



REPUBLIC OF CYPRUS



INVESTING IN CYPRUS

A guide for foreign investors



FOREIGN INVESTORS SERVICE CENTRE
MINISTRY OF COMMERCE, INDUSTRY AND TOURISM



In the words of William Shakespeare,
“You are welcome, Sir, to Cyprus”



Investing in Cyprus makes Sound Business Sense

- Member of the European Union
- Strategic location at the crossroads of three continents, serving as Europe's Middle Eastern outpost
- Favourable tax regime including 10% corporation tax
- Liberal Foreign Direct Investment regime
- Simplified administrative procedures for acquiring necessary permits
- Bilateral investment agreements with 17 countries
- Low set up and operating costs
- Highly qualified, well-educated and multilingual labour force
- Double tax treaties with 40 countries
- Freedom of movement of foreign currency
- Availability of Freezones Bonded areas
- Efficient legal, accounting and banking services
- European standard of living
- Pleasant climate and agreeable topography
- Excellent telecommunications
- Democratic country with a free market economy
- Political stability
- Low crime rate: one of the lowest in Europe

There's never been a better time
to invest in Cyprus than **right now**



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1. Cyprus in Brief

“ Cyprus’ geographical position is a key point to three continents, and therefore, an ideal centre for international business ”

Location

Cyprus, the third largest island in the Mediterranean Sea, lies at the crossroads of Europe, Africa, and Asia. In addition, Cyprus is close to the busy shipping and air routes linking Europe with the Arab World and the Far East, representing a strategic hub for business activities in the region.

Its total area is 9.251 sq. km (3.572 sq. miles), comparable in size to that of Lebanon, Puerto Rico, Connecticut in the USA, the Land of Hessen in Germany, and Dordogne in France.

The island is two hours ahead of Greenwich meantime, seven hours ahead of New York, seven hours behind Tokyo, and in the same time zone as Athens.



Climate

Cyprus has a pleasant climate with dry summers and mild winters, enjoying about 300 days of sunshine. The rainy season is confined to the period between November and March. In January, the coldest month, minimum and maximum mean temperatures are 6°C

and 13°C respectively, while in August, the hottest month, the corresponding minimum and maximum mean temperatures are 21°C and 36°C.

History

Cyprus, according to Mythology, is the birthplace of the Greek goddess of love and beauty, Aphrodite. The island is both an ancient land, with eleven thousand years of history and a young independent republic since 1960. Its strategic location, positioned in the northeastern corner of the Mediterranean and at the meeting point of great civilizations, has been one of the critical factors influencing the course of the island's history throughout the centuries.

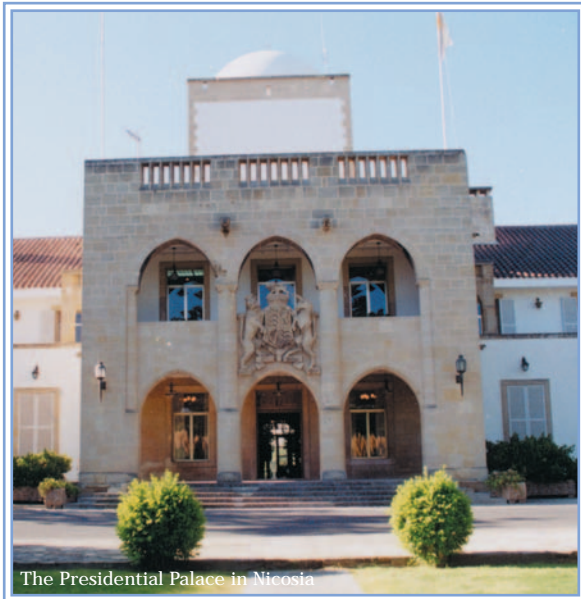
Population

The estimated total population of Cyprus is 818.200 based on the 2001 census of population, out of which 79,1% belong to the Greek Cypriot community, 10,7% to the Turkish Cypriot community and 10,2% are foreigners residing in Cyprus. The official languages of the Cyprus Republic are Greek and Turkish. In addition, English is widely spoken and extensively used in commerce and Government.

Education

Full time education is compulsory for all children from the age of 5 years. The 12-year span of education consists of six years elementary education and six years of secondary education. In addition to state schools, there are private fee-paying schools in all towns, whose basic teaching language is English. Cyprus offers a distinguished University as well as a number of private institutions of higher education.

Cyprus ranks among the first countries in the world in terms of University degree holders in relation to the population, with 70% of secondary school graduates, in 2000, proceeding to tertiary education. More



The Presidential Palace in Nicosia

than half of secondary education graduates study abroad, mainly in Greece (53%), the UK (23%), and the USA (14%).

Infrastructure

Cyprus is well-served by sea, air and telecommunications connectivity. Due to its advanced telecommunications network and the superb regional and global connectivity on offer, the island is considered as one of the most important telecommunication hubs in the Eastern Mediterranean and the Middle East region. This is also enhanced by an extensive submarine fibre optic cable network, and access to major satellite systems.

In addition, Cyprus' role as a regional commercial and business centre, coupled with the increasing tourist traffic, has led to the development of a wide network of air-routes offering excellent connections with Europe, Africa, and Asia. The country's two international airports are situated near Larnaca and Paphos.

The multi-purpose ports of Limassol and Larnaca are the country's main sea gateways for seaborne cargo and passenger traffic. Both ports have turned into important regional warehouse and distribution centres. Finally, the island has developed an advanced road system with 4 lane

highways linking all central destinations. Indicatively, the motorway density ratio of Cyprus is 28,6 km/1.000km² (2001 figures), while the corresponding average ratio of the European Union for the same year was 14,3 km/1.000km².

Government & Administration

Cyprus became an independent Republic in 1960, adopting a governmental structure modelled on Western democracies. The Head of State is the President of the Republic, elected by universal suffrage for a five-year term of office. The Council of Ministers, appointed by the President, constitutes the main executive body of the Republic.

Legislative power rests with the House of Representatives, elected for a five-year term. A multi-party system is in operation, while the electoral system is based on proportional representation. Cyprus has an efficient civil service, with highly trained personnel, a considerable percentage of which holds academic qualifications.

International Relations

Cyprus is a member of the European Union, the United Nations, the Council of Europe, the World Trade Organisation, the Commonwealth, the World Bank, and the International Monetary Fund.

Cyprus is represented through diplomatic missions in over 30 countries. Moreover, Cyprus has particularly good relations with the Mediterranean countries, the Middle East Region, as well as other developing countries.



“ Cyprus ranks among the first countries in the world in terms of University degree holders, with 70% of secondary school graduates proceeding to tertiary education ”

2. Cyprus as a European Union Member State

“ Cyprus is being transformed into a key outpost in the eastern Mediterranean, serving as a bridge between the EU and the Middle East ”

Since 1st of May 2004, Cyprus has become a European Union Member State. Cyprus has successfully faced the challenge of integration, and its accession to the European Union has not created any insurmountable difficulties; contrarily, necessary modifications were carefully planned and supported by the appropriate policies.

In particular, Cyprus has undergone through significant economic and structural reforms that have transformed its economic landscape. Tariffs and quantitative restrictions have been eliminated for all manufactured goods and agricultural products originating in Cyprus and other EU countries. Trade and interest rates have been liberalised, while price controls and investment restrictions have been lifted.

In addition, private financing has been introduced for the construction and operation of infrastructure projects; while, the monopoly in the telecommunications sector has been abolished.

Moreover, the Common Customs Tariff (CCT) as

well as the relevant legislative framework of the EU for the facilitation of the free movement of goods, capital, and services, has been adopted.

As a result of the liberalisation and the accession to the EU, new business opportunities arise in various sectors:

- As far as the energy sector is concerned, specific projects regarding offshore oil deposits and the importation of natural gas are promoted.
- In the tourism sector, plans include the construction of new marinas, theme parks, football stadiums, the reconstruction of the island's two international airports, and the reconstruction of the Larnaca port.
- New investment opportunities arise through Cyprus' high technology investment programme related to the establishment of Business Incubators and a Technology Park. Through these initiatives, Cyprus facilitates the creation of new ventures, especially in high technology sectors.



– Moreover, in the field of science and technology, cooperation agreements have been signed with the Albany State University of New York, the University of Southern California, and the Harvard University.

– The already recognised role of Cyprus as a regional banking and shipping centre is even more enhanced.

– Increased financial assistance from EU to Cyprus is available through structural funds, as well as through wider participation in European Programmes, such as the 6th Framework Programme.

– Finally, Cypriot products and services have access to the vast EU market, with a total population of over 450 mln. and a current annual rate of growth of 2,1%; hence, broadening exports opportunities.

