



Cyprus: A Growing Tech Hub within the EU

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Growing HQ appeal

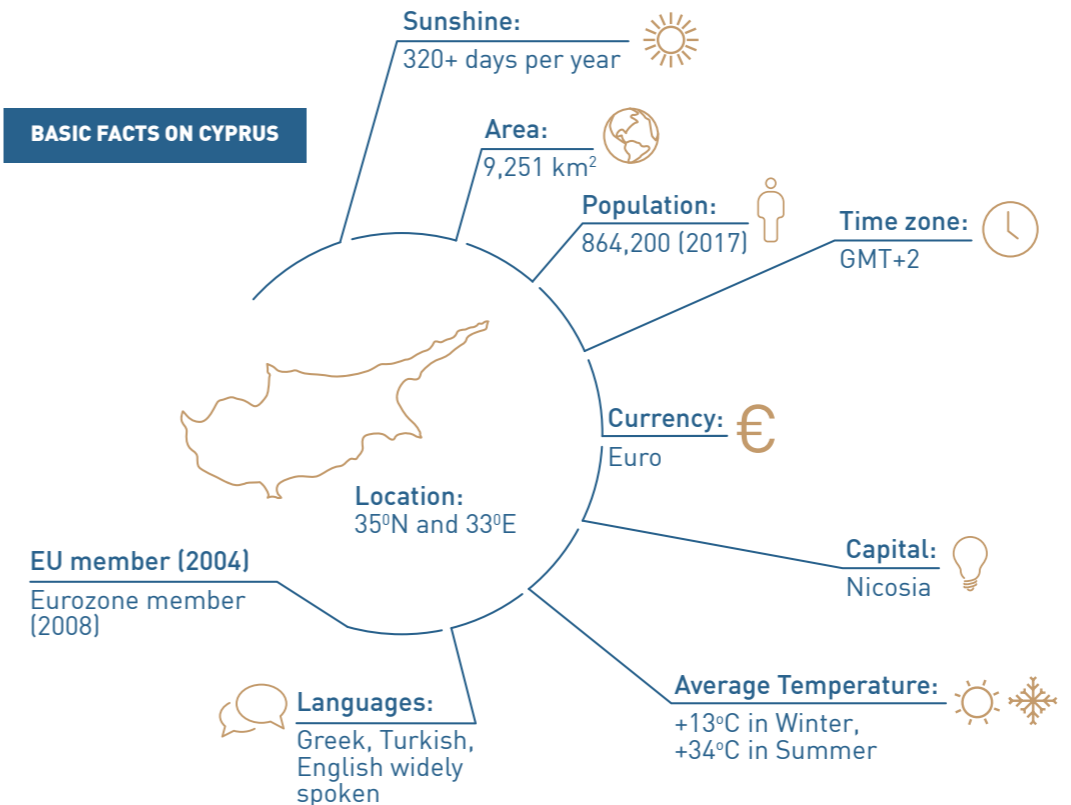
When it comes to choosing the right location to establish international and regional headquarters, Cyprus is increasingly gaining momentum as a prime contender in the minds of decision makers of tech multinationals. Strategically located at the crossroads of three continents, Europe, Africa and Asia, Cyprus is a modern EU member-state, offering international businesses the ideal environment to set-up, grow and prosper.

Wide access to markets, strong economic growth, a pro-business environment, tech-savvy talent, low operating costs, and a number of incentives, including a competitive IP regime, are only a few of the reasons why Cyprus is one of the top headquartering jurisdictions.

As a thriving international community, the island is home to a number of global ICT companies, using the island as a hub for software development, system integration, testing services, disaster recovery, research & development activities, project management, and marketing & sales, while servicing clients in Europe, Middle East and North Africa, and beyond.



BASIC FACTS ON CYPRUS



Why Cyprus



Attractive IP regime

Cyprus is an attractive location for the establishment of an IP holding and development company, offering an efficient tax rate as well as the legal protection afforded by EU Member States and by the signatories of all major IP treaties and protocols.

80% of the qualifying profits earned from qualifying intangible assets will be allowed as a tax-deductible expense, which can result in an effective tax rate of as low as 2.5%.

Qualifying assets:

Assets acquired, developed or exploited by any person in the course of carrying on a business which is (i) intellectual property, other than marketing related intellectual property and which is (ii) the result of R&D activities.

Patents as defined in the Patent Law

Software computer programs

Other intangible assets protected by law

Qualifying assets do not include trademarks eg.: brands, image rights and other IP used for the marketing of goods and services.

Qualifying Profits:

The qualifying profits are calculated in accordance with the following nexus fraction:

$$\text{Qualifying profits} = \frac{\text{QE+UE}}{\text{OE}} \times \text{OI}$$

Where:

QE means the Qualifying Expenditure on the qualifying intangible asset

UE means Up-lift Expenditure

OE means the Overall Expenditure on the qualifying intangible asset

OI means the Overall Income which derives from the qualifying intangible asset

Qualifying Expenditure (QE):

- R&D expenditure incurred by the taxpayer itself: this includes R&D expenditure incurred by the company which owns the IP asset (the IPCo)
- Expenditure for unrelated-party outsourcing: this relates to expenditure outsourced to unrelated parties (irrespective of that party's jurisdiction)

Overall Expenditure (OE):

- Overall expenditure (OE) = qualifying expenditure (QE) plus:
 - Acquisition costs: costs incurred in acquiring the IP asset
 - Expenditure for related-party outsourcing: this relates to expenditure outsourced to related parties (irrespective of that party's jurisdiction)

Overall Income (OI):

- Overall income equals gross IP income earned in the year less IP expenditure allocable to IP income
- Overall income should only include income derived from the IP asset, i.e. royalties, capital gains and other income from the sale of an IP asset, embedded IP income from the sale of products and the use of processes directly related to the IP asset.

“Up-lift” to expenditure (UE) is the lower of:

- 30% of the qualifying expenditure; and
- The total acquisition cost of the QA and any R&D costs outsourced to related parties

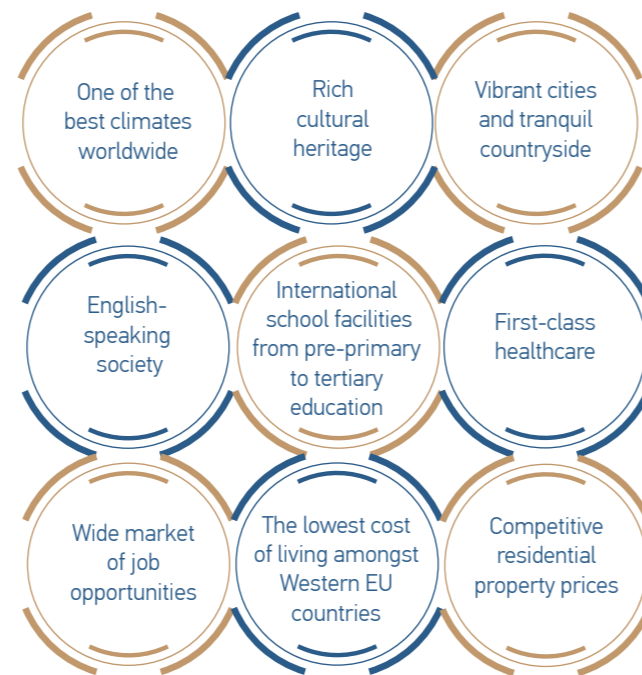


High quality of life for expats and their families

People choosing to make Cyprus their home find the integration process smooth and easy.

Featuring year-round sunshine, unique natural beauty and lifestyle options that cater to all needs and tastes, Cyprus has long-established a strong reputation as an attractive relocation destination.

Offering quality healthcare and education facilities, modern housing and a much lower cost of living than many other EU countries, Cyprus allows expats and their families to enjoy a high quality of life in a safe and welcoming society, harmoniously blending traditional and contemporary elements.



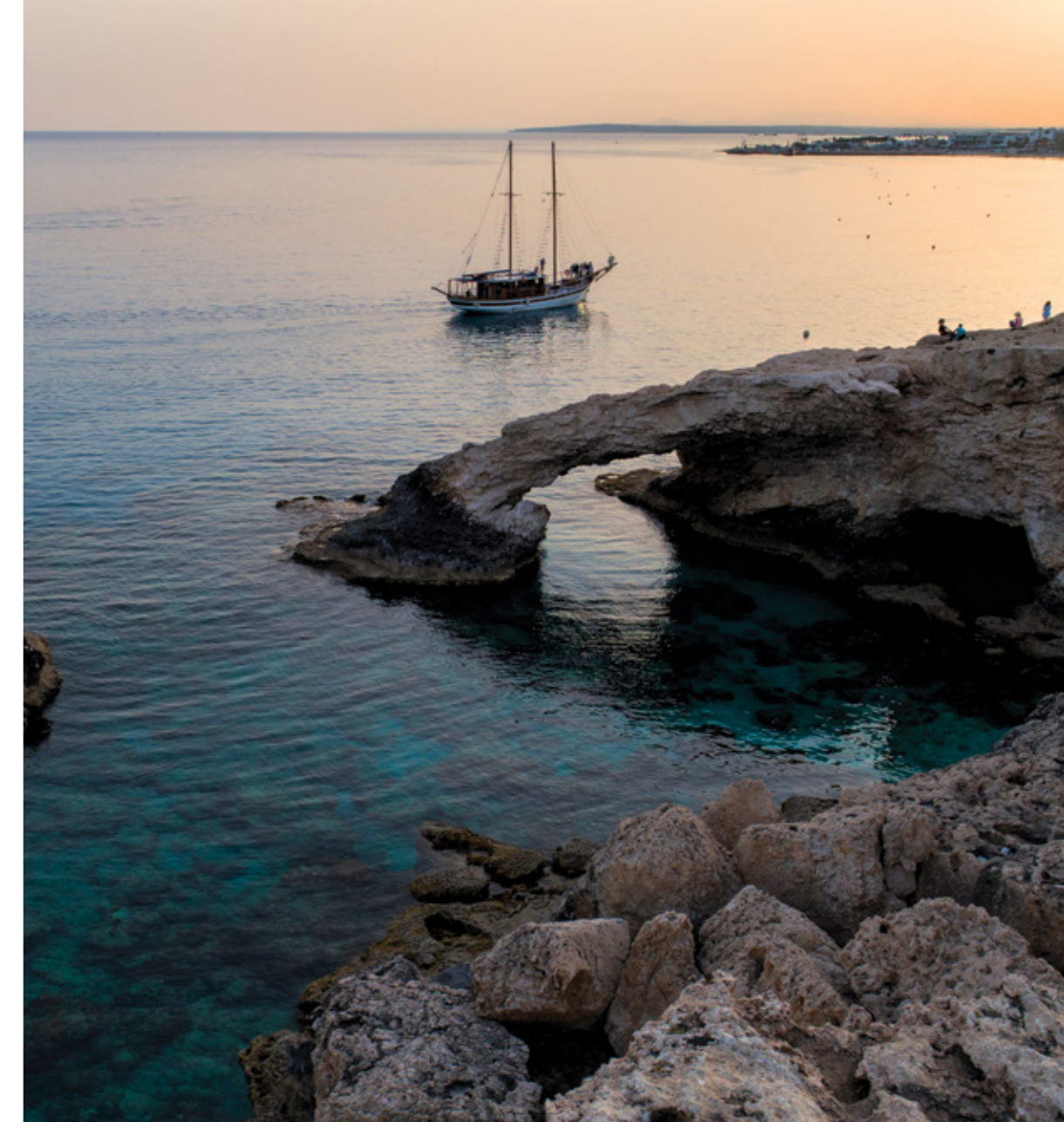
Global rankings speak for themselves

Top 5 safest country in the world (Value Penguin)

Top 4 best retirement destination globally (Knight Frank)

Most blue flag beaches per capita in the EU (Eurostat)

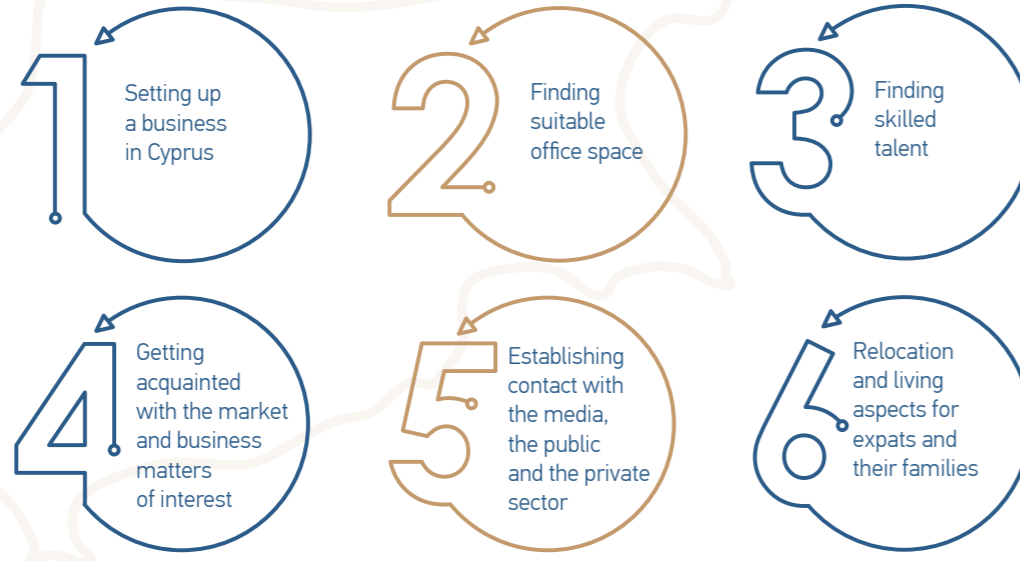
Best island economy lifestyle & human capital (fDi magazine)



What we can do for you

Invest Cyprus provides support and advice during the set-up phase and throughout the operation of the company. In addition to helping you establish and grow your business, we also aim at helping expats and their families with relocation and living aspects, such as administrative procedures, housing, education and job seeking.

We provide hands-on support with:





About Invest Cyprus

Businesses and individuals considering investment into Cyprus have a partner on the ground at all stages of the investment cycle. **Invest Cyprus** is the government's dedicated partner responsible for attracting and facilitating Foreign Direct Investment (FDI) in key economic sectors.

Being the lead agent in establishing Cyprus as a world-class investment destination, **Invest Cyprus** proactively promotes the enhancement of the country's business environment, and acts as a communications bridge between the public and the private sector.

Invest Cyprus is a member of the World Association of Investment Promotion Agencies (WAIPA) and the Mediterranean Investment Network, ANIMA.

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Disclaimer: The information available in this guide intends to provide a general introduction to the business environment in Cyprus, and every reasonable effort is being made to ensure its accuracy and timely amendment. In no circumstances shall the Cyprus Investment Promotion Agency (Invest Cyprus) be legally bound as a result of any information contained in this guide. Updated information can be found at all times on the website of Cyprus Investment Promotion Agency, at www.investcyprus.org.cy

