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RE-DOMICILIATION OF A COMPANY TO CYPRUS

To move or not to move? The case for re-domiciling to Cyprus

Given the constantly changing global corporate environment, shifting business needs and closer scrutiny in an effort to prevent and suppress money laundering and profit shifting, as well as the requirement for enhanced substance, companies are being called to re-evaluate and challenge their existing structures.

Company migration, also known as re-domiciliation, to Cyprus seems to be the solution for many companies (especially those incorporated in offshore jurisdictions) wishing to transfer their corporate seat, since it offers a fresh alternative to corporate restructuring and it is an increasingly attractive option for the following simple reasons:



Geography: Cyprus is not merely an exotic vacation spot. Situated at the crossroads of Europe, Africa and Asia, makes it an important **business destination**. Current geopolitical developments affecting Cyprus have brought the relevant legal system within the umbrella of protections offered and required through a variety of legal instruments.

Simplicity/efficiency/continuity: The process of re-domiciliation does not create a new legal entity, but merely the existing legal entity continues in another jurisdiction, ensuring the notion of corporate continuity. Additionally, it avoids the time and cost of winding up an existing company and establishing a new one. The process is relatively **short** and is normally concluded **within a few months** with the issuing of the final, permanent certificate of continuation, from the Cyprus Registrar of Companies, which confirms that the company is registered as a continuing entity in Cyprus.

EU identity: Moving a company to Cyprus from a non-European jurisdiction, allows a company to benefit from the fundamental **freedoms** of establishment and provision of services offered by the internal market of the EU. Additionally, the fact that Cyprus is a common law jurisdiction increases its appeal as the chosen seat for corporate restructuring.

Taxation: Cyprus' corporate tax rate is one of the lowest in the EU and the tax regime secures many exemptions. The island's double taxation treaties with more than 50 jurisdictions remain in force and continue to provide ample opportunities for appropriate **international tax planning**. A company with physical presence, established economic activity and substance in Cyprus can solidly establish itself as a tax resident of Cyprus, taking advantage of its progressive tax system.

Substance: By moving to Cyprus, offshore companies may take advantage of the opportunities offered to increase substance, especially since in the majority of cases the board of directors of such companies are already located there. Substance and transparency are buzzwords at the moment and these can be secured in Cyprus. Also concerns relating to potential characterization of offshore companies as "**shell companies**" can be more easily tackled.

Natural progression: Turning to nature for a moment, we notice that **birds migrate when seasons change**; likewise companies migrate in search of more prosperous jurisdictions to carry on their business and Cyprus is the ideal place for such a move!

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