

# Company Formation Guidelines

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There are ready made companies available for purchase where name approval has been obtained. If the client requires a specific name it is advisable to provide 3 names in order of preference. It takes approximately 5 days to verify whether a specific name is acceptable or not. It is possible to purchase a ready-made company and then seek approval to change the name.

### Information required

The Beneficial owner/s and Director/s need to provide the information outlined on the attached page “Minimum due diligence procedures on individuals” and complete the attached “Information Request Form”

This includes:

- Name, residential and business address and other details requested on the information form.
- Contact details of two professionals to whom we can write to obtain a reference upon the applicant.
- A copy of each individual’s current passport certified by a lawyer and/or accountant that it is a true copy of the original document.
- An original or certified true copy of a utility bill (no more than 3 months old) verifying the residential address of the beneficial owner.
- To assist with the opening of a bank account, a letter of reference from your current bank is required.

### Incorporation / Timing

Incorporation of a Cyprus company can normally be effected within five business days of the approval of the proposed name by the Registrar of Cyprus Companies (the “Registrar”). However by the time all certificates are issued and if legalization and Apostillisation of documents is required then the entire process will take 2 weeks.

## Share Capital, Registration fees and stamp duties

The minimum share capital of a Cypriot company is CYP £ 1,000 and our standard practice is to form a company with this level of authorised share capital divided into 1.000 shares of CYP £ 1 each with one paid-up share in issue. Our formations fees are based upon this level of authorised capital

Additional government fees are charged for greater authorised capital:

For Share Capital	Fee Rates:
between CYP £1001 and CYP £ 5.000	CYP £75;
between CYP £1001 and CYP £ 5.000	CYP £125
between CYP £1001 and CYP £ 5.000	CYP £0.30 per 100 shares of stock.

Our fee (including Government and Legal Fees) for incorporation is Euro 1,800 for a company with an authorised capital of CYP £ 1.000.

We will also charge a fee for:	Fee Rate:
Nominee Shareholder	Euro 300
Domiciliation i.e. Registered Office, Registered Address, etc.	Euro 500
Providing a Director	Euro 1,000

## **Subscribers / Ultimate Beneficial Shareholders**

A new company will be formed with one local person as a subscriber. After formation the share/s may then be transferred to the ultimate beneficial owner(s) and additional shares issued as necessary.

It may be preferable for the beneficial owner to appoint a nominee shareholder to preserve confidentiality. In such a case the nominee shareholder will sign a deed of Nomineeship confirming that the shares are held for the benefit of the beneficial owner (see attached specimen).

A shareholder may be a Director but a sole Director may not also act as the Company Secretary.

## **Cypriot control or foreign control**

Control of the company is determined by the place of residence of the Directors and has certain tax consequences, such as:

Cypriot Control – If the directors are Cypriot residents then the company:

Will pay 10 % corporation tax on trading income.

(N.B. However, investment income or royalties arising from the exploitation of intellectual property outside Cyprus or the receipt of dividends from interests in companies operating outside Cyprus are not subject to such taxation.)

It can benefit from all Cypriot Double Tax treaties.

Non-Cypriot Control – If the Directors are not residents of Cyprus then the company:

Will not pay Cypriot Corporation Tax but

It may not benefit from any Cypriot Double Tax Treaties.

Use of Cypriot Legal Vehicle

Investments Holdings – As Investment Income is not taxable a Cyprus Company is very appropriate to eliminate the tax exposure.

Intellectual Property Rights - Very popular for Royalties arising from the exploitation of Intellectual Property Rights either on its own and or in combination with another off shore company of another jurisdiction.

Dividend Income – Foreign Dividend Income and Payment is not Taxable in Cyprus

Trading companies Cypriot control– Income from Trading Activities is taxable at 10% but it can be set off against Double Tax Treaties.

Companies foreign control - All Profits arising from abroad is Tax Free once the Cyprus Company is under Foreign Control but can not claim under Double Tax Treaties. This is mostly used of Trading Activities outside the EU.

## **Administration and maintenance of company**

Under Cyprus Law, Cyprus all companies must maintain a registered office in Cyprus with a current register of members and a record of all directors' resolutions or copies of minutes of directors' meetings. The company must file with the Registrar of Companies an annual return accompanied by annual accounts in the Greek language. The Company Secretary must also file with the Registrar any changes of directors, secretary or ownership of the company.

Eraclis Fiduciary charges an annual retainer of Euro 750 the provision of these services. Any legal, management or accounting services will be charged on hourly rates applicable for the work undertaken.

**All fees are exclusive of disbursements or out-of-pocket expenses.**

Management and accounting services

Time expended upon services such as the monthly preparation of accounts, general management including execution of purchase/sale documents, processing and payment of invoices, according to hourly rates which are currently:

Services	Rate per Hour
Secretarial & Clerical work (accounts processing and other routine transactions)	50 Euros
Manager or Chief Accountant time	90 Euros
Legal fees range between	350 – 700 Euros

The foregoing fees do not cover disbursements, out-of-pocket expenses, or auditors fees.

We are able to arrange auditing services with associate auditors at preferential rates however the beneficial owner may appoint his own Auditors.

All sums quoted exclude VAT (which is currently 15%) and reimbursable expenses.

For orders over 5 companies special rates may applied.

For more information feel free to contact our offices.

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