Company Formation in Cyprus Frequently Asked Questions

# 1. What types of business entities can be registered in Cyprus?

The following five types of businesses may be registered under Cyprus law:

1. Limited liability private or public company;

2. General or limited Partnerships;

3. Business/Trade Name;

4. European Company (Societas Europeas);

5. Branch of a foreign company.

Private or public limited liability companies are the type of businesses for which the overwhelming majority of registration applications are submitted.

# Are there any eligibility criteria for a party who wishes to form a private or public limited liability company?

Any physical or legal person, whether of EU origin or not, is entitled to form a company in Cyprus. An applicant needs simply to be able to submit all the information and documentation can be provided on request from Tornaritis Law.

# Who may assist in registering a company in Cyprus?

Under Cyprus legislation, only a licensed lawyer is allowed to prepare the memorandum, articles of association, and the declaration form that must be submitted to the Registrar of Companies.

1. **What does the company registration process involve?**

By “company registration process” we mean all the steps, tasks, and parties involved from the moment the applicant starts the procedure to the moment the company is granted a certificate of incorporation by the Registrar of Companies and comes into existence. In brief, it involves the following:

* 1. The applicant engages the services of Tornaritis Law.
	2. Tornaritis Lawobtains approval of the company name the applicant desires;
	3. The memorandum and articles of association of the company is discussed and agreed.
	4. The applicant provides Tornaritis Lawwith all information/documentation requested, which the latter uses to prepare and submit the registration application package to the Registrar of Companies.
	5. The Registrar processes the application and, provided all the information and documentation submitted is complete and accurate, issues the company a registration certificate, bringing it into existence. The applicant receives the company Registration Certificate.

**Applicant finds & hires**

**Tornaritis Law**

**Tornaritis Law obtains from applicant info& documentation to prepare & submit application to Registrar**

**Registrar processes**

**& approves application – Company comes into existence**

**Tornaritis Law applies and obtains approval for the company name the applicant chooses**

# How much time does the company registration process take?

It depends. The processing and approval of the company name by the Registrar takes about 4-7 working days. The processing of a registration application by the Registrar usually takes another 4-7 working days (with accelerated procedure). Tornaritis Law part (filling forms, submitting application, etc) usually requires 4-7 days. The applicant’s part however (obtaining and providing the necessary information & documentation) depends exclusively on the applicant.

Fast-Track: A way to have a Cyprus company up and running in virtually no time exists for applicants for whom time is of the essence. Instead of going through the whole process described above, the applicant can simply purchase a “shelf company”, provided the shelf company’s memorandum and articles of association meet the applicant’s requirements. Please contact us for more information.

It is often the case that the client needs urgently to enter into various transactions abroad. To this respect, a shelf company is acquired and if so needed, a Power of Attorney is granted to the client and sent to him together with the company registration documents (all apostil) by courier. This suffices to enable the client at virtually no time, to have a Cyprus registered company of which he has full capacity and authority to deal.

Simultaneously – or at a later time – changes to the company’s particulars, such as directors or shareholders, can be effected by the submission to the Registrar. It is often the case that the client only wants to be a beneficial rather than legal/registered owner, which does not need the involvement of the Registrar but only the issue by the registered shareholder of a written declaration or the entering into a trust deed between the registered shareholder and beneficial owner, rendering the former a trustee and the latter a beneficiary. Please contact us for more information.

# How much does it cost to register a company in Cyprus?

# Contact us for more information

# louizap@tornaritislaw.com

# Tel: +357 22456056

# What are the issues to consider once registration is completed?

All companies must register with the Inland Revenue Department and obtain a tax identification number. They may also need to register for VAT, as well as with the employers’ register of the social insurance services. Even if having to register for all three above, the process should take approximately 4-7 working days, provided that the applicant submits the necessary information and documentation without errors or omissions.

From 2011 onwards the Government has also imposed an annual levy of €350 which has to be paid by 30th June each year by every limited liability company that is registered in Cyprus. A penalty is imposed if the fee is not paid within the prescribed period and it increases accordingly to the time of delay of payment. If the fee is paid within 2 months from the appointed date, then a penalty of 10% is imposed which increases to 30% if the fee is paid within 5

months from the appointed date. However, if the fee is not paid within the aforesaid time limits then the Registrar of Companies will strike the company off the register. A company struck off as aforesaid may be reinstated in the register within a period of 2 years from the strike off with the payment of a fee of €500 and after the lapse of two years from the strike off with the payment of €750.

The applicant also needs to consider whether he needs “retainer services”. Once a company is registered, Tornaritis Law offers a variety of additional services relating to the maintenance and administration of the new entity. These include opening and maintaining the company’s bank account, dealing with legal administration/providing secretarial services, such as convening board meetings and drafting minutes, preparing and sending annual returns and other documents to the Registrar, and even accounting and auditing services through their liaisons with audit and accountancy firms. The client can choose and configure the retainer services that meet his needs and agree the fee with Tornaritis Law.

# What are the statutory obligations of a Cyprus company with respect to the audit of its financial statements?

A Cyprus company has the following two statutory obligations with respect to the audit of its financial statements:

1. A company must submit its audited financial statements to the Registrar of Companies in Greek or English, by attaching them to the annual return of the corresponding year. These financial statements must be prepared on an annual basis, except for the first financial statements of a company which can cover a period of up to eighteen months from the date of the company’s incorporation. In the case a company has subsidiaries and it has no exception from consolidation either from the International Financial Reporting Standards or from the Cyprus Companies Law, Cap. 113, Section 142, then it is required to file with Registrar of Companies its consolidated financial statements.
2. A company must submit its Annual Tax Return to the Inland Revenue authorities on a calendar year. Annual Tax Returns must be supported by the audited separate (non-consolidated) financial statements of the company.

In the case of a company without subsidiaries or of a company with subsidiaries that falls within the non-consolidation criteria, a single audited set of financial statements will suffice for both statutory obligations. However, where consolidation is required, then a company should prepare a set of consolidated financial statements for the purposes of the Registrar of Companies and a set of separate (non-consolidated) financial statements for the purposes of Inland Revenue.

The financial statements for both the above statutory purposes should be prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the requirements of the Cyprus Companies Law, Cap. 113.