

Withholding Taxes

- There are no withholding taxes on payment to non-resident persons (companies or individuals) in respect of dividends, interest and royalties outside Cyprus.

Capital Gains Tax

- Capital gains are not included in the ordinary trading profits of a business and are completely exempt from capital gains tax. Capital gains tax is only imposed on the sale of immovable property situated in Cyprus as well as on the sale of shares in companies (other than quoted shares) in which the underlying asset is immovable property situated in Cyprus.
- Capital gains that arise from the disposal of immovable property held outside Cyprus or shares in companies which may have as an underlying asset immovable property held outside Cyprus, are also completely exempt from capital gains tax.

Inter-company Dividends

- A Cyprus tax resident company is exempt from tax when dividends are received from another Cyprus or foreign company.

Intellectual Property Rights (IPR)

- An 80% exemption on qualifying net IP income and capital gains upon disposal of the IP is available for Cyprus tax resident companies. Amortization provisions over a five-year period (for IP rights acquired or developed post 1st January 2012) were introduced. The above tax incentives are available for a wide range of qualifying IP rights and the resulting effective tax rate is always 2.5% or less.

Cyprus Investment Funds

Cyprus is an attractive cost-efficient business jurisdiction for the establishment and operations of Alternative Investment Funds (AIFs) as well as UCITS and AIF management entities. With an updated legislation and increasing inflows of investments, Cyprus has set its sights on becoming a fund and asset management center of excellence.

Cyprus has transposed the AIFM and the UCITS V directive into national legislation and has established a flexible and modern AIF framework. All funds and fund managers are regulated by the local regulator, the Cyprus Securities and Exchange Commission (CySEC).

In July 2018, the Alternative Investment Funds Law (L.124(I)/2018) came into force, revising and replacing the existing legal framework on AIFs at the time, namely the Alternative Investment Funds Law (L.131(I)/2014). The main changes were the introduction of a new type of AIF, the "registered" but not "authorized" AIF and the enhancement of the Limited Partnership vehicle. The revised legislation reflects the current market needs as it provides more options and flexibility and enhances the Cyprus legal framework and its competitive position among other jurisdictions for funds and asset management.

Brief overview

	AIF with Limited Number of Persons (AIFLNP)	AIF with Unlimited Number of Persons	Registered AIF (RAIF)	UCITS
Regulator	CySEC	CySEC	CySEC – No licensing required	CySEC
No. of investors limitation	50 (with no look provision)	Unlimited	Unlimited	Unlimited
Eligible investors	<ul style="list-style-type: none"> ✓ Professional ✓ Well-Informed 	<ul style="list-style-type: none"> ✓ Professional ✓ Well-Informed ✓ Retail 	<ul style="list-style-type: none"> ✓ Professional ✓ Well-Informed 	<ul style="list-style-type: none"> ✓ Professional ✓ Well-Informed ✓ Retail
Available structures	<ul style="list-style-type: none"> ✓ Variable Capital Investment Company (VCIC) ✓ Fixed Capital Investment Company (FCIC) ✓ Limited Partnership (LP) 	<ul style="list-style-type: none"> ✓ Variable Capital Investment Company (VCIC) ✓ Fixed Capital Investment Company (FCIC) ✓ Common Fund (CF) ✓ Limited Partnership (LP) 	<ul style="list-style-type: none"> ✓ Variable Capital Investment Company (VCIC) ✓ Fixed Capital Investment Company (FCIC) ✓ Common Fund (CF) ✓ Limited Partnership (LP) 	<ul style="list-style-type: none"> ✓ Variable Capital Investment Company (VCIC) ✓ Common Fund (CF)
Minimum share capital	Self-managed funds only €50.000	Self-managed funds only €125.000	Externally managed, the RAIF does not require minimum share capital	Third-party managed €200.000 or €300.000 if self-managed.
External management licencing requirement	No, can be self-managed	No, can be self-managed	Yes, always externally managed	Self-managed (applicable only in case of a VCIC) or third-party managed