Cyprus Tax Residency

For Every person, natural or legal who is a resident of the Republic of Cyprus, tax is imposed on its income.

The definition of Income includes, among others, profits or other benefits deriving from business activities, from positions held, dividends, interests, pensions, rents, benefit in kind, etc.

In accordance with the Income Tax Law, as amended, a Cyprus Tax Resident is a person residing in the Republic for more than 183 in a Fiscal Year. Additionally, the definition of Tax Resident includes any person not residing in any other country, for a total of more than 183 days during the aforesaid fiscal year, is not considered as a tax resident of any other country and fulfills the following criteria:

Stays in Cyprus for at least 60 days, and

Conducts business within the Republic and/or holds an office in a Cyprus Tax Resident; and

Maintains a permanent residency in the Republic, either owned or rented.

The aforementioned Income Tax Law identifies companies as Tax Residents of the Republic if its management and control is exercised in Cyprus.

A Cyprus Tax Resident Company benefits and enjoys several exceptions, discounts and incentives.

The test to identify whether management and control is exercised in Cyprus includes questions as to where the company is a tax resident according to its management and control, when, where and who exercises the management and control.

In view of the above, in order for a Company to be eligible for Cyprus Tax Residency following, non exhaustive criteria should be met:

1. Majority of the Board of Directors meetings taking place in Cyprus
2. Key management and commercial decisions to be taken by the Board of Directors
3. Resolutions and Minutes to be kept in Cyprus
4. Majority of the Board of Directors being Tax Residents in Cyprus
5. No general power of attorney's to be issued.
6. Company seal and statutory books and records kept in Cyprus
7. Agreements and other business executed or signed in Cyprus.
8. Filing of tax returns in Cyprus.