



Why invest in Cyprus

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invest
Cyprus

Country Overview

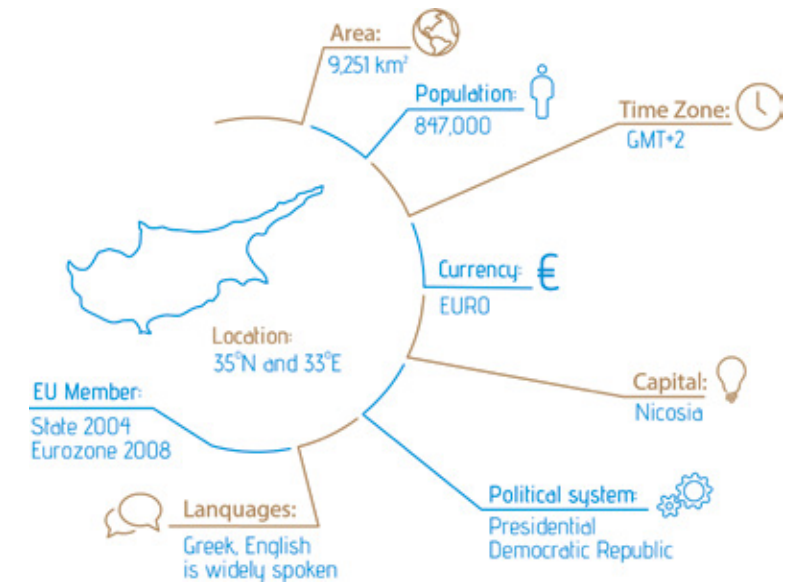
Cyprus is the third largest island in the Mediterranean Sea, located at the eastern end of Europe, at the crux of the busy shipping and air routes linking 3 continents, Europe, Africa and Asia. The island, through its rich and turbulent history, going back more than 10 000 years, has developed from a Stone Age settlement into a modern and thriving European Union state today, with a host of opportunities and prospects for economic growth and prosperity.

This small but dynamic country has long established a strong reputation as a “centre of excellence” for international business activities, retaining unique clusters of expertise and service capability to support key growth sectors of the economy.

Capitalising on its competitive advantages, driving and enhancing both traditional and new economic sectors and continuously improving and enhancing its business environment, Cyprus has developed into a destination of choice for doing business.

Cyprus has a modern, free-market, service-based economy with an effective and transparent regulatory and legal framework offering international investors and domestic businesses confidence to invest, grow and prosper. It continuously and systematically strives to offer an innovative, diverse and investor-friendly environment.

“Cyprus is a modern, cosmopolitan, transparent business centre offering opportunities for investment across a wide range of sectors.”



Top Reasons to Invest in Cyprus

1

Strategic Location

With its ideal geographical position at the crossroads of three continents - Europe, Africa and Asia - Cyprus plays a key stabilising role in the region of the Eastern Mediterranean. The island is an ideal investment gateway to the European Union, as well as a portal for investment outside the EU, particularly into the Middle East, India and China.

2

Legal and Regulatory Framework

Based on English Common Law principles, Cyprus' comprehensive and robust legal and regulatory framework is widely recognised as a business-friendly and effective system that ensures transparency and reliability in business practices. Offering foreign businesses a familiar and reliable framework within which to operate, Cyprus' legal system is also fully compliant with the EU, the Financial Action Task Force on Money Laundering (FATF), OECD, FATCA, the Financial Stability Forum laws and regulations and EU AML directives.

3

EU Member State and Member of the European Monetary Union

As a member of the European Union since 2004 and the European Monetary Union since 2008, Cyprus is committed to quality, efficiency and transparency in transactions. Its EU membership ensures safety and stability for investors, also offering them market access to more than 500 million EU citizens.

4

Tax System

Cyprus offers an attractive and transparent tax regime, fully compliant with EU, OECD and international laws and regulations.

Its main features are:

- One of the lowest corporate income tax rates in the EU at 12.5%
- Dividend participation exemption
- Exemption on disposal of "securities" (e.g. shares, bonds, debentures)
- No succession taxes
- No withholding taxes
- Attractive IP regime
- Tonnage tax for shipping companies
- Notional interest deduction
- Personal tax exemptions for new residents and non-domiciles
- Incentives for investment into start-ups

5

Human Talent & Level of Services

Human talent probably constitutes Cyprus' most compelling advantage, complemented by a broad range of high quality professional services. As a dynamic business centre, Cyprus offers an abundance of highly educated and skilled individuals, multilingual in their majority, ready to serve the needs of any business. Cyprus ranks amongst the top countries in Europe for tertiary education per capita.

“Cyprus combines its strategic position with ease of doing business, a modern, attractive and transparent tax and legal system, advanced infrastructure and a high-calibre workforce.”

6

Advanced Infrastructure

Cyprus benefits from advanced and modern infrastructure, as well as an extensive telecommunications network, ideally suited for business people with demanding schedules. Thanks to its sophisticated road system, bustling port facilities (in Limassol and Larnaka) and two international airports (in Larnaka and Paphos), travel and transport in and beyond Cyprus is always fast, efficient and cost effective.

7

High Quality of Life

Cyprus residents enjoy an enviable lifestyle in a safe, clean and healthy environment with high living standards. Low crime levels, year-round sunshine, centuries of art and culture, and a delicious gastronomy all contribute to a high quality of life. Safety is amongst the biggest advantages of Cyprus, which has been ranked the 5th safest country in Value Penguin's Safest Countries in the World (2015) and Safest Country for young people by the Guardian (2017).





Growth Sectors

Cyprus offers exciting potential in both traditional and emerging economic growth sectors, continuously aiming at diversifying and enriching its product. Traditional sectors, such as shipping, tourism, banking, financial and professional services, have been the key driving forces of the island's economy for years, while new sectors, such as energy, investment funds, research & development, education and wellness tourism, offer a modern perspective and give impetus to the country's path towards growth and a varied, knowledgebased economy. Numerous opportunities are waiting to be explored in all development sectors, while various incentives and funding opportunities are frequently introduced in order to improve Cyprus' competitiveness and enhance ease of doing business.

Tourism

Tourism, one of Cyprus' most resilient and strong economic sectors with a significant contribution to the country's GDP, continuously experiences substantial growth, as per the record number of more than 2.5m tourists visiting Cyprus every year. The island has all the prerequisites to further develop this industry and offers great potential for investments in niche areas such as Health & Wellness, Sports, Luxury and Lifestyle. Cyprus' tourism industry has been honoured with numerous prestigious awards, such as the Sustainable Destinations Global Top 100, while Cyprus' famous beaches have been awarded with 57 Blue Flags and hold three records:

- Most Blue Flags per capita in the world
- Most dense concentration of Blue Flag Beaches
- Most Blue Flag beaches per coastline

Shipping

Cyprus is a renowned International Shipping Centre, offering the only EU approved Tonnage Tax regime with benefits for ship-owning, ship-management and crew management, and home to some of the world's leading names in the global shipping industry. Currently, more than 1000 registered vessels with 21 million gross tonnage are registered under the Cyprus flag, rendering the island:

- The largest Ship Management Centre in EU
- Among top 3 Ship Management Centres globally
- 3rd largest merchant fleet in EU
- 11th largest fleet worldwide

Real Estate and Large-Scale Development Projects

Acquiring property in Cyprus, either as an investment or as a second home, has always been a popular choice among foreign investors. A combination of high quality of life, year-round sunshine and natural beauty, ease of doing business and investment incentives offer investors an attractive experience in terms of both living and doing business

- A wide range of prestigious Large-Scale Development projects are available, ranging from residential and commercial developments, to luxury tourist attractions, such as marinas, golf courses, tourist resorts
- There are schemes for acquiring the Cypriot Citizenship and Immigration Permit through investment, subject to conditions

Banking and Financial Services

The Cyprus financial services sector is diverse, comprising domestic banks, International Banking Units (IBUs), insurance and other companies that offer financial intermediation services. Several foreign banks from the Middle East, Europe and Asia operate subsidiaries, branches or representative offices in Cyprus.

- Cyprus banking and financial services sector legislation is in line with international best practices
- An effective and transparent tax system, fully EU, OECD, FATF, FATCA and FSF compliant in place
- Commercial banking arrangements and practices follow the British model
- All banks maintain correspondent networks around the world and are able to carry out both traditional and specialised financial transactions

Investment funds

Cyprus is rapidly developing into not only a European, but a global investment funds and asset management domicile. Due to its modern and well-regulated framework, Cyprus attracts increased interest and substantial investment from funds and asset managers worldwide. The relevant law has also been enriched with provisions that increase Cyprus' attractiveness vis à vis other jurisdictions, both for UCITS and AIFs.

- Assets under management have tripled in Cyprus from €1 to €3 billion in the last years
- Incentives for funds' set up and operation, e.g. low income rates, exemptions and the absence of any withholding tax on dividends, are widely offered and upgraded

Professional Services

Cyprus is recognised as an international centre of excellence for the provision of a wide range of professional services, with highly qualified and experienced professionals offering efficient legal, accounting, auditing, consulting and other specialised services, at competitive costs. Notably, two of the world's leading accountancy organisations, the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA), chose the island as the first country in the world outside the UK to train ICAEW and CIMA accountants. Currently, there are:

- more than 120 limited accounting firms and 160 limited liability law firms and
- offices of the top international accounting firms operating in Cyprus

Energy

The discovery of hydrocarbons in Cyprus' Exclusive Economic Zone (EEZ) has created new and exciting prospects for Cyprus to become an energy hub in the Eastern Mediterranean. This development has attracted worldwide interest and significant investments from leading international energy giants, such as Noble Energy, Delek, Total, ENI and KOGAS, as well as renowned international providers operating in the oil and gas auxiliary services sector. Comprehensive strategies are being developed to exploit the country's wealth not only for local needs, but also for export purposes.

- Exploration licences have been granted for several offshore blocks within Cyprus' EEZ
- Energy has also fostered regional cooperation with Cyprus concluding agreements with countries such as Israel, Egypt and Lebanon

“From traditional sectors such as tourism, shipping, real estate to emerging sectors such as investment funds, energy, technology, R&D&I, Cyprus offers plenty.”



Education

Cyprus aspires to become a major educational centre of excellence in the region, through the establishment of international universities' branches in the island. Cyprus is committed to further strengthening education, consistently allocating over 6% of GDP as public expenditure on this sector.

- High percentage of tertiary education attainment, exceeding the national target, and achieving a percentage higher than the EU28 average of 36.8%, and one of the highest in the world
- All universities in Cyprus offer high quality programmes and courses in English



Research and Development and Innovation (R&D&I)

Research and Development (R&D) is an emerging priority sector with the country aiming at cultivating a knowledgebased economy. The Cyprus startup ecosystem is a promising and developing area, with existing incubators, also supported by Universities operating research centres within their premises.

Various incentives are constantly introduced, such as:

- Attractive IP regime
- Incentives to boost entrepreneurship and investment in innovative projects
- EU and nationally-funded research initiatives

Technology

ICT is an important driver of productivity, growth and economic performance crossing horizontally all sectors of the economy. Cyprus' ICT strategy aims at developing a digital economy and is fully aligned with flagship initiatives "Digital Agenda for Europe" and "Innovation Union" of the "Europe 2020" growth strategy, and supports projects on e-Government, e-Business, e-Learning, e-Inclusion, e-Health and overall ICT services.

- The launch of the country's first Science Technology Park (STP) will further expand the opportunities for becoming a tech hub
- Global technological leading companies hold their headquarters or regional offices in Cyprus





About Invest Cyprus

Businesses and individuals considering investment into Cyprus have a partner on the ground at all stages of the investment cycle. **Invest Cyprus** is a non-profit national body and the government's dedicated partner responsible for attracting and facilitating Foreign Direct Investment in key economic sectors.

Being the lead agent in establishing Cyprus as a world-class investment destination, **Invest Cyprus** proactively promotes the enhancement of the country's competitive environment, advocating reform and maximising FDI, for the economic and social benefit of Cyprus. In close collaboration with all government authorities, public institutions and the private sector, **Invest Cyprus** is the investor's first point of contact.

Invest Cyprus is a member of the World Association of Investment Promotion Agencies (WAIPA) and the Mediterranean Investment Network, ANIMA.

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