100 000 EUR
I.B. Corporate tax (25%)	25 000 EUR
I.C. Results after tax	75 000 EUR

II. ANNUAL RESULTS USING A CYPRUS COMPANY

The company Economic Ltd. (Cyprus) imports toothpicks from China and sells them to various countries in the EU.

II.A. Pre-tax results for 2003	100 000 EUR
II.B. Corporate tax (10%)	10 000 EUR
II.C. Results after tax	90 000 EUR

III. DIFFERENCE BETWEEN THE TWO

II.C. Results after tax – Economic Ltd. (Cyprus)	90 000 EUR
I.C. Results after tax – Economic GmbH (Germany)	75 000 EUR
III.C. Difference	15 000 EUR

It is quite clear, therefore, that even with a relatively “modest” profit, the difference which arises between the two levels of profit, thanks to the tax savings, is significant enough to cover the costs of establishing and running the company in Cyprus. If we then add to this, for example, the taxes payable on the payment of dividends, then the difference will be even more startling as the withholding tax payable by foreigners in Cyprus is 0%!

AND WE CAN DO EVEN BETTER THAN THAT!