Upon membership to the European Union, Cyprus is being transformed into a key outpost in the eastern Mediterranean, serving as a bridge between the EU and the increasingly important market of the Middle East. The geographical proximity of Cyprus to the Middle East represents a factor in creating partnerships between Europe and the Middle East; two different regions bound by mutual interests. The Middle East region with its oil-rich soil, coupled with the potentials that a wealthy market holds, provides excellent opportunities for European business. Similarly, the Middle East manufacturers and traders can gain easier access to the prosperous EU market via Cyprus.

Notably, more than half of all trade of Cyprus is with the EU. Cyprus also has diplomatic ties with countries that have established an embassy only in Cyprus in order to cover their interests in the Middle East and Europe.



As reported in the May 5, 2004 edition of The Wall Street Journal, “Cyprus offers a strategic location, favourable tax environment, educated work force, excellent telecommunications and modern banking and legal infrastructure which makes the country the perfect business bridge for the European Union and the Middle East.”

Furthermore, Cyprus has gained a long reputation as the springboard for investment into Central and Eastern Europe.

THE WALL STREET JOURNAL.

**** WEDNESDAY, MAY 5, 2004 ****

Cyprus offers a strategic location, favourable tax environment, educated work force, excellent telecommunications, modern banking and legal infrastructure which makes the country the perfect business bridge for the European Union and the Middle East.

3. The Economy

“ The Cyprus economy is characterised by macroeconomic stability, combined with high real growth and low inflation ”

Cyprus has a record of successful economic performance, reflected in rapid growth, full employment conditions, external and internal stability, almost throughout the post-independence period.

The underdeveloped economy, inherited from Colonial Rule in 1960, has been transformed into not only a major tourist destination but also into a modern economy offering dynamic services with advanced physical and social infrastructure. Specifically, industrial, agricultural as well as banking and shipping sectors have been rapidly developed.

In terms of per capita income, estimated at CY£9.477 in 2004 (EUR 16.242)*, Cyprus is classified by the World Bank among the high-income countries. The average annual rate of growth in the past five years was about 3,6%, while average inflation rate stood at 2,9% and average unemployment rate at 3,4% over that period.

In addition, Cyprus was ranked 25th in the United Nations 2003 Index of Human Development. Considering other socio-economic indicators such as the excellent housing conditions, pollution free environment, and low crime rate, one may conclude that the quality of life, standard of living and economic performance, position Cyprus favourably among the rest European Union member-states.

The success of Cyprus in the economic sphere is attributed, among other factors, to the adoption of a market-oriented economic system, the pursuance of sound macroeconomic policies by the Government, as well as the existence of a dynamic and flexible entrepreneurial community and a highly educated labour force. Moreover, the economy has benefited from the close cooperation between the public sector and the social partners.

The basic characteristics of the Cyprus economy are the dominant role of the private sector in production, the small size of the domestic market, the small size of most of the business units, as well as its open character. Cyprus' major imports are raw materials, consumer and capital goods, transport equipment and fuel, while major exports are pharmaceutical products, clothing, cement, cigarettes, paper products, plastic products, potatoes, citrus fruit, wines, and furniture.

The tertiary sector of services is considered as the backbone of the Cyprus economy (accounting for about 76,3% of GDP in 2004); reflecting the gradual evolution of the economy from an exporter of minerals (mainly copper and asbestos) and agricultural products (citrus) during 1960-73, an exporter of manufacturing products (mainly clothing) at the end of the 1970s, to an international business and service centre in the 1980s - today.

* Based on a rate of exchange: CY£1 = EUR1,7138



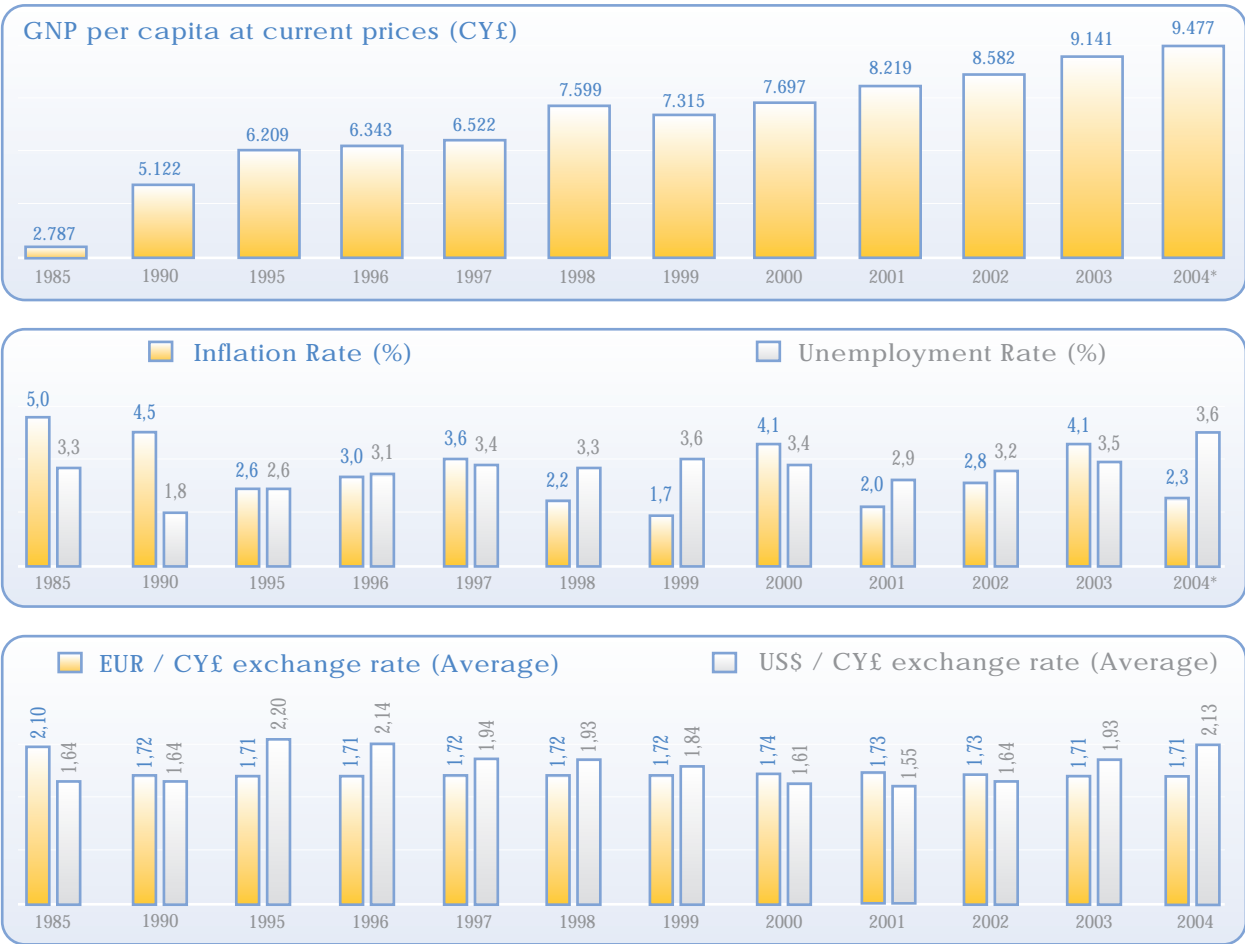
Currently, approximately 30 foreign banks have established presence and over 1200 International Business Corporations (IBCs) currently maintain fully-fledged offices in Cyprus. Moreover, Cyprus ranks as the sixth leading maritime nation in the world with a merchant fleet exceeding 26 million gross tonnage.

The services sector is comprised mainly of tourism, finance, insurance and business services, trade, restaurants and hotels, transport and communication, manufacturing, accounting, social and governmental services, real estate, education, and shipping.

Cyprus' competitive advantages derive from its strategic geographical location, the favourable business climate and fiscal regime, stable macroeconomic environment, the high educational level of the labour force, in conjunction with the comparatively low level of graduates' remuneration, the excellent infrastructural facilities, the advanced telecommunications' network, and the widespread knowledge of English.

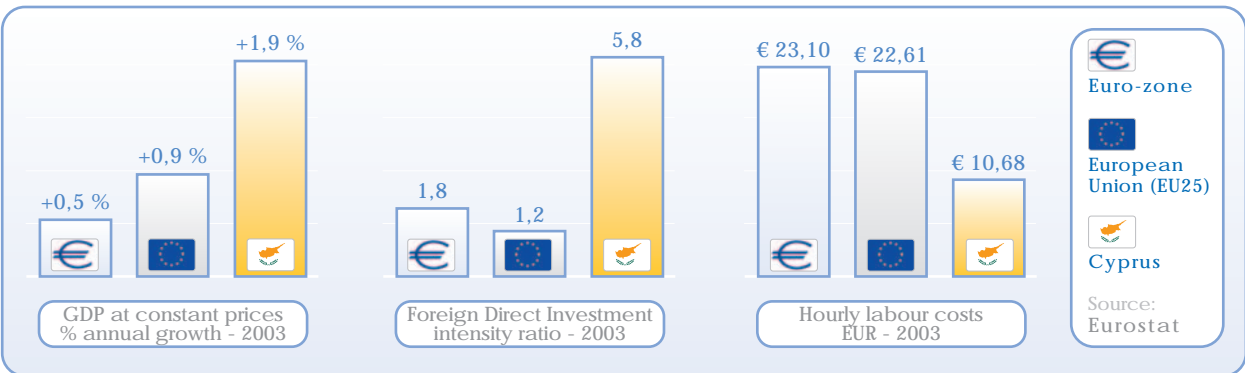
Finally, Cyprus' economic prospects mark favourably in light of its recent accession to the European Union.

