



# Cyprus: A dynamic business and investment centre

Natasa Pilides  
Director General

# Cyprus Investment Promotion Agency

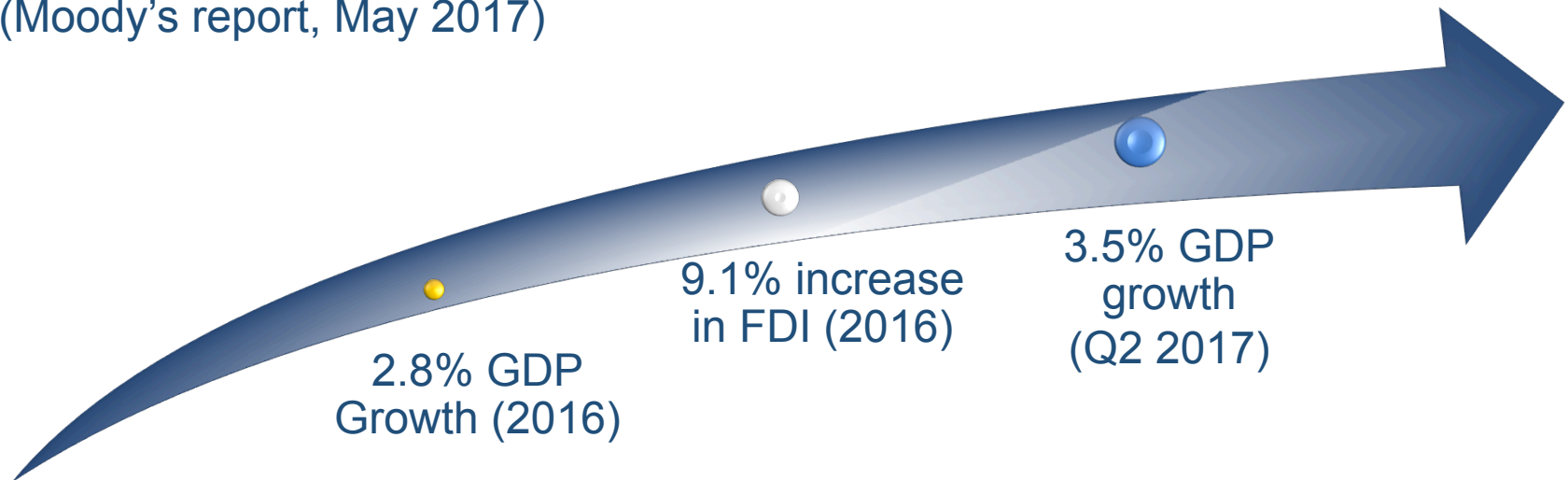




Positive economic outlook

# Cyprus' positive economic outlook

- / Cypriot Economy expanded faster than the EU average in 2016 (2.8%)
- / GDP growth of 3.5% in Q2 2017
- / Continuous upgrades by International credit rating agencies
- / GDP growth of around 3% expected to continue  
(Moody's report, May 2017)

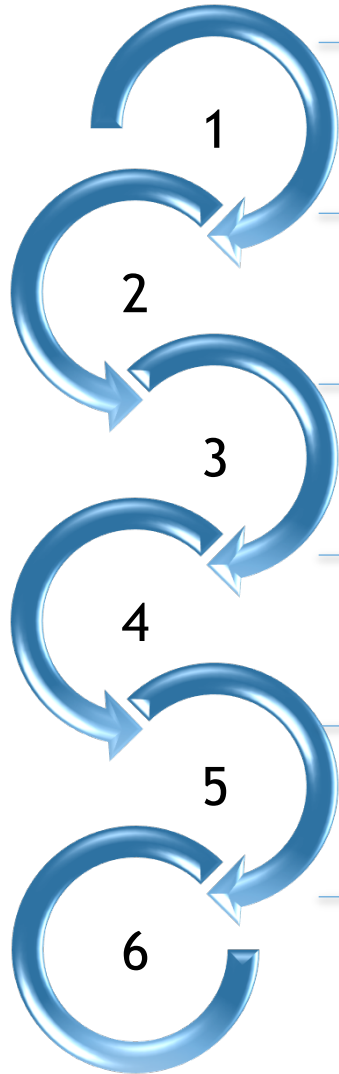




# Cyprus' positive economic outlook

- / Consecutive upgrades of the creditworthiness of the Republic of Cyprus by Credit Rating Agencies
- / Successful return to the capital markets at the lowest rates ever achieved by Cyprus in June 2017
  - ➔ The bond was oversubscribed by 4 times with offers reaching €2 billion
- / For first 6 months of 2017, property sales contracts increased by 20% compared to same period last year
  - ➔ Property sales contracts by foreign buyers recorded an increase of 41,5%
- / Housing prices increased by 4.1% in Q1 2017 compared to Q4 2016

