

## BENEFITS OF A UK COMPANY WITH CYPRUS TAX RESIDENCE

Based upon the UK Finance Act and the double tax treaty between the UK and Cyprus, a **UK registered company** can have its **Tax Residence in Cyprus** when it is **managed and controlled from a branch located in Cyprus** ("place of effective management"). The UK company may conduct any business, with the exception of trading with the UK.

The “**place of effective management and control**” can be proved when:

- ✓ All or the majority of the Board of Directors are residents in Cyprus.
- ✓ BoD meetings are held in Cyprus.
- ✓ Policy making is formulated in Cyprus.
- ✓ Company activities (e.g. bank accounts) are controlled by the Cyprus directors.
- ✓ Day to day management is carried out in Cyprus (e.g. rental of an office, telephone and fax, employs a part timer, Membership in bodies such as the Chamber of Commerce, all legal docs are signed by the Cyprus Directors etc)

The **Tax advantages in Cyprus** compare not only in the UK but also with other jurisdictions in Europe are:

- ✓ Low corporate tax compare with the UK
- ✓ Full exemption from tax on dividend income received from participations.
- ✓ No withholding tax on distributions of profits irrespective of the country of residence of the recipient or the existence of a double tax treaty.
- ✓ Full exemption from capital gains tax and income tax on the disposal of securities;

## UK COMPANY WITH CYPRUS TAX RESIDENCE AND BVI

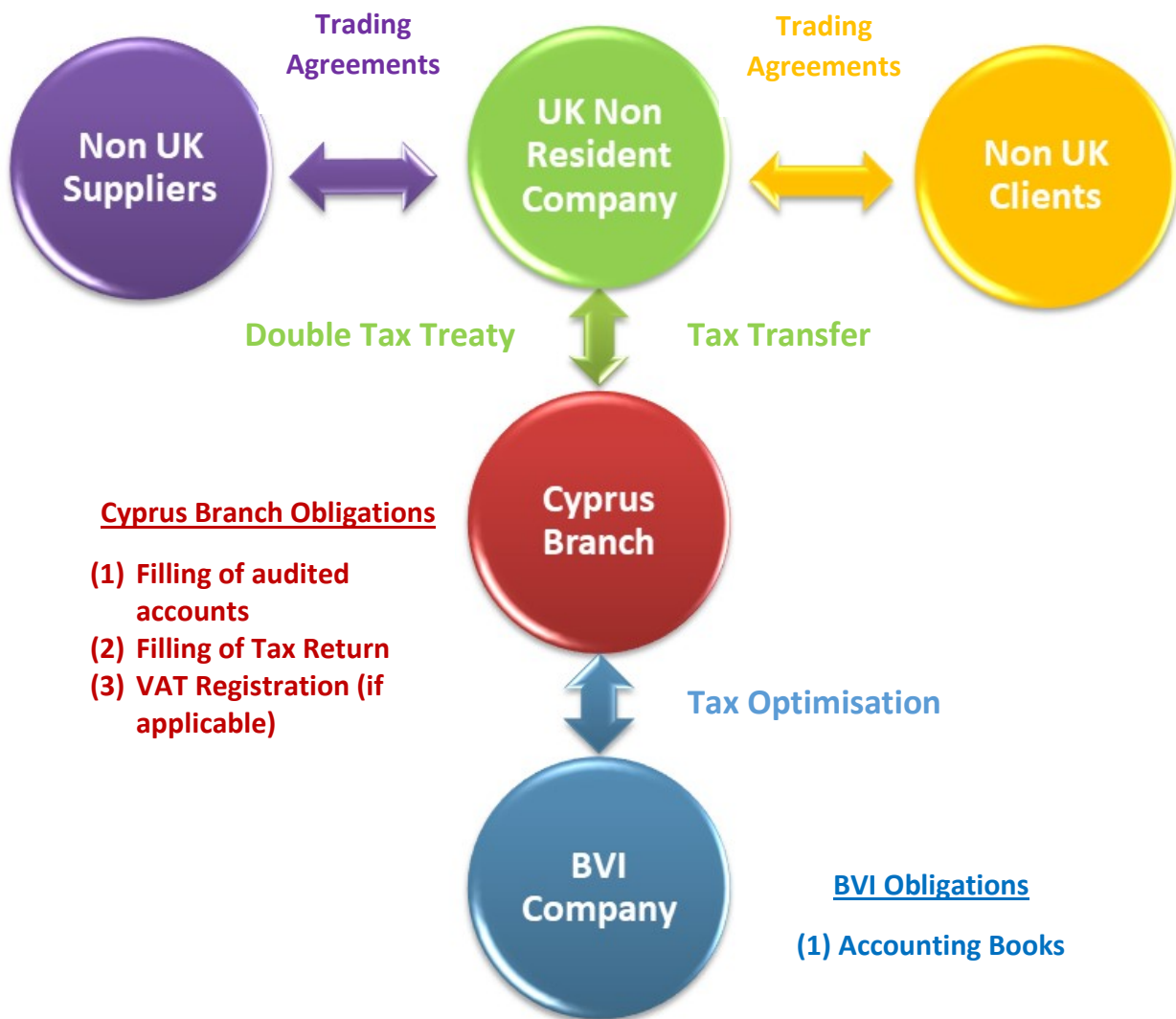
# THE MULTI FAMILY OFFICE

- ✓ No capital gains or Income tax on the liquidation of participations, sale of the shares of the Cypriot Holding Company, liquidation of the Cyprus Holding Company;
- ✓ No capital taxes or net worth taxes during the life of the Cyprus Holding Company;
- ✓ Use of the wide double tax treaty network with over 50 countries which provide for reduced withholding taxes on dividends received from treaty countries;
- ✓ Unilateral tax credit relief irrespective of the existence of a double tax treaty;

The basic holding company scenario is illustrated below:

UK Company Obligations:

- (1) Filing of the Annual Return
  - (2) Filling of the Company's Accounts
- No requirement for Audited Accounts if 2 out of 3 criteria are met:
- (a) Turnover < £6.5 mio
  - (b) Balance Sheet < £3.26 mio
  - (c) No of Employees < 50



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With over a decade worth of experience and a prominent network of international clients, BKMS has established a reputation that speaks for itself. BKMS is covering a broad spectrum of industries, taking into account the required accounting treatment and tax implications as well as the challenging international regulatory framework. Client Trust and loyalty are the very fundament of every commitment undertaken by BKMS. Adherence to a strict policy of professionalism therefore results in continuously successful developments. BKMS is regulated by Cyprus Securities and Exchange Commission Registration No 96/196.

#### MULTI FAMILY OFFICE SERVICES

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