Figure 1: Main Social Economic Indicators 1985-2004



Source: Statistical Service of Cyprus

* Provisional estimates



4. Foreign Direct Investment Policy

“ In order to enhance foreign investment intensity, the FDI policy has been liberalised for both EU and non-EU nationals ”

In order to attract foreign investments and enhance economic prosperity in Cyprus, the Government has liberalised the Foreign Direct Investment (FDI) policy for both EU and non-EU nationals. Administrative procedures have been simplified and no limitations apply in most sectors of the economy, as per the minimum level of investment and the foreigners' participation percentage. Moreover, bureaucratic intervention has been reduced, fostering investment opportunities by non-residents.

Consequently, foreign companies now have the opportunity of investing and establishing business in Cyprus on equal terms with local investors; no distinction is being made between foreign and Cypriot companies.

4.1 Direct Investment

Foreign investors have the opportunity of participating in most sectors of the economy, with equity participation of up to 100% in any Cypriot enterprise, without a minimum level of capital investment. Foreigners considering registering companies, acquiring shares of existing companies, or setting-up business activities

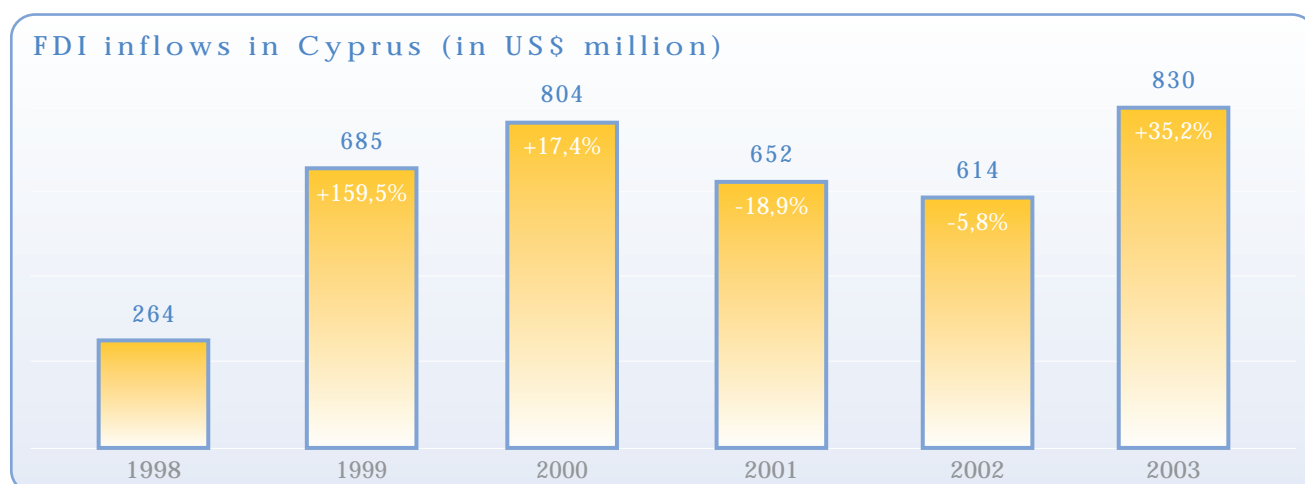
in Cyprus, no longer need approval from the Central Bank of Cyprus.

As from 1st of October 2004, foreign investors can register a company directly with the Registrar of Companies, and obtain any license, if needed, from the appropriate authority according to the nature of investment. Investors may address to the Foreign Investors Service Centre of the Ministry of Commerce, Industry and Tourism for further guidance and direction.

4.2 Portfolio Investment

Trading of shares by foreigners on the Cyprus Stock Exchange (CSE) is as easy as on any modern stock market. Foreign investors are subject to the same rules and regulations of the CSE as Cypriots or other EU nationals, regarding capital distribution.

Provided that the investment is in line with the CSE's laws and procedures, investors may acquire up to 100% of the share capital of all Cypriot companies, listed on the CSE, except companies operating in specific sectors, such as the banking sector.



Source: UNCTAD, World Investment Report 2004

As far as the banking sector is concerned, no person, either resident or non-resident, may own directly or indirectly 10% or more of a banking company's share capital or voting stock without the Central Bank's approval. Banking companies are also required to obtain the Central Bank's approval before registering more than 50% of their share capital in the name of non-residents.

Non-residents only need to remit foreign funds either to an account in their own name or in the name of their stockbroker in Cyprus. The stockbroker is entitled to possess the necessary documentary evidence for the acquisition of shares; in case of liquidation, the stockbroker will remit the original investment, adjusted to the investment's return.

4.3 Acquisition of Real Estate

According to the "Acquisition of Real Estate (Amendment) Law" of 2003, which is in force as from 1st of May 2004:

- No restrictions are imposed on EU nationals and EU registered companies for the acquisition of real estate linked to primary residence and Foreign Direct Investment, or the acquisition of real estate by EU real estate agents and land developers.
- The acquisition of residence for secondary use is prohibited without prior authorisation by the Council of Ministers, for a period of five years following Cyprus' accession to EU, to EU nationals not permanently residing in Cyprus and EU registered companies not having their registered office, central administration or principal place of business in Cyprus.
- As regards non-EU nationals, legal entities registered in non-EU countries, and legal entities registered in Cyprus with share capital controlled by non-EU nationals, real estate may be acquired subject to the approval of the Council of Ministers. In case the real estate concerned exceeds 2 donums, approval may be granted only for the purposes of primary or secondary residence not exceeding an

area of 3 donums, professional or commercial premises, and industrial sectors deemed beneficial for the Cypriot economy.

4.4 Exchange Control

As of 1st of May 2004, the Exchange Control Law has been abolished; hence, residents and non-residents may hold and manage assets and liabilities in any foreign currency and in any foreign country, including freely convertible and transferable balances with banks on the island.

4.5 Other Laws and Regulations

The liberalisation of the FDI policy should not be interpreted as conferring the right to the companies' foreign shareholders, principals/directors or employees' representatives to secure residence and/or work permits.

Furthermore, it will not prejudice the stance of other governmental departments, organisations or authorities regarding the issue of any other permits or consents which may be required under separate laws or regulations.

Examples of such regulations include:

- Private tertiary education institutions, excluding universities, can be founded and operated only by EU nationals.
- Based on the registration framework of certain medical professions, only Cypriots or other EU nationals are allowed to exercise their profession in Cyprus. Such professions include but are not limited to: Dentists, Dental Technicians, Psychologists, Opticians, Chemists, Dieticians, Physiotherapists, and Psychiatrists.
- Non-EU nationals can obtain up to 5% of the total share capital of broadcasting corporations (television and radio stations), while the total percentage of share capital owned by non-EU nationals may not exceed 25%.

“ Foreign companies now have the opportunity of investing and establishing business in Cyprus on equal terms with local investors ”

5. Foreign Investors Service Centre (One-Stop Shop)

“ The One-Stop Shop constitutes the central agency of information, support and foreign investors’ relations ”

One of the primary objectives of the Government’s development policy is to foster the infusion of foreign investment in all economic sectors. Towards this end, a Foreign Investors Service Centre operates under the auspices of the Ministry of Commerce, Industry and Tourism, located at the Ministry’s headquarters in Nicosia.

The Centre operates as a full-service "One-Stop Shop" for foreign-based companies interested in investigating investment opportunities in Cyprus. It constitutes the central agency of information, support, and foreign investors’ relations. It plays a vital role in attracting FDIs in targeted industries, especially focusing on the development of high technology products, the enhancement of R&D and technology transfer; fields essential for the upgrading and the enrichment of production capacity and the productive fabric’s competitiveness.

The Centre’s activities include:

- Promotion of Cyprus as an international business as well as an R&D centre.
- Organisation of promotional activities for the

dissemination of Cyprus’ competitive advantages and encouragement of foreign investment.

- Provision of information to investors regarding financial, legal and taxation matters in implementing a project in Cyprus.
- Provision of advice to potential investors regarding the most effective way of making use of the package of the various benefits offered (e.g. Grant Schemes).
- Liaising with various governmental departments and facilitating the process of granting the necessary approvals, such as the work permits, required for implementing a project.
- Provision of aftercare service aimed at anchoring existing investors and encouraging them to upgrade their activities in Cyprus.
- Finally, the Centre is a member of ANIMA, the Euro-Mediterranean Network of Investment Promotion Agencies (IPAs), in an effort of associating, exchanging best practices, and improve FDI attraction capabilities among the IPAs of the EU and MEDA countries.



