



TLS Partners

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Cyprus International Trust

Cyprus International Trust Law renders Cyprus as an 'asset protection trust heaven'. The Cyprus low tax regime, is able to offer sophisticated planning structures for foreigners to set up a Cyprus International Trust (CIT) for the purpose of protecting their assets and wealth and also for protecting their estate from inheritance and capital gain taxes.

A Cyprus International Trust is a complete set of guidelines for operation of the Cyprus trust and a person can be very flexible in the design of his/her trust. The settlor can reserve significant control over the trust for himself.

Any type of property such as cash, personal property or real estate, can be placed in a Cyprus trust.

It is necessary that the settlor and beneficiaries are not residents of Cyprus in the year preceding the creation of the trust and that at least one of the trustees is a resident of Cyprus.

Planning:

- To incorporate a Cyprus International company to be the holder or the manager of movable property including securities and stock to be placed in Cyprus trust in the Cypriot corporation or in an overseas company and managed by the Cyprus International Company and vice versa;
- To incorporate a Cyprus subsidiary company or a branch of an overseas corporation to hold or manage movable property placed in trust in the Cyprus subsidiary or branch of the overseas corporation;
- To set up a Cyprus international trust under the provisions of the Cyprus International Trusts Law.

Taxation of Cyprus Trust

The Cyprus Tax Law exempt such trusts from income tax, capital gains tax and estate duty tax, making Cyprus International Trusts a very attractive Cyprus tax planning vehicle for the non-resident investor.



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Points on Taxation of CIT:

- Income or profits received from sources located outside Cyprus is not taxable in Cyprus if the beneficiary is not a Cyprus tax resident, while income received from local sources is taxable in Cyprus.
- Income received from either local or overseas sources is taxable in Cyprus, in the event the beneficiary is a Cyprus tax resident
- Dividends, interest or other income received by a Trust from a Cyprus company are not taxable nor subject to withholding tax.
- Non-resident beneficiaries are not subject to tax on the payments they receive from Cyprus.
- Capital Gains that occur after the disposal of assets of a Cyprus International Trust are not subject to capital gains tax in Cyprus. It is common use for a Cyprus International Trust to hold assets in foreign countries so that beneficiaries may avoid capital gain tax in their countries of residence.
- A Cyprus International Trust is not subject to estate duty in Cyprus.
- A Cyprus International Trust is subject to local rules of taxation if any activities or transactions take place in Cyprus.

There is no maximum restriction on the duration of Cyprus trusts unless otherwise provided for in the terms of the trust.

Cyprus International Trusts Law prohibits the disclosure of any information regarding the trust except by court order ensuring the confidentiality of CIT.

For more information you may contact our director Mrs. Chrysanthi Varnava
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