



Michalis Avraam
& Partners Limited
AUDITORS AND BUSINESS ADVISORS

Cyprus International Trusts



Cyprus

International Trusts

Trusts create a relationship between the following parties:

Settlor: is the person who transfers the trust property under the name of the trustee

Trustee: is the person (individual or legal entity) who holds the trust property and is liable to manage the trust property for the benefit of the beneficiary

Beneficiary: is the person who receives the benefit of interest in the relevant trust property

Cyprus Legal Background

Trust Law in Cyprus originates back in 1955 with the Cyprus Trustee Law Chapter 193, which is largely based upon the doctrines of the English Trustee Act of 1925.

The main enactment of Cyprus Law that opened the way to the establishment of International Trusts in Cyprus was the International Trusts Law 69(I)/1992, providing a number of administrative and tax incentives for the establishment of Trusts by non-Cyprus residents.

In March 2012 the Cyprus House of Representatives enacted the much anticipated reform of the Cyprus International Trusts Law, effecting a number of structural amendments to the International Trusts Law of 1992, increasing Cyprus attractiveness as a Trust jurisdiction.

Prerequisites for a Cyprus International Trust

- The settlor is not a permanent resident in Cyprus in the year preceding the year of the establishment of the trust
- At least one (or as the case may be the majority) of the trustees is a permanent resident in Cyprus during the whole duration of the trust

- None of the beneficiaries (with the exception of charitable institutions) are not permanent residents in Cyprus in the year preceding the year of the establishment of the trust
- The trust property does not include any immovable property situated in Cyprus

Tax and other advantages of a Cyprus International Trust

- If the beneficiary is a resident of Cyprus, then income or profits which arise from sources in and out of Cyprus will be taxable only in Cyprus in accordance with Cyprus Tax laws
- If the beneficiary is not a resident of Cyprus, then only the income or profits that arise from sources within Cyprus are taxed in Cyprus according to Cyprus Tax laws. Any income or profits that arise from sources outside Cyprus are not taxed in Cyprus
- Dividends, interest and other income received by a Trust from a Cyprus International Business Company are neither taxable nor subject to withholding tax
- Gains on the disposal of the assets are not subject to capital gains tax in Cyprus
- An International Trust created for estate duty planning purposes is not subject to estate duty in Cyprus



- Not subject to exchange controls
- Advantageous provisions under an extensive network of Double Tax Treaties concluded by Cyprus
- Assets can be added to the trust at any time
- Can be shareholder in a Cyprus company and/or foreign company
- Can invest in immovable property situated in Cyprus and/or abroad
- Trust assets are permanently separated from the settlor's personally owned assets
- Can be revocable or irrevocable
- Protectors may be used to oversee the activities of the trustees
- The terms of the trust may be varied following an application to the Cyprus courts

Confidentiality & Non-Disclosure

- No government or other official may disclose any information or documents in connection with the trust (including information or documents concerning the settlor, beneficiaries, trustees and the property of the trust)
- A beneficiary is entitled to request from the trustees information about the accounts of the trust
- A court may order the disclosure of information or documents in criminal or civil proceedings where such disclosure is deemed necessary by the court

Registration of Cyprus International Trusts

- There is no registration or reporting requirements for International Trusts established in Cyprus
- An International Trust is subject to a minimal stamp duty of €430, chargeable for the instrument creating the trust

Popularity of Cyprus International Trusts

The establishment of Cyprus International Trusts has grown substantially in the last few years, as they enjoy significant tax advantages and provide foreign investors with the opportunity for effective tax planning and freedom of movement of funds. Furthermore, the complete confidentiality, low cost of establishment and administration, and availability of competent professional trustees has complimented this growth.



Michalis Avraam & Partners Limited has taken all reasonable care to ensure that this leaflet is accurate. The information contained is designed as a general guide and readers are advised to verify this information to ensure that it applies in their particular circumstances.

Our firm's professional staff stands ready to advice/assist you in the structure and establishment of a Cyprus International Trust so as to fully enjoy the benefits of the advantageous provisions involved.

Services offered

- Advice in the structure and establishment of a Cyprus International Trust so as to fully enjoy the advantageous tax provisions
- Assistance in drafting the deed establishing the Trust
- Provision of Trustee services and administration of the affairs of the Trust

For specialist advice or further clarifications you may contact one of our professional consultants.

Michalis Avraam & Partners Limited

8 Digenis Akritas Avenue, Office 403 | CY-1045 Nicosia, Cyprus
Tel: +357 22346080 | Fax: +357 22346020 | E-mail: info@amicha.com

www.amicha.com