# Competitive advantages



EU Member/ Geostrategic location

EU-endorsed tax and legal framework

Business-friendly environment

Highly skilled human talent

Advanced infrastructure

High quality of life





## EU Member / Geostrategic location

/ EU Passporting rights

/ Cyprus: Europe's eastern outpost

/ At the crux of the busy shipping routes linking 3 continents

/ Opportunities in a wide range of economic sectors

## Access to markets

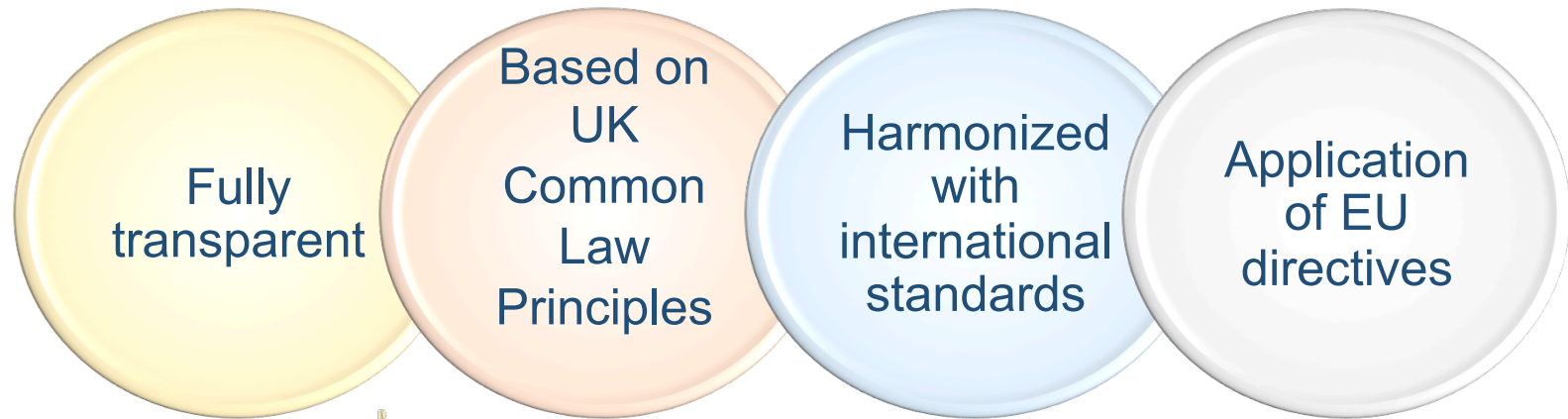
- / Companies in Cyprus have full access to European markets and EU trade agreements
- / Part of the European Single Market; enjoying free movement of goods, services and capital
- / More than 40 European Union trade agreements
- / A member of the Eurozone since 2008
- / More than 60 double tax treaties



## Legal & tax



## Legal system





# Tax system

## Corporate Tax

- / 12,5% corporate tax rate
- / EU & OECD Compliant / Access to EU directives
- / Dividend participation exemption
- / No tax on profits from disposal of securities
- / No withholding taxes
- / No tax on capital gains under conditions
- / Notional Interest Deduction (NID) on investment in Cypriot companies
- / Attractive IP Regime

# Tax system

## **Income tax for new residents**

### **Income more than €100K/year**

/ Exemption from personal income tax of 50% for new residents

/ Applies for the first 10 years of employment in Cyprus

### **Income less than €100K/year**

/ Exemption from personal income tax of 20%, up to a maximum of €8.550 per annum for 10 years



# Tax system

## Investor Tax Benefits

/ Non-domiciled individuals who are tax residents of Cyprus are not taxed on passive income in the form of:

Type of income	Income tax	Defence Tax
Dividends	Exempt	Exempt
Interest	Exempt	Exempt
Rent	Not Exempt	Exempt

Business  
friendly  
environment

## Business friendly environment

- / Wide range of services make starting & running a business easy
- / More than 700 registered accounting firms including all major global firms
- / More than 2,700 registered lawyers and 160 law firms
- / A range of serviced offices & co-working spaces
- / High availability of modern and affordable office space in all cities



# Low cost of doing business

## **Labour costs:**

- / Lower costs for technical and professional talents than in other major EU capitals
- / Average hourly rate: €15.8  
UK (€26.7) Germany (€33.0) the Netherlands (€33.3)
- / Low non-wage employment costs: 17%, EU (26%)

## **Office space and business support:**

- / Among the lowest office rental rates in Europe
- / Highly affordable critical business support services

# Human Talent



# Human talent

- / Highest tertiary education % in EU (55%)
- / International business experience
- / Highly qualified professionals (mostly UK, USA graduates)
- / Multilingual workforce
- / Competitive rates and low labour costs
- / Specialised multi-disciplinary service offering



## Professional services

- / Widely recognised as International “Centre of Excellence”
- / International Financial Reporting Standards (IFRS) for 3+ decades
- / 1<sup>st</sup> jurisdiction being authorised for the training of UK Chartered Accountants and CIMA outside the UK
- / Wide pool of finance and insurance professionals
- / 120+ accounting firms and 4000+ active, English-speaking registered accountants
- / 160+ law firms and 3,000+ registered advocates (Mostly UK-trained)
- / 80+ registered Actuaries

## Quality of life



## Quality of life

- / One of the best climates worldwide
- / Top 5 safest country in the world (Value Penguin 2015)
- / Top 4 best retirement destination globally (Knight Frank 2016)
- / Most blue flag beaches per capita in the EU (Eurostat)
- / Bathing water quality ranked “excellent” (EEA Report 2016)
- / Cypriot citizens enjoy visa-free/visa-on-arrival access to 158 countries
- / Freedom to move reside and work freely within the EU
- / Best island economy 2017/2018 lifestyle & human capital (fDi magazine)

# International Reach

- / A robust and modernized business hub with easy access to a market of 500 million EU citizens
- / A reliable partner within the European Union that can offer competitive benefits and solid business solutions





# Substance across a range of economic sectors

- / Banking & Financial Services
- / Investment Funds
- / Shipping
- / Tourism
- / Health & Wellness Tourism
- / Real Estate
- / Start-Ups & Innovation
- / Energy



## Banking and financial services

- / The Banking Sector has attracted significant amounts of FDI, including funds from the EBRD
- / EIB supports Cyprus for the last 35 years with investments of €2.7B



- / Cypriot Banks are fully recapitalized and regulated by the ECB under very strict guidelines
- / Cyprus has implemented the Anti-Money Laundering Law (188(I)/2007)

# Investment funds





# Shipping & maritime cluster





# Shipping & maritime cluster

## **EU approved tonnage tax regime with benefits for:**

- / ship-owning
- / ship- & crew-management
- / chartering



- / Open registry allowing non-Cypriots to register ships under Cyprus flag
- / Largest Ship Management Centre in EU & 2<sup>nd</sup> largest globally
- / 3rd largest merchant fleet in EU & 11th largest fleet worldwide
- / Advanced maritime infrastructure & 2 multipurpose deep-sea ports
- / Cyprus Flag: 1,022+ vessels with 21 million gross tonnage
- / 140+ ship owning & ship management companies in Cyprus

# Tourism

- / Renowned tourism destination
- / Record tourists' arrivals in 2016 & 2017 (3+m)
- / Significant revenue increase (+12%)





# Tourism strategy

- 
- / Make Cyprus a premium tourism destination
  - / Upgrade the current product
  - / Sustain mature markets and attract new ones
  - / Extend seasonality and improve connectivity
  - / Give importance to local heritage

# Large scale developments in hospitality & tourism

- / Luxury Real Estate Developments
- / Marinas
- / Leisure and Theme Parks
- / Luxury resorts & golf courses
- / Health & Wellness Centres





# Integrated Casino Resort

- / Luxury 5\* hotel
- / 9,000 sqm resort area
- / 136 gaming tables
- / 1,200 gaming machines
- / Conference Hall
- / Wellness Centre



