

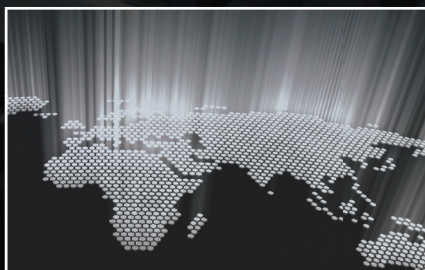
Corporate INTL

corporate international

BASEL III: THE WAY FORWARD?



Praxis Pensions and Benefits Limited



Primerus

L PAPAPHILIPPOU & CO

ADVOCATES & LEGAL CONSULTANTS



YOUR **FULL SERVICE** INTERNATIONAL **LAW FIRM** IN CYPRUS

LP AND CO OFFERS LEGAL SERVICES TO BUSINESSES, INDIVIDUALS, PUBLIC ORGANIZATIONS AND GOVERNMENTS. THE FIRM HAS A STRONG LITIGATION TEAM, HANDLING ALSO ALL FORMS OF COMMERCIAL DISPUTE RESOLUTION AND HAS CONSIDERABLE EXPERIENCE IN ARBITRATIONS.

A NUMBER OF PROFESSIONAL CONTACTS IN NORTH AMERICA, EUROPE, MIDDLE EAST AND THE FAR EAST ARE AT THE FIRM'S DISPOSAL AND WE ARE COMMITTED TO PROVIDING A RANGE OF LEGAL SERVICES TO OUR CLIENTS WHO ARE ACTIVE IN INTERNATIONAL BUSINESS.

L. PAPAPHILIPPOU & CO, 1, COSTAKIS PANTELIDES STREET, 3RD FLOOR, 1010 NICOSIA, CYPRUS
PHONE: (+357) 22 67 41 41 FAX: (+357) 22 67 33 88 E-MAIL: INFO@PAPAPHILIPPOU.EU
P. O. BOX 22313, 1520 NICOSIA, CYPRUS

Corporate redomiciliation in Cyprus

Rapid changes in the fiscal legislation worldwide instigated by the recession are urging international clients to become ever more resourceful and mobile in seeking a proactive tax sustainable balance. Corporate redomiciliation alike the lever of Archimedes, with the appropriate jurisdiction fulcrum, contemplates the move of your corporate world from the country of incorporation to another jurisdiction. During this process, whilst the legal identity of the company is preserved, the legal framework that regulates all aspects of the company's activities follows suit with the country to which the company domiciles to.

Law 124 (I)/2006 inserted corporate mobility provisions in Cyprus Companies Law back in 2006, to enliven the already eminent corporate framework and breath life into this increasing trend amongst corporate undertakings globally. Taking into account that a company which is effectively managed and controlled on the island is liable to a flat corporation tax rate of 10% and no onward withholding tax, arguably renders it an appealing destination. In addition, the island's recent accession to the EU and robust double taxation treaty network with Eastern Europe, offers a prolific yet stable environment for any corporate vehicle.

Before embarking on such a process, any company contemplating redomiciling to Cyprus must satisfy three pre-clearance conditions, concerning primarily the jurisdiction it has been incorporated in, and further, the capacity of its Memorandum and Articles of Association. As to the former, it is a paramount prerequisite that the legal regime of the country of incorporation does in fact cater for the transfer and re-registration of the company to another jurisdiction. Taking into account that a number of countries have yet to enact corporate redomiciliation and/or migration legislation, in the absence of such authority, no such process may commence.

Respectively, the Articles of Association of the company should contain provisions allowing the company to move to another jurisdiction. Considering further that the Companies Law in Cyprus prohibits the issuance of bearer shares, provisions in the Articles enabling the company to issue such shares would be deemed incompatible with the statutory corporate regime and thus refused registration. However, the aforementioned internal hurdles set forth by a company's Articles of Association can succumb to amendments by the company itself, should redomiciliation comprise an appealing prospect.

Should the company satisfy the abovementioned pre-screening checks, the formal domiciliation procedure may commence on behalf of the company by a duly authorised solicitor practicing in Cyprus. Initially, all or at least one director of the company must be a person based in Cyprus. As the director will have to swear two affidavits before the Courts of Cyprus, a special power of attorney can be issued for this purpose to a person based in Cyprus instead.

The following documents will also need to be deliv-

ered certified by the interested company, namely:

- A shareholder's resolution, approving the transfer and re-registration in Cyprus;
- A resolution of the board of directors, approving the transfer and re-registration of the company in Cyprus and authorising the director, or the attorney as the case may be, to represent the company and execute any documents on its behalf in order to effect the transfer;
- A copy of the Memorandum and Articles of Association of the company;
- A Certificate of Incorporation, issued by the relevant authority of the current country of registration;
- A Certificate of Good Standing, issued by the relevant authority of the current country of registration;
- A Certificate of Encumbrancy, evidencing and providing full the details of the directors, secretary, shareholders and that of the registered office;
- A letter or any other official notification issued by the current country of registration furnishing their confirmation that they have been notified of the intention of the company to transfer and re-register in Cyprus and at the same waiving any objection;
- The most recent public offer invitation or other similar document (applies only in the case of public limited companies)

Post submission, the Registrar of Companies will assess the merits of the application, and if satisfied, proceed by entering the company concerned to the Companies Register with a temporary status. This temporary status will be discharged within a six month period, provided that the company produces evidence to the Registrar of Companies that it has been struck off the previous register of companies of the country of incorporation. Once this evidence is submitted, the Registrar of Companies will endorse the final certificate approving the continuation of the company in Cyprus.

L PAPAPHILIPPOU & CO
ADVOCATES & LEGAL CONSULTANTS

Leandros Papaphilippou, Managing Partner
Papaphilippou & Co.
+357 22674141
lp@papaphilippou.eu
www.papaphilippou.eu

Nick Tsilimidos, Associate
Papaphilippou & Co.
+357 22674141
nt@papaphilippou.eu
www.papaphilippou.eu