

SUBSTANCE REAL PRESENCE IN CYPRUS SAVES BUSINESS OWNERS

Substance and real presence in Cyprus is one of the most important issues that companies are called to succeed in order to be able to enjoy the favourable tax regime of the island.

Another very important issue that Cyprus companies must take into consideration is to ensure that the **effective management and control** of a Cyprus company is exercised in Cyprus.

A. Criteria of OECD (Organisation for Economic Co-operation and Development) of company's management

- ✓ Location of the board of directors' meetings
- ✓ Location of the executive board of the company
- ✓ Location of chief executives of the company

B. The Central Bank of the Republic of Cyprus issued several documents that changed the regulatory policy regarding business.

Circular (June 14, 2018), Circular (November 2, 2018) and the EU Directive on the Prevention of Money Laundering and the Financing of Terrorism.

Documents indicate the concept of dummy companies, or shell companies.

The document indicates that a **dummy** company is a legal entity which falls under several criteria as follows:

1. There are no reasonable grounds to presume that a company is physically present in the form of a real office in Cyprus, or a room used as an office;
2. There is no real Director/employees who works in the company
3. A company does not operate in the territory of the Republic of Cyprus.
4. A company can not provide documents confirming that the activity has economic value and is purposeful.

C. For tax purposes and according to Income Tax Law a company, anywhere registered, is tax resident of Cyprus if its management and control is exercised in Cyprus and that the company has a real presence (existence) in Cyprus.

The actual presence of the company in the country is determined by the following criteria:

- ✓ existence of company's office (own or rented)
- ✓ hiring of staff by company with real duties and salary
- ✓ accounting and other reporting documents should be kept in the company's office
- ✓ meetings of board of directors should be held in the country of company's presence

- ✓ managing and control of the company's bank accounts should be mainly performed from the country of company's presence
- ✓ company should have a tax number, assigned by the tax authorities of the country

D. EuroAudit taking into account the above changes/developments can offer you the following services to strengthen the presence of your company in Cyprus

- ✓ Provide you with a fully equipped office space according with your requirements and conclusion of a rental agreement;
- ✓ Provide you with employees for the company and assistance in further process of their employment.
- ✓ Provision of accounting services and legal support;
- ✓ Opening a corporate bank account;
- ✓ Documents management of the company;
- ✓ Keeping accounting and corporate documents.

We remain at your disposal for any clarification or questions you may have.

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