The Ministry of Commerce, Industry and Tourism

6. Registration of Companies

Since 1st October 2004, administrative procedures have been simplified; hence, foreign investors address directly to the Registrar of Companies for establishing a company, without prior approval by the Central Bank of Cyprus.

The procedure for a company's formation is:

- Initially, an application for the approval of the name of the company is submitted.
- After securing the company's name, the relevant documents for the company's registration (Memorandum of Understanding, Articles of Association, etc.) are to be submitted through a lawyer. In the case of a partnership registration, the involvement of a lawyer is not

mandatory.

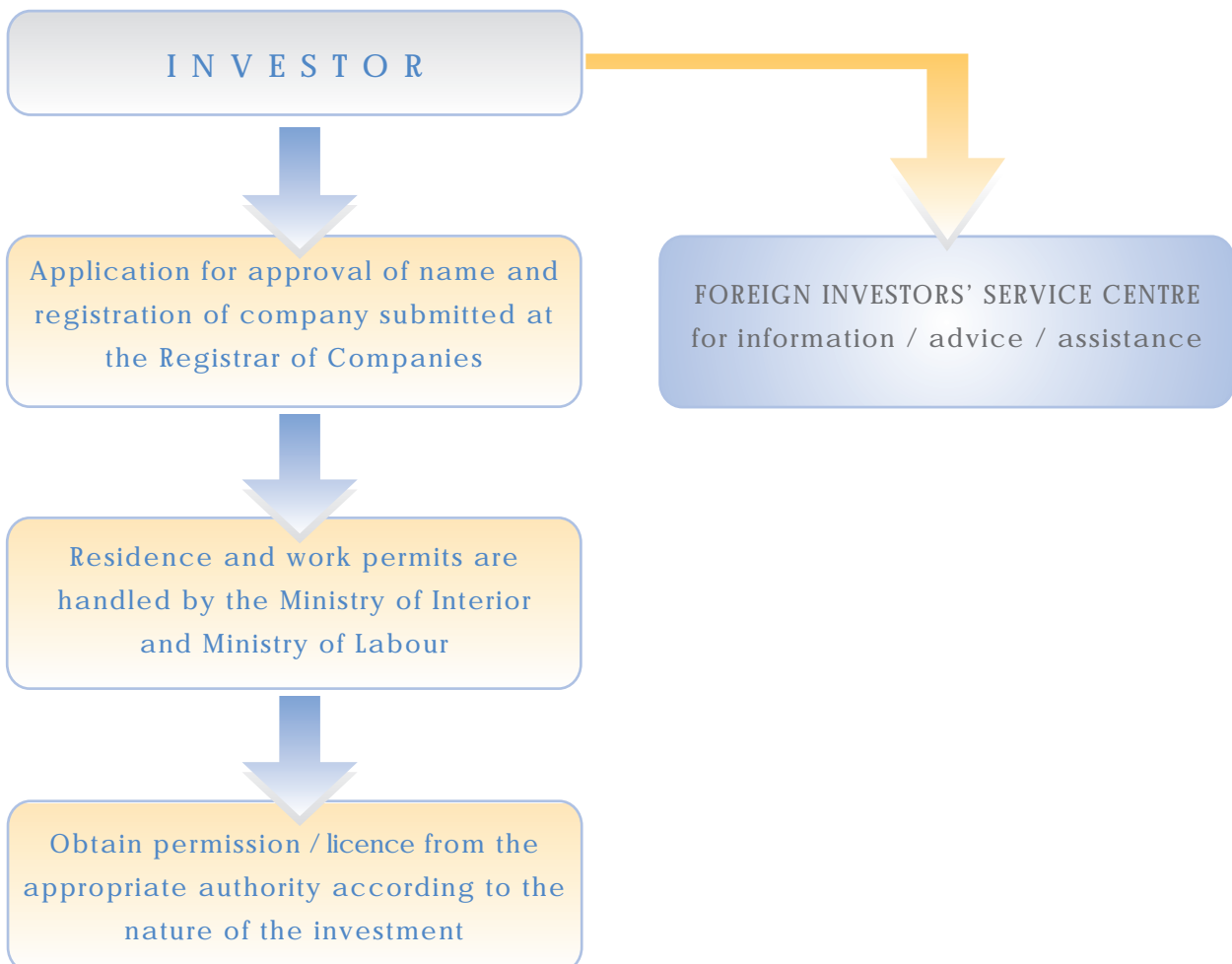
- Registration is completed within one month under the normal procedure, and within one week under the accelerated procedure at the additional fee of CY£30.

Shares or participation must be registered under the investor's name at the Registrar of Companies according to the respective Company or Partnership Law.

Appendix 4 lists the companies' fees (amendment) regulation.

Figure 2 outlines the procedures to be followed by an investor, resident or non-resident.

Figure 2: Stages to follow for investing in Cyprus



7. Labour Environment

“ Cyprus offers a well-educated, multilingual labour-force; whereas, labour costs are significantly lower compared to the European Union average ”

According to Eurostat's Labour Force Survey, carried out in 2003, Cyprus exhibits an employment rate of 69,2% for the age class 15-64; the rate is the highest among the ten EU acceding countries and is above the average employment rate of the EU 15 (64,4%). This rate positions Cyprus in line with the EU's Lisbon target of 70% by 2010. Moreover, Cyprus has a low youth unemployment rate (age class 15-24) of 8,9%, compared to the EU average of 15,9% and a high employment rate for women of 60,2%, compared to 56% of the EU average.

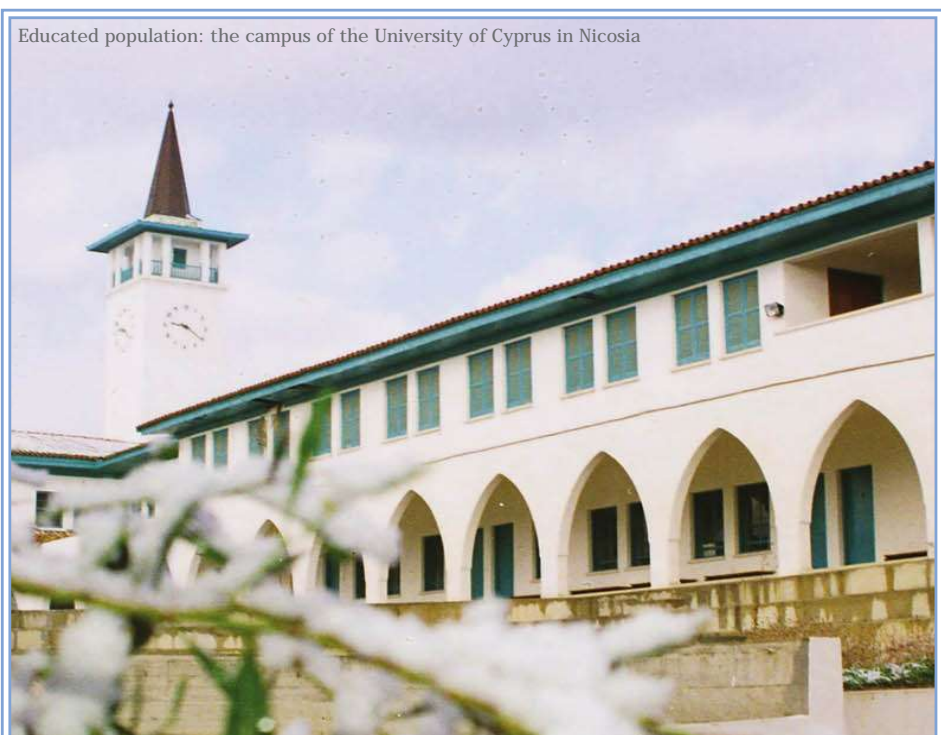
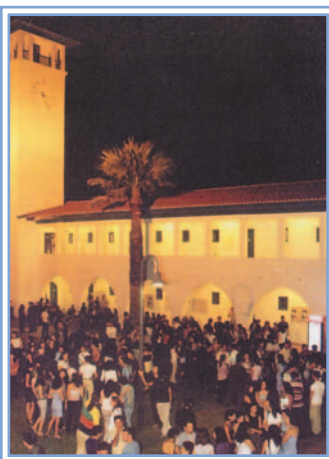
Furthermore, Cyprus ranks among the first countries in the world in terms of university degree holders in relation to the population, with 70% of secondary school leavers in 2000 continuing their studies. Consequently, a well-educated, skilled, and multilingual pool of managerial, clerical, administrative and technical staff is available in Cyprus.

Labour costs are significantly lower in Cyprus compared to the EU average. Legislation provides for minimum

wages in six service occupations, sales staff, clerical workers, auxiliary healthcare staff and auxiliary staff in nursery schools, crèches and schools. The minimum wage on recruitment is CY£345, while that for staff completing six consecutive months of employment with the same employer is set to CY£367.

The Cyprus labour market has a tradition of social dialogue and a well-developed institution of free collective bargaining. Approximately 70% of the labour force is unionised and/or is covered by collective agreements. Collective agreements regulate employment conditions such as remuneration, working hours, health and safety, annual holidays and provident fund.

Since Cyprus' accession to the EU, the European Union's legislation framework regarding labour regulations has been adopted. Based on a study, conducted by the Federation of European Employers, social insurance employers' contribution is relatively low in Cyprus.



Educated population: the campus of the University of Cyprus in Nicosia



The participation to the social insurance scheme is mandatory for all employees; employers must contribute 6,3%, employees an additional 6,3% and the Government 4%, summing up to a total contribution of 16,6%. In the case of self-employed individuals, 11,6% is contributed by the self-employed and 4% by the Government, summing up to a total contribution of 15,6%. The scheme provides for several benefits, such as the maternity allowance, sickness allowance, unemployment allowance, pension, widow's pension, orphan's allowance, allowances for industrial accidents and occupational diseases.

In addition, employers are also obliged to contribute 1,2% to the Redundancy Fund, 0,5% to the Human Resources Development Fund and 2% to the Social Cohesion Fund, excluding international business companies that exercised their option of paying tax at 4,25% until the end of 2005 and shipping / ship management companies.

Under the Employment Termination Law, the employer must provide a minimum period of notice to the employee, depending on the length of employment. In the event of redundancy, employees are protected by a Redundancy Fund payment amounting up to 13 weeks of pay, provided that the employee has been consistently working for 26 weeks prior to the employer's insolvency.

Residence and work permits are handled by the Ministry of Interior and the Ministry of Labour and Social Insurance. In the case of international business companies, arrangements have been made whereby the Ministry of Interior may issue and renew the temporary residence-employment permits of expatriate executives. No distinction is made between nationalities on granting working and residence permits. The decision lies upon the availability of EU nationals for the specific job, on scientific and academic qualifications and on the probability of investment to be made by the applicant. Foreigners must register at the District Aliens and Immigration Branch of the police. However, labour legislation and collective agreements apply equally to EU nationals and foreign employees. An employment contract is issued regulating monthly wages, overtime rates, and leave entitlements. The employee's travel cost, medical insurance and accommodation costs are covered by the employers. In addition, foreign employees are entitled to one month's notice prior to repatriation irrespective of the length of employment.



“ The EU's legislation framework regarding labour regulations has been adopted. According to a study by the Federation of European Employers, social insurance employers' contribution is relatively low in Cyprus ”



8. Investment Incentives

“ Within the EU harmonization process and Acquis-Communautaire, the Government has introduced a framework of investment incentives ”

At a time of increasingly intensified international competition, the Government has taken several measures to enhance Cyprus competitiveness, both in the international and local market, to achieve steady and self-sustained growth, and to maximise the Gross Domestic Product. Specifically, the Government having extensively considered ways for the development and reconstruction of the economy, with an emphasis on the industrial sector, has introduced a framework of incentives within the EU harmonisation process and the Acquis-Communautaire in general.

The basic goals, which form the central core of the governmental incentives framework, are:

- Attraction and development of new high-tech industries and skill intensive products.
- Assistance and reconstruction of Cyprus traditional economic sectors.
- Productivity and labour skills improvement.
- Attraction of capital-intensive foreign investment.

Industrial development has also been amongst the primary objectives of the Government, as it constitutes a vital component of the broad economic policy, which subsequently contributes substantially to economic welfare.

The accession of Cyprus to the European Union provides Cypriot Small and Medium-sized enterprises the opportunity of participating in the various community programmes concerning industrial technology, professional training, product development, marketing etc. thus further enhancing the process of restructuring. Further, the full liberalisation of the capital market, within the context of harmonisation with the European Union, fosters the inflow of foreign investment capital and the establishment of joint ventures. Foreign capital plays a fundamental role in these efforts, as it contributes substantially to the introduction of high technology, know-how and expertise.

The main incentives and schemes are briefly described below. Please note that the various grant schemes may be subject to alterations.

8.1 High Technology - Business Incubators

Business incubators act as catalysts, through which the necessary support is given to scientists and researchers in order to exploit innovative ideas; at the same time, business incubators facilitate the establishment and growth of new ventures involved in developing and promoting innovative products or services.

Individuals or small groups of people will be able to participate in the Incubator Programme, provided that the programme's criteria are met. Groups that include non-Cypriot inventors will also be considered. The person or team approved will form a limited liability company registered in Cyprus.

Along these lines, the Government has also introduced, under the supervision and responsibility of the Ministry of Commerce, Industry and Tourism, an incubating programme for the creation of new enterprises of high-technology and innovation.

The Technology-Incubating Programme seeks to effectively link talent, technology, capital, and know-how in order to accelerate the development of new companies thus, speeding up the commercialisation of technology. The programme provides for a grant of up to CY£120.000 covering a period of two years; provided that the inventor and/or associates will deposit an amount of at least CY£10.000 as own capital investment.

Additionally, in an effort of motivating young scientists and researchers in capitalising on their innovative ideas and launching high-tech ventures, the Cyprus Entrepreneurship Competition (CyEC) has been carried out for two consecutive years. The CyEC is a Business Plan Competition organised by the University of Cyprus

and supported by the Ministry of Commerce, Industry and Tourism and the Cyprus Development Bank.

Besides the establishment of business incubators, the Government is planning the launching of a Cyprus Technology Park. A feasibility study is to be developed, in order to proceed with the designing and building of the park. The Government is collaborating with well-known institutions in the field, such as the French Riviera Chamber of Commerce and Industry and the Technology Park Sofia Antipolis, in an effort of conveying best practices and know-how. The Government hopes to attract interest from the Middle East and Mediterranean Europe, so the park could play an important role for the whole region and not just for Cyprus.

8.2 High Technology - Research & Development

One of the programme's primary objectives is to establish institutions, where applied research and development will be carried out in specific high-tech fields. In addition, it intends to promote fruitful relations and co-operations among Cypriot and international academic, research and educational institutions.

Significant contribution to these efforts can be given by the newly established School of Engineering, which operates since September 2003 at the University of Cyprus. The School of Engineering is engaged in research in the areas of Civil and Environmental Engineering, Electrical and Computer Engineering, as well as Mechanical and Manufacturing Engineering.

Moreover, the Research Promotion Foundation (RPF), an initiative of the Government of the Republic of Cyprus, was established in order to promote the development of scientific and technological research

in Cyprus. One of its main activities is the development of a national framework programme for financing research and development projects. The framework programme's total budget for 2003-2005 is expected to reach CY£20 million, out of which CY£11,65 million is to be contributed by the Government. A total of 250 research projects and 150 supporting activities are expected to be financed through the project.

The research programmes are categorised in three "Activity Areas":

- Multi-thematic Research and Development, involved in the implementation of multi-thematic research projects.
- Applied Research Development, related to the development of new products and services.
- Infrastructure Development and Research Support, related to the upgrading of the research infrastructure, the promotion of research co-operations, as well as the exploitation of human research resources. See Appendix 5 for the list of the various research programmes concerning each "Activity Area".

Recently, an agreement has been signed with the Harvard School of Public Health (HSPH) regarding the establishment of the Cyprus International Institute for the Environment and Public Health (CII). The HSPH Associate Institute will assist researchers in Cyprus to address environmental and public health needs both locally and regionally. The Institute is designed to attract scientists from Europe, Africa, the Middle East, and the U.S. to Cyprus for training, research studies, and international conferences and is expected to generate long-term benefits on the public health and environment in Cyprus and the surrounding region, while strengthening United States-Cyprus relations.

“ Harvard School of Public Health wants to make greater contribution to research, technology transfer, and education internationally. We believe our efforts in Cyprus will strengthen environmental science throughout the Mediterranean region ”

*James Ware, Dean for Academic Programs,
Harvard School of Public Health*



8.3 Testing and Laboratories for Quality Assurance

(a) Grants for products' testing abroad

The objective of the scheme is to assist existing or new Small and Medium-sized enterprises of the manufacturing sector, to cover expenses for laboratory testing, products' testing and/or analysis, calibration of measurement and testing instruments abroad.

The scheme applies in the case that the above needs cannot be met by Cypriot laboratories.

Eligible costs include:

- Laboratory test
- Issuance of the relevant certification and/or report
- The conveyance of samples for assessment, testing, analysis and/or collaboration of measurements and testing instruments



The grant may cover up to 50% of the cost of the total laboratory test abroad and is offered under the "De Minimis Rule" (Appendix 6). Beneficiaries of the grant are Small and Medium-sized enterprises (Appendix 6) in the manufacturing sector as defined under the Statistical Classification of Economic Activities NACE, Rev.1.1 of the European Union. However, since 1st of May 2004, the Scheme is not applicable for products related to fish industry, animal and crop farming.

Interested parties may submit applications to the Ministry of Commerce, Industry and Tourism. The grant will be in effect under the above conditions until the 30th of June 2007.

(b) Strengthening the laboratory infrastructure in Cyprus

The objective of the scheme is to strengthen the laboratory infrastructure in Cyprus through the provision of assistance, to existing or new laboratories in order to meet their immediate needs in equipment for product testing.

Beneficiaries of the scheme are existing and newly established laboratory units. The maximum subsidy amount that each applicant/laboratory can obtain is CY£175.000, covering the following:

- Laboratory equipment: The subsidy for equipment is 20%, plus an additional 10% for Small and Medium-sized enterprises (Appendix 6), with a maximum subsidy of CY£100.000.
- Buildings: The subsidy for buildings is 20%, plus an additional 10% for Small and Medium-sized enterprises (Appendix 6), with a maximum grant of CY£75/sqm or CY£50.000 whichever is the lowest.
- Accreditation: Beneficiaries are only Small and Medium-sized enterprises (Appendix 6) with a maximum subsidy of CY£20.000 divided into two categories:
 - a) 50% of the consultancy services cost, with a maximum grant of CY£10.000.
 - b) 50% of the accreditation cost, with a maximum grant of CY£10.000.
- Techno-economical studies: Beneficiaries are only Small and Medium-sized enterprises (Appendix 6). The maximum subsidisation is set at 50%, with a maximum grant of CY£5.000, which is divided into two sections:
 - a) 25% of the cost, provided after the completion of the study, with a maximum subsidy of CY£2.500.
 - b) 25% of the cost, provided after the commencement of the project, with a maximum subsidy of CY£2.500.

The scheme is operated by the Ministry of Commerce, Industry and Tourism, and will be in effect until December 2006.

(c) The HACCP System in the food and beverage industry

The objective of the scheme is to assist and motivate companies of the food and beverage industry to implement the HACCP system. The implementation of the system is mandatory by the Cyprus legislation, in accordance with the relevant directives of the European Union. It is a systematic approach for the risk assessment, as well as the control of microbiological, chemical, and physical hazards related to any food production procedure.

- Registered with the Medical and Public Health Services of the Ministry of Health and the Veterinary Services of the Ministry of Agriculture, Natural Resources and Environment.
- Investing in new equipment required by the implementation of the HACCP system.

The scheme is offered under the rule of “De Minimis” (Appendix 6), and covers up to 30% of the expenditure for equipment with a maximum subsidy of CY£50.000. The grant covers only investment costs incurred subsequent to the application's submission. The scheme operates under the supervision of the Ministry of Commerce, Industry and Tourism.

8.4 Government Guarantee Scheme for Loans Granted to SMEs of the Manufacturing Sector

The aim of the scheme is to assist Small and Medium-sized enterprises (Appendix 6) of the manufacturing sector, as defined under the Statistical Classification of Economic Activities NACE, Rev.1.1 of the European Union, which do not have adequate collateral, to obtain loans from the banks or other financial institutions.

Applicants are to address to the Ministry of Commerce, Industry and Tourism for obtaining loans with Government Guarantee, through their bank or other financial institution, for:

- Restructuring and/or expansion in the case of existing enterprises.
- Establishment of a new manufacturing unit preferably engaged in the production of new and/or high technology products.

Eligible enterprises may obtain loans with Government Guarantee from Commercial Banks or other Financial Institutions. The Government Guarantee can be obtained for loans to:

- Existing enterprises, an amount equal to or up to 20% of its previous year's turnover, with a maximum amount of CY£100.000.
- Newly established enterprises, an amount equal to 40% of the total investment, with a maximum amount of CY£100.000.

In addition, the interest charged for the guaranteed loan will be subsidised by up to 2% in the case where the interest rate exceeds 5% per annum. This subsidy will be granted for a period not exceeding 7 years including any grace period. Finally, it must be noted that any State Grant provided through the above scheme will be based on the rule of “De Minimis” (Appendix 6).

8.5 Subsidisation of Specific Studies and Projects

The Cyprus Institute of Technology provides incentives, in the form of Government grants, for the promotion of the competitiveness and the technological upgrading of the Cypriot enterprises.

Beneficiaries of the schemes are Small and Medium-sized enterprises (Appendix 6), operating in Cyprus, in the manufacturing sector as defined under the Statistical Classification of Economic Activities NACE, Rev.1.1 of the European Union.

(a) Studies on the implementation of Quality Control Standards

Objective	To subsidise the provision of consultancy services on the implementation of quality standards to a company, in order to lead the company to certification. Standards Included: ISO 9000/14000, CE Marking, OHSAS 18001, HACCP, ECO Labelling and any other standard that has as prerequisite the provision of consultancy services for its adoption.
Subsidy	40% subsidy of the consultancy cost at a maximum subsidy amount of CY£6.000.
Further Conditions	The final report, in this case the quality manual, should be reviewed and presented to the Cyprus Institute of Technology.



(b) Scheme for the subsidisation of purchase / development of specialised software

Objective	To subsidise the purchase and/or development of specialised software.
Subsidy	<ul style="list-style-type: none"> - 15% subsidisation of the purchase/development cost of the software at a maximum subsidy of CY£2.400 for Small enterprises. - 7,5% subsidisation of the purchase/development cost of the software at a maximum subsidy of CY£2.400 for Medium-sized enterprises.
Further Conditions	The applicant provides the Cyprus Institute of Technology with the proposal, with which the process for the implementation of the software is described in detail.

(c) Scheme for the subsidisation of market research studies on foreign markets

Objective	To subsidise the provision of consultancy services for market research studies on foreign markets, in an effort to investigate the potentials of entering new markets.
Subsidy	<ul style="list-style-type: none"> - 30% of the cost of the study at a maximum subsidy of CY£6.000, if studies are undertaken for only one enterprise. - 40% of the cost of the study at a maximum subsidy of CY£8.000, if studies are undertaken for two or more enterprises.
Further Conditions	<ul style="list-style-type: none"> - The study is to investigate the possibility to enter a market in a new geographical region. - Beneficiaries need to provide the Cyprus Institute of Technology with a detailed proposal of the market research.

(d) Scheme for promoting the utilisation of the Internet

Objective	To promote the use of the Internet by Cypriot enterprises particularly in securing export business.
Subsidy	The scheme offers 50% subsidy of the cost for the development of the web site at a maximum subsidy of CY£500.
Further Conditions	The subsidy is granted following an evaluation of the web site of the applicant enterprise by the Cyprus Institute of Technology.

(e) Consultancy services scheme

Objective	To subsidise the provision of consultancy services on issues directly related to the competitiveness of the enterprise, such as the improvement of product quality, energy saving, technological issues, environment, organisation, information, human resources.
Subsidy	<ul style="list-style-type: none"> - 40% of the cost of the study at a maximum subsidy of CY£6.000. - Additional 50% subsidy for the implementation cost of the study at a maximum subsidy of CY£2.500.
Further Conditions	The beneficiaries need to provide the Cyprus Institute of Technology with a detailed proposal of the market research, as well as a detailed proposal on the implementation of the study's results.

8.6 State Grants for Upgrading the Manufacturing Sector

(a) State Grant for technological upgrading

The scheme aims at assisting the technological upgrading of existing and newly established manufacturing enterprises, through Government grants. Any manufacturing enterprise, excluding those located in selected rural areas, investing in new machinery, new equipment and know-how within a period of three years, presently 2004-2006, can be eligible for applying. The minimum investment amount is CY£10.000 per annum.

The above scheme foresees the provision of Government grant as a percentage on investment cost as follows:

- 30% of the investment cost for Small and Medium-sized enterprises (Appendix 6)
- 20% of the investment cost for large enterprises

The total amount of Government grants, within the three-year period (2004 - 2006), cannot exceed CY£300.000 for Small and Medium-sized enterprises and CY£600.000 for large enterprises.

(b) Supplementary Grant scheme for the manufacturing of agricultural products

The Scheme aims at supporting, developing, and promoting companies involved in the manufacturing of numerous agricultural products, included in Appendix 1

of the Treaty on European Union. State grants are provided to existing or new enterprises for investments in new equipment, machinery, and technological know-how; which lead to productivity and employment enhancement, upgrading of the production, managerial, administrative and monitoring systems, as well as to the development of new products.



The grant covers up to:

- 30% of the eligible investments for Small and Medium-sized enterprises (Appendix 6)
- 20% for large enterprises

Whereas, the maximum amount is:

- CY£300.000 for Small enterprises
- CY£600.000 for Medium and large enterprises.

The grant is provided for the period of 2004–2006 and minimum investment is set to CY£10.000.

The programme is carried out on a yearly basis and the proposals are submitted, within a specified period of time announced by the Ministry of Commerce, Industry and Tourism.

(c) State Grant for the relocation of Small enterprises to authorised areas

The aim of this scheme is to motivate the existing Small enterprises, engaged in manufacturing activities or specified service activities, to move from residential or inappropriate for their activities areas, to authorised areas.

The authorised areas are those where an enterprise can legally have its premises and engage into manufacturing or service activities such as the Industrial Areas, Industrial Zones, Handicrafts Zones or any other authorised areas. The amount to be granted upon approval of the application is calculated as follows:

- For Small enterprises, a grant of 7,5% on the eligible costs (cost of land and buildings) with maximum amount of CY£15.000.
- For very Small enterprises, a grant of 15% on the eligible costs with maximum amount of CY£10.000.

(d) State Grant for the protection of the environment from industrial pollution

The aim of the scheme is to provide financial incentives in the form of State Grants to cover part of the cost incurred by companies investing in the protection of environment from industrial pollution.

Specifically, the scheme offers investment aid for qualified projects in the industrial sectors of mining and quarrying, manufacturing industry, car maintenance, packaging, the processing or recycling of waste, and the washing or dry cleaning of textiles.

In particular, the basic parameters of the subsidy are:

- The investment aid offered is in the range of 15% to 45% of the eligible costs, depending on the size of the enterprise, the environmental performance, and some maximum limits on unit land and building costs.
- Eligible investment costs include the cost of land, buildings, equipment and technology.
- Potential investors are required to contribute at least 25% of the required capital.
- The maximum grant offered is set at CY£150.000.
- The grant covers only investment costs incurred subsequent to the application's submission.

The Ministry of Commerce, Industry and Tourism announces the launching of the State Grant a few times a year, and replies to all applications within two months from the application deadline.

The scheme is to be carried out until the end of 2006.



(e) Grant scheme for the establishment/expansion of manufacturing units in rural areas

The Scheme aims to support, develop, and promote the manufacturing sector through grants for the expansion and modernisation of existing and/or creation of new viable Small and Medium-sized enterprises, which are located, or will be located in specified rural areas.

Manufacturing units engaged in the primary processing of agricultural, animal and fishing products are excluded from the scheme. The grant covers 30% of the eligible investments, with a maximum amount of CY£300.000 for the period 2004-2006, and a minimum investment of CY£10.000.

8.7 Grant Scheme for Energy Conservation and the Promotion of Renewable Energy Sources Utilisation

The aim of the scheme is to provide financial incentives for the materialisation of investments in the field of energy conservation and the promotion of Renewable Energy Sources¹ (RES) utilisation. Overall, it intends to promote regional development, and encourage investments that positively affect the environment. The scheme is operated under the Cyprus Institute of Energy.

The Scheme covers exclusively investments where the following prerequisites apply:

- Investment for the purchase and installation of new equipment.
- Investment that takes place where mandatory European Standards have not yet been met.
- Investment on technologies that have passed the research and development phase.

This Grant Scheme covers the cost of purchase and installation of equipment. Eligible costs vary according to the specific programme, and are thoroughly mentioned in each programme's guide.

1. "Renewable Energy Sources" (according to the Directive 77/2001): renewable non-fossil energy sources (wind, solar, geothermal, wave, tidal, hydropower, biomass, landfill gas, sewage treatment plant gas and biogas).

2. "Regional" investment refers to initial energy investment made for:

- The establishment of new energy system
- The expansion of existing energy system
- The starting up of activity in which there is fundamental change in the product or in the production method of the

Investments take the form of either "Regional"² or "Environmental"³. This differentiation is important as it defines the maximum amount of grant, as well as the grant percentage of the eligible costs, to be provided. In addition, according to the type of the investment, the State Grant may be provided under the "De Minimis Rule" (Appendix 6).

Eligible applicants are any physical and legal persons. The subsidised purchased equipment should be kept for at least 5 years. Subsidisation as a percentage of the eligible cost, as well as the maximum amount of the grant, range according to each programme's characteristics and the type of investment.

(a) Schemes for Energy Conservation

Energy Conservation investments are defined as investments on systems, which can lead to at least 10% energy savings on the total energy consumption, and investments on Combined Heat and Power and Cooling (CHP) Systems. Investments under the Energy Conservation scheme include:

- Energy Conservation in existing enterprises
- Energy Conservation in existing private households
- Co-generation of electricity - heating / cooling

(b) Schemes for the promotion of Renewable Energy Sources (RES) utilisation

Recognising the importance of the utilisation of Renewable Energy Sources (RES) as a valuable means for the improvement of environmental conditions and public health, as well as for the effective control of energy costs, the Cyprus Institute of Energy has introduced the following programmes:

- Wind Systems for electricity production
- Solar Systems
- Biomass Utilisation
- Photovoltaic Systems
- Desalination using RES
- Hydroelectric Systems

existing energy system

- The starting up of activity in which there is fundamental change in the product or in the production method of the existing enterprise with important energy improvements
- The replacement of usual upgrade are not included

3. "Environmental" Energy Investment is defined as the investment on replacement or installation of materials, systems and equipment, which aim at environmental protection. For these investments, State Grant includes KWh subsidisation.

8.8 Incentives for the Export Promotion of Industrial Products

The Ministry of Commerce, Industry and Tourism provides State Grants in order to enhance the promotion of Cypriot products abroad, to provide know-how and expertise to Cypriot entrepreneurs regarding business tactics in the foreign markets, and to explore exporting potentials to newly targeted markets.

In particular, the State Grant provided by the Ministry of Commerce, Industry and Tourism covers the following schemes:

(a) Scheme for granting financial aid for exploring export potentials in foreign markets

State Grant under the "De Minimis Rule"

Beneficiaries	Cypriot companies of the primary/secondary sector, as well as other exporters of goods.
Grant provided for	Exploring different markets, at a maximum of two times per year, for each company.
Grant coverage	Up to CY£500 for the coverage of the travel-flight cost of one individual.
Eligible costs include	<ul style="list-style-type: none"> - The applicant should not have explored or exported products to the target market, over the last two or three years. - Applications are to be submitted to the Ministry of Commerce, Industry and Tourism, 15 days prior to departing. - Evidence is to be submitted within 15 days after returning to Cyprus.

* See Appendix 6 for the definition of the "De Minimis Rule"





(b) Schemes for entrepreneurs/manufacturers of Cypriot products, participating in Trade Fairs abroad, at their own expenses

	Scheme A Basic State Grant	Scheme B State Grant under the "De Minimis Rule"*
Beneficiaries	Cypriot Small and Medium-sized enterprises*, which will exhibit Cypriot products.	Cypriot enterprises.
Grant provided for	First-time participation in the specific trade fair.	Repeated participations in the specific trade fair.
Grant coverage	50% of the eligible costs.	70% of the eligible costs.
Eligible costs include	The leasing rate of the booth, booth's setting up expenses, transport expenses and duty charges of exhibited goods, participation fees, water and electricity installation/consumption and telephone line charges.	
Maximum subsidy	Ranges from CY£2.500 to CY£4.000, according to the volume of the exhibited goods and the size of the booth; the booth size is pre-determined by the Ministry of Commerce, Industry and Tourism.	
Further conditions	Enterprises involved in the first manufacturing phase of products of the primary sector are allowed State Grant of up to 70%. Such companies may be subsidised for repeated participations in the specific fair and are excluded from the restrictions exposed by the "De Minimis Rule"*.	In the case that other grants co-finance the participation of the company in the specific fair, the total contribution of all grants should not exceed 70% of the cost.

(c) Schemes for entrepreneurs/manufacturers of Cypriot products, participating in Foreign Trade Fairs organised by the Ministry of Commerce, Industry and Tourism

	Scheme A Basic State Grant	Scheme B State Grant under the "De Minimis Rule"*
Beneficiaries	Cypriot Small and Medium-sized enterprises*, which will exhibit Cypriot products.	Cypriot enterprises.
Grant provided for	First-time participation in the specific trade fair.	Repeated participations in the specific trade fair.
Grant coverage	50% of the eligible costs.	100% of the eligible costs.
Eligible costs include	The leasing rate of the booth, booth's setting up expenses, transport expenses and duty charges of exhibited goods, participation fees, water and electricity installation/consumption, telephone line charges, promotional expenses, and other operating costs of the booth.	
Further conditions	<p>- In the case that other grants co-finance the participation of the company in the specific trade fair, the total contribution of all grants should not exceed 85% of the cost.</p> <p>- Enterprises involved in the first manufacturing phase of products of the primary sector are excluded from the restrictions imposed by the "De Minimis Rule"*.</p>	

* See Appendix 6 for the definition of the "De Minimis Rule" and the Small and Medium-sized enterprises.

(d) Schemes for entrepreneurs/manufacturers of Cypriot products and services, participating in "Cyprus Week" Trade Fairs organised abroad by the Ministry of Commerce, Industry and Tourism

	Scheme A Basic State Grant	Scheme B State Grant under the "De Minimis Rule"*
Beneficiaries	Cypriot Small and Medium-sized enterprises*, which will exhibit Cypriot products.	Cypriot enterprises.
Grant provided for	First-time participation in the specific trade fair.	Repeated participations in the specific trade fair.
Grant coverage	50% of the eligible costs.	100% of the eligible costs.
Eligible costs include	The leasing rate of the booth, booth's setting up expenses, transport expenses and duty charges of exhibited goods and advertising material, expenses occurred for the arrangement of business meetings between Cypriot and foreign entrepreneurs, various expenses for organising seminars, promotion expenses of the fair and other operating costs of the booth.	
Further conditions	<ul style="list-style-type: none"> - In the case that other grants co-finance the participation of the company in the specific trade fair, the total contribution of all grants should not exceed 85% of the cost. - Enterprises involved in the first manufacturing phase of products of the primary sector are excluded from the restrictions imposed by the "De Minimis Rule". 	

(e) Schemes for entrepreneurs/manufacturers of Cypriot products and services, participating in Trade Missions abroad organised by the Ministry of Commerce, Industry and Tourism

	Scheme A Basic State Grant	Scheme B State Grant under the "De Minimis Rule"*
Beneficiaries	Cypriot Small and Medium-sized enterprises*, which will exhibit Cypriot products.	Cypriot enterprises.
Grant provided for	First-time participation in the specific trade fair.	Repeated participations in the specific trade fair.
Grant coverage	50% of the eligible costs.	100% of the eligible costs.
Eligible costs include	The leasing cost of the rented space where the mission will be accommodated and the relevant setting up expenses, transport expenses and duty charges of exhibited goods and advertising material, expenses occurred for the arrangement of business meetings between Cypriot and foreign entrepreneurs, various expenses for organising seminars, promotion expenses of the fair, and other operating costs of the booth.	
Further conditions	<ul style="list-style-type: none"> - In the case that other grants co-finance the participation of the company in the specific trade fair, the total contribution of all grants should not exceed 85% of the cost. - Enterprises involved in the first manufacturing phase of products of the primary sector are excluded from the restrictions imposed by the "De Minimis Rule". 	

* See Appendix 6 for the definition of the "De Minimis Rule" and the Small and Medium-sized enterprises.

8.9 Grant Scheme for the Encouragement and Reinforcement of Entrepreneurship

The programme is offered under the “De Minimis Rule” (Appendix 6), and aims at fostering entrepreneurship by women and young people, in the manufacturing sector as well as in specific segments of the commerce, services, and tourism sector.

Hence, the schemes encourage the creation of new modern viable enterprises, the exploitation of innovative projects concerning new technologies, new products, as well as the provision of innovative services.

The programme is carried out on a yearly basis and the proposals are submitted, within a specified period of time announced by the Ministry of Commerce, Industry and Tourism.

	Scheme for the encouragement of Women Entrepreneurship	Scheme for the encouragement of Youth Entrepreneurship
Beneficiaries	Women between the ages of 18-55.	Young people between the ages of 20-39.
Grant coverage	The maximum percentage of the Government grant is 50% of the approved budget, with a maximum amount of CY£35.000 for the manufacturing sector and CY£25.000 for all other sectors.	
Further conditions	<ul style="list-style-type: none"> - Beneficiaries should not have any previous business activity in any sector, for a period of 12 months before the date of the submission of their proposal. - Eligible candidates may submit only one proposal and must participate, at least with a percentage of 75% of the total share/corporate capital. - Successful candidates must register a limited liability company, whilst all shareholders must be employees of the company. Registered employees must attend a special training and development programme, organised and subsidised by the Human Resource Development Authority of Cyprus. 	

8.10 Programme for the Enhancement of Manufacturing and Trading of Agricultural Products

The programme is included in the Agricultural Development Plan 2004 - 2006 and is co-financed (50%) by the European Agricultural Guidance and Guarantee Fund.

The programme's objective is to provide incentives for:

- Improving trading and manufacturing procedures.
- Directing the production according to the foreseen market trends or encouraging the adoption of new channels for the distribution of agricultural products.
- Enhancing and monitoring the quality of products.
- Protecting the environment and improving sanitary conditions.

The programme applies to the production of milk, honey, cooking oil, wine, flowers, fruit and vegetables. Priority is given to investments made by groups of producers or small-medium units located in rural areas, units involved in the manufacturing and processing of products with protected geographical indication or protected name

origin, as well as traditional or biological products.

Eligible expenditures:

- Creation, expansion and upgrading of buildings.
- Purchase of new, or modernization of existing productive equipment.
- General expenses, remuneration to architects, civil engineers and consultants, expenditure for feasibility studies, acquisition of patent diplomas and permits. The maximum amount of this specific costs should not exceed 12% of the other selected expenditures i.e. buildings and machineries. The grant amount is estimated as a percentage on the cost of the eligible expenditure as follows:

– Up to EUR 150.000	40%
– EUR 150.001 - 700.000	35%
– EUR 700.001 - 1.500.000	25%
– Over EUR 1.500.001	15%

The minimum investment must be EUR 30.000, while the total grant will cover at least 25% of the eligible expenditure. The grant is provided after the materialization of the investment, the completion of all the necessary audits, and the examination of the relevant documents.

8.11 Investment Incentives for the Services Sector

(a) State Grant for the export promotion of services and the penetration of foreign markets

The scheme's objective is to promote Cypriot services abroad and provide information to Cypriot exporters regarding the trading conditions within foreign markets. Consequently, State Grant is provided to companies going on business trips abroad, with sole purpose to explore penetration potentials in newly targeted countries.

The scheme's basic parameters are:

- The grant covers the travel-flight cost of one individual at a maximum subsidy of CY£500.
- The subsidy is granted for newly targeted markets, at a maximum of two times per year, for each company.
- The applicant should not have explored or exported services to the target market, over the last three years.
- The grant is offered under the "De Minimis Rule" (Appendix 6).

Beneficiaries are Cypriot companies in the services sector. Applications are to be submitted to the Ministry of Commerce, Industry and Tourism, 15 days prior to departing, while the evidence form is to be submitted 15 days after returning to Cyprus.



(b) State Grant for the export promotion of services through the participation in trade fairs and exhibitions abroad

The scheme's objective is to promote Cypriot services abroad and provide information to Cypriot exporters regarding the trading conditions within foreign markets. Consequently, State Grant is provided to companies participating in trade fairs and exhibitions abroad and reserving their own booth. The scheme's basic parameters are:

- The grant covers up to 50% of the eligible costs.
- The eligible costs include the leasing rate of the booth, setting up of the booth expenses, participation fees, water and electricity installation/consumption, and telephone line charges.
- The maximum subsidy for each exhibition is set to CY£1,500.
- At least one member of the company in Cyprus must attend the exhibition.
- The grant covers only costs incurred subsequent to the application's submission and approval.
- The grant is offered under the "De Minimis Rule" (Appendix 6).
- Relevant evidence is to be submitted to the Ministry within one month following the completion of the exhibition.
- The beneficiaries are Cypriot companies in the services sector.

The grant operates under the auspices of the Ministry of Commerce, Industry and Tourism.



9. Fiscal Incentives

“ Cyprus offers an advantageous tax system for international business. The uniform corporate tax rate of 10% is the lowest in the EU ”

The main objectives of the tax reform, applicable as from 1st January 2003, were to conform to the European Union and OECD requirements, and at the same time to maintain the competitiveness of Cyprus as an international business centre and enhance its attractiveness as a suitable jurisdiction for holding companies.

9.1 Corporate Tax

A company is tax resident in Cyprus when its management and control is exercised in the Republic. Their taxable income includes both income earned in Cyprus and abroad. A non-Cyprus tax resident is taxed only on income earned in Cyprus.

(a) Low corporation tax

All companies are subject to a uniform tax rate of 10% except for semi-government organisations, which are taxed at 25%. A windfall tax of 5% is introduced for chargeable income in excess of CY£1 million for the year of assessment of 2004. The 10% tax is the lowest corporate tax rate in the European Union.

(b) Tax on dividends

Cyprus tax-resident companies are exempt in respect of dividends received from other Cyprus resident companies. The exemption is extended, subject to conditions to dividends from non-resident companies. Resident companies are obligated to have distributed 70% of their after-tax profits in the form of dividends at the end of the two-year period since the end of the respective tax year. Thereon, the dividends account for defence contribution in the case that less than 70% has been distributed. In this way, tax avoidance, through the accumulation of profits and the creation of companies by individuals as a means of lowering their tax burden, is prevented. These mandatory distribution provisions do not apply to profits accruing to non-resident shareholders.

(c) Tax on interest

Interest income is taxed at the corporate tax rate of 10% arising from, or closely connected to, the ordinary activities of the company. Moreover, 50% of all other interest income is exempt from income tax and is subject to special defence contribution at 10%.

(d) Tax treatment of losses

Subject to certain conditions, tax losses can