



# Cyprus

## e-business Opportunities

### **E-commerce:**

It's a real advantage in terms of tax planning the absence of restrictions towards physical borders. The freedom of movement permitted by this kind of business consents to select a strategic place to settle down the company taking into account its competitiveness, specifically to the reduction of the tax burden. An unlimited number of goods and services may be dealt or provided through the web.

The most important ones are the following:

- Website supply and webhosting;
- Software's updates and maintenance;
- Supply of images, typescripts and information accessible from databases;
- Music, movies, games and political, cultural, artistic, sporting, scientific and entertainment emissions or manifestations;
- E-learning;
- Telecommunications;
- Call Centre;
- E-billing;
- Electronic tickets;

### **Cyprus experience:**

Every single country that wagers on attracting foreign investment desires to propose the most auspicious environment to the implementation and development of e-commerce business. Cyprus is a truthful jurisdiction which offers unique conditions for the provision of these sorts of services and setting up your business.

Several corporations related to e-commerce already operate in Cyprus: telecommunication companies, web designers, computer and information systems, consulting companies, ISPs, companies representative of the principal credit cards and others.



### VAT related advantages:

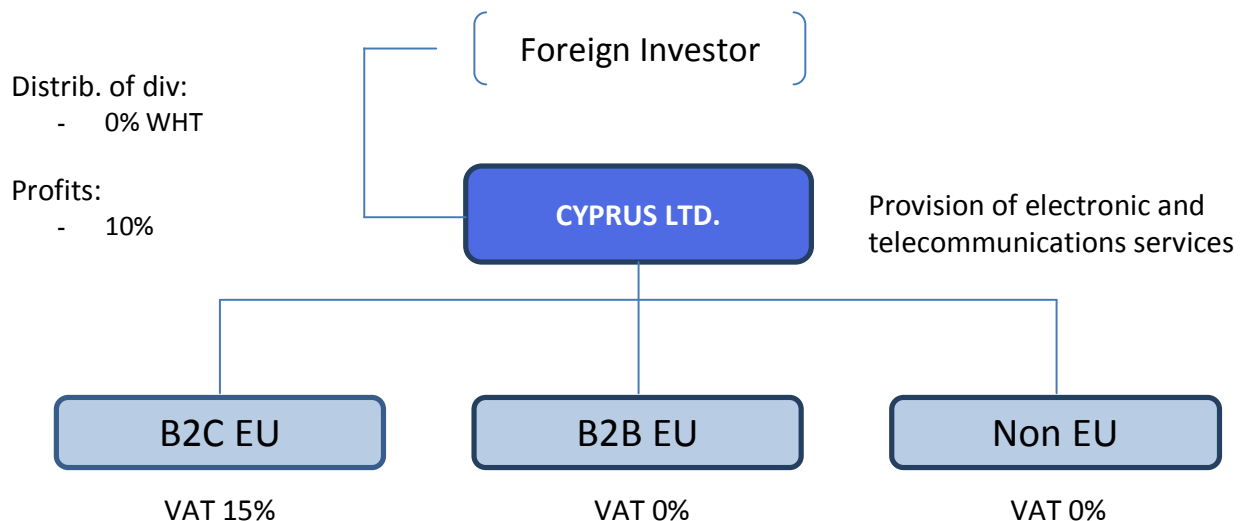
All companies of the European Union have a certain VAT registration number, which allows them to access to intracommunity market.

However, suppliers which are not from the European Union, selling B2C e-services and telecommunications, have to register for VAT purposes in one member of the European Union and charge the VAT rate of the country of the consumer.

Additionally, providers from the European Union (such as Cyprus companies) charge VAT from the Country of origin.

Taking into account that the applicable VAT rate in Cyprus is the lowest of Europe (15%) Cyprus is the most suitable jurisdiction for e-commerce suppliers to develop their business, in order to triumph over the European market.

### E-Business opportunities:





### **Tax advantages:**

- Only 10 % corporation tax – the lowest rate in the EU
- Only 15% VAT rate – the lowest rate in the EU
- Exemption from tax of dividend income, in most cases
- Exemption from tax of profits from foreign permanent establishments (PE), in most cases
- Exemption from tax on profits generated from transactions in shares, securities, bonds and units
- Exemption from withholding tax on the repatriation income either in the form of dividends, interest and on almost all royalties
- Extensive double tax treaties network
- Access to EU directives
- No thin capitalization rules
- Absence of Controlled Foreign Company (CFC) rules thus exempting foreign income received
- Flexible reorganization rules and group relief provisions

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