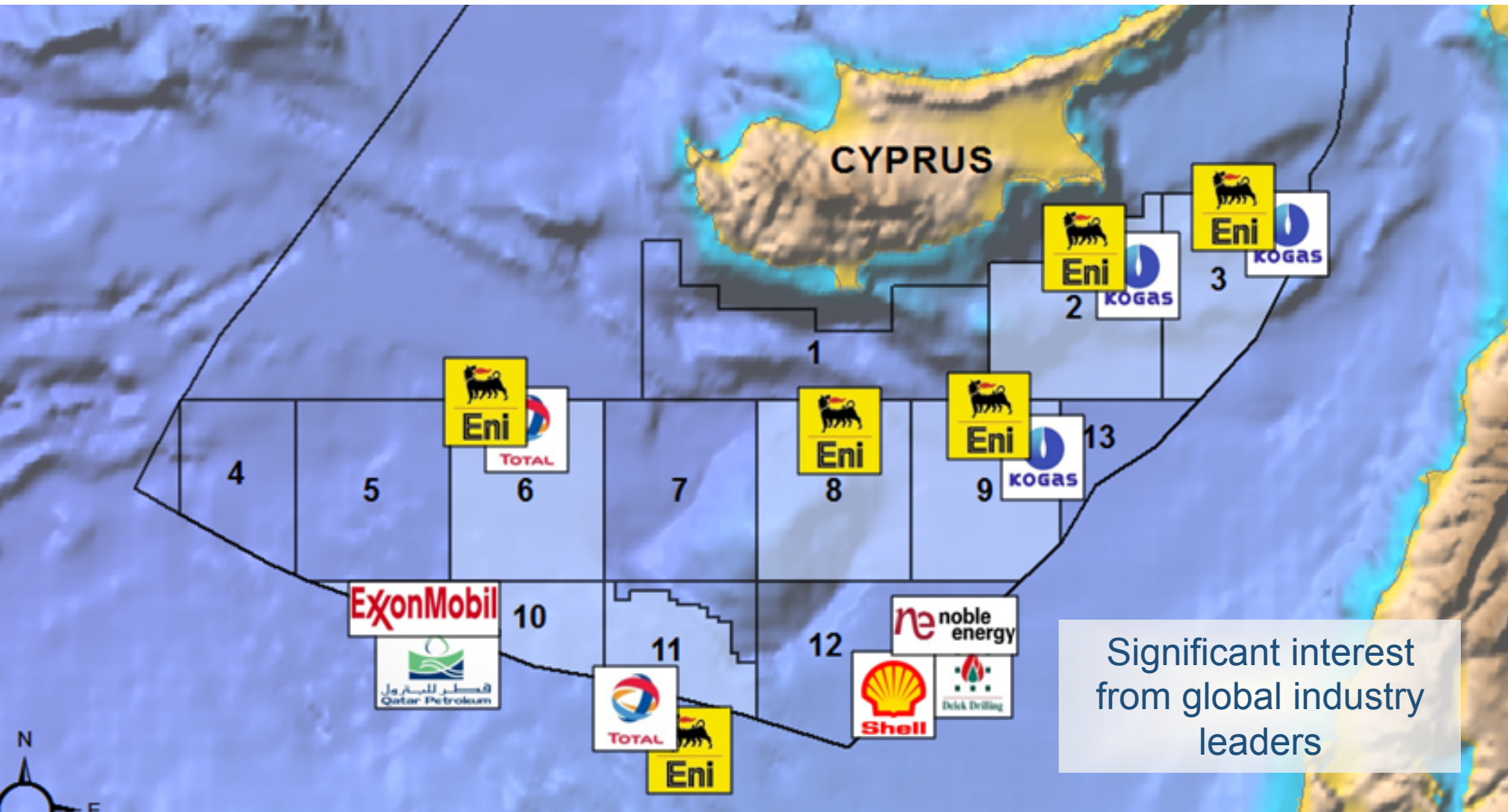
# Innovation & start-ups



- / Attract international know-how to harvest local talent
- / Existing R&D centres of International Tech companies
- / Build Centres of Excellence
- / Encourage foreign investment into local start-ups
- / Strong ecosystem
- / Specific incentives (taxation + start-up visa)



# Hydrocarbons



Thank you