

INTERNATIONAL BUSINESS COMPANIES IN CYPRUS

General

- (a) Briefly an international business company is a company owned by foreigners and carrying out all its activities outside Cyprus. These companies enjoy significant tax and fiscal concessions such as:
- . Low income tax of only 10 % on net profits
 - . Low tax on employees' salaries
 - . Duty free facilities if the company opens up its own offices in Cyprus
 - . Absence of any exchange or fiscal controls
 - . Anonymity of beneficial owners (if required)
 - . Wide network of double tax treaties.
- (b) Our office possesses substantial experience in establishing and managing international business companies and we would be very pleased to be of service to you. The following are the procedures followed on registration of an international business limited liability company in Cyprus.

Name of company

Two to three alternative names are suggested for each company, for submission to the Registrar of Companies who has to approve all names. In case you wish to register a company with a name similar to an existing company, then a letter of consent should be sent for submission to the Registrar.

Objects of company

- (d) As per your email message, the company will engage primarily in the provision of financial advisory services. Furthermore, the company will be holding assets and the shares of a Polish company.

An International Business Company in Cyprus can provide all of the above objects. However it must be noted that because the company will be engaged in the provision of financial advisory services, the appropriate authorities will need to contact a “Fit & Proper” test with respect to the beneficial shareholders of the company. This procedure, involves some complexity, and because of this it takes two to three weeks to be completed. It would therefore be to our advantage if you could provide us with more details as to the nature of the financial advisory services to be provided by the company, so that we can plan ahead.

Share capital

- (m) It is recommended that the authorized and issued capital should be at least C£1,000 divided into 1,000 shares of C£1 each. In case the company wishes to set up its own

administrative office in Cyprus then the authorized and issued capital must not be less than C£10,000.

Shareholders

- (f) Every Cyprus company should by law have two registered shareholders. If anonymity is desired then we can provide clients with our own trustee and nominee companies who can hold the shares in trust without public disclosure of the identity of the beneficial shareholders. The Central Bank of Cyprus, however which is, the competent authority for granting International Business permits requires to be informed of the names of the beneficial owners but this information is kept confidential to the bank.

Bankers' references

In order to maintain the business propriety of international business activities, the Central Bank of Cyprus requires bankers' references for the beneficial owners, irrespective of whether these are to be publicly known. The Central Bank of Cyprus requires that the following conditions are adhered to:

- (n) Bank references will be acceptable by the Central Bank of Cyprus if their wording is as close as possible to the specimen text shown below. The issuing bank must expressly state that they know the client for at least one year.

QUOTE

We hereby confirm that (name of beneficial shareholders) are well known to us and in our opinion trustworthy and of good financial standing.

.....

Name of bank

- (o) We will submit copy of this letter to the Central Bank of Cyprus. However please note that bank references are not necessary for persons (either natural or legal) who are already shareholders in existing Cyprus International Business Companies.

Directors

- (p) In the case of International Business companies, it may be important, from a tax point of view that the management and control is exercised from Cyprus. In such a case, it is recommended that no more than one director should be appointed from abroad. For the appointment of such a director the following information is needed:

- (i) Full name
- (ii) Nationality
- (iii) Residential address
- (iv) Occupation

We usually provide, in addition to the above, local directors from our office who carry out their function based on instructions from the beneficial shareholders. This facilitates the smooth and timely execution of the operations of the company.

Secretary

- (i) The company, by law must have a secretary. Usually we have our own secretarial company who can act as such.

Registered office address

- (j) It is also a requirement of the law that the company must have a registered office in Cyprus, which may be used as the business address of the company. Our own office address can be used as such.

Period needed to register a company

- (k) The formation and registration of the company (including all the formalities such as printing of letterheads, statutory and accounting books, opening of bank account etc.) can be completed within a period of one week once the approval of company name and the receipt of bank references are fulfilled.

Documents to be provided to the owners

- (l) On registration of the company, we supply the owners with full documentation, properly legalized and translated into English comprising of:
 - (i) Certificate of registration
 - (ii) Memorandum and articles of association
 - (iii) List of directors, secretary and shareholders
 - (iv) Address of the company's registered office
 - (v) Share certificate(s)
 - (vi) Any other information concerning the company's activities up to the date of its establishment.

Professional fees

- (m) In Cyprus all companies are obliged by law to prepare annually audited accounts to be submitted to the appropriate authorities. Failure to do this may result in the cancellation of International Business licenses. Our audit and accountancy department take care of this function. Any such services e.g. audit, accountancy, secretarial, bookkeeping and company management are calculated strictly on a time basis taking into account the seniority of the staff involved. The company should open up bank accounts in Cyprus from where all these expenses should be met.

With respect to the particular services requested our firm could provide them through our international business companies' administration department. The

fees for the provision of these services will also be billed on a time basis and are independent of the domiciliary charges.