

## INTRODUCTION TO THE CYPRIOT LEGAL SYSTEM

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## CYPRUS BODY OF LAW



- The Republic of Cyprus was established on August 16<sup>th</sup> 1960.
- The Republic of Cyprus has a presidential system of government
- **The Constitution of Cyprus** provides for a clear division of authority between the executive, the legislative and the judiciary bodies

## CYPRUS BODY OF LAW



- The applicable laws in Cyprus are the following:
  - i. The Constitution of the Republic of Cyprus
  - ii. The principles of Common Law and Equity
  - iii. The Laws enacted by the House of Representatives.
- Cyprus joined the European Union in 2004 and is a full Member State since 1<sup>st</sup> May 2004. After the accession of Cyprus to the EU the body of law of the EU has supremacy over Cypriot law.
  - OECD compliant
  - FATF compliant



- The Cyprus Court System at a glance is structured as follows:

**Supreme Court:** The Supreme Court is the highest court in the Republic.

**First Instance Courts:**

- 1) District Courts
- 2) Assize Court
- 3) Family Court
- 4) Rent Control Court
- 5) Industrial Disputes
- 6) Administrative Court
- 7) International Administrative Court
- 8) Military Court

## ALTERNATIVE DISPUTE RESOLUTION



Cyprus is a prominent Arbitration hub

- domestic arbitration is governed by the Arbitration Law, Cap 4
- international commercial arbitration is governed by the International Commercial Arbitration Law, Law 101 of 1987 (“the ICA Law”) which is identical to the UNCITRAL Model Law apart from some slight revisions.

## CYPRUS GOVERNMENT AUTHORITIES

Cyprus falling in line with its legal obligations both Nationally and on an EU-level has a vast composition of Regulatory, Supervising Bodies and Public Authorities which, among others, include:

- **The Department of Lands and Surveys (“DLS”)** - The DLS deals with the provision of services relating to land and any immovable property.
- **Registrar of Companies:** The Department is responsible, among other things, for keeping the register of:
  - Companies
  - Partnerships
  - Business Names
  - Trade Marks
  - Patents
  - Industrial Designs



- **Cyprus Securities and Exchange Commission (CySEC)** – A public corporate body that is the financial regulatory body of Cyprus. CySEC regulates and supervises  
(1) Investment Firms (2) AIFs and AIFMs (3) UCITS (4) Regulated Markets and (5) Listed Companies.
- **Central Bank of Cyprus (CBC)** – Monitors and safeguards the stability of the banking sector.
- **Shipping Deputy Ministry** - The Deputy Ministry, among other things, is responsible for the implementation of Shipping laws and strategy as well as the promotion and support of investments in shipping, including the development and implementation of incentives.
- **Office of the Commissioner for Personal Data Protection** - An independent public authority responsible for monitoring the protection of individuals with regards to the processing of their personal data.



## BUSINESS IN CYPRUS

Cyprus is appealing as an efficient management and corporate location for setting up of international or regional headquarters (HQ). Among other, key attractions Cyprus boasts the following:

- Convenient EMEA market access
- TAX incentives (property tax discounts, reduction in transfer fees, exemption from capital gains tax)
- Low operational costs
- Stable banking-sector
- Certainty and transparency (OECD, FATF, MONEYVAL as well as application of MiFID and MiFID II)
- Financial Services and Investment Funds
- Shipping, Oil and Gas



When setting up a company in Cyprus, foreign investors are offered a favourable environment which aids the development of their business ventures.

Besides the easy and efficient way of incorporating Cypriot Companies, among other things, the investors are presented with the following:

- The use of the English language which is widely used both for speaking and writing in the business world. Government authorities accept documents in English
- Familiar and sound legal ecosystem
- TAX incentives
- Foreign Interest Companies Programme - allows for the employment of third country nationals in foreign interest companies investing and operating in Cyprus
- Immigration Incentives (Cyprus Investment Programme and Permanent Residency by Investment)



## INCORPORATION OF A CYPRIOT COMPANY

The incorporation process for a Cyprus company is simple and straightforward. A Cyprus company:

- Can be incorporated with only one Director and Shareholder
- Has no restrictions on foreigners acting as Directors or being Shareholders
- Can be incorporated in approx. 5 days
- Can have its share capital denominated in any currency
- Filing in English is permitted



## CYPRUS INTERNATIONAL TRUSTS (CIT)

The law governing the establishment of trusts in Cyprus is based on the English system. It is a combination of the English Principles of Equity and Statue Law. Cyprus International Trusts are regulated by the International Trusts Law 69(I)/1992 as amended by Law 20(I)/2012

## CYPRUS INTERNATIONAL TRUSTS

The first, and most vital, requirement for the creation of a CIT is the existence of a **Settlor**, a **Trustee**, and a **Beneficiary**.

- The **Settlor** can be either a natural or legal person, and is the creator of the CIT. They decide on the asset and purpose of the CIT, elect a Trustee and specify who the intended Beneficiary(ies) of the CIT is.
- The **Trustee** can be a natural or legal person, and is appointed by the Settlor in order to hold the legal title of the asset(s) introduced into the CIT.
- The **Beneficiary** holds the 'beneficial' title until the point comes when the legal title of the asset is transferred to them from the Trustee.
- The Settlor may appoint a **Protector**, in order to monitor the actions of the Trustee, as a means of safeguarding the Beneficiary and the Settlor's intentions.

## CYPRUS INTERNATIONAL TRUSTS

The procedure for establishing a CIT trust is straightforward:

- The Settlor and Beneficiaries must not be tax residents in Cyprus during the year preceding the creation of a CIT
- At least one of the Trustees must be a permanent resident of Cyprus.
- Succession, heirship or other laws applicable in foreign jurisdictions or court judgments do not affect the validity of a CIT
- A CIT may only be challenged on defraud of creditor grounds with a two-year limitation period
- The Trustees of a CIT are bound by confidentiality and cannot disclose information or documents unless ordered by a Cyprus Court or required by law
- The Settlor has the right to reserve many powers including, the powers to revoke or amend the trust, to instruct the Trustee, to appoint and remove Trustees and the Protector, to change the law regulating the CIT or the place of its administration.
- A CIT may last for an indefinite period and the income of a CIT may be accumulated without limitations.
- The law regulating a CIT may be changed to another foreign law.



## CYPRUS - KAZAKHSTAN

- Both countries are Hague Apostille Member Countries.
- Both countries' membership to the UN and the Organization for Security and Co-operation in Europe (OSCE) indicates common values.
- Cyprus – Kazakhstan Double Tax Treaty has been entered into force with the application of its provisions commencing on 01 January 2021. This new Treaty is expected to enhance the commercial and economic relationships between the two countries and to provide opportunities for further cooperation.
- The EU – Kazakhstan Enhanced Partnership and Cooperation Agreement, now ratified by all the EU Member States and the European Parliament, entered into force on 1 March 2020





Cyprus is one of the prime commercial, business and investment hubs in Europe offering potential investors with many opportunities and easy access to the larger EMEA market. For all the benefits offered in Cyprus, more and more investors embark on business ventures on or via the island expanding their commercial horizons.



## Get In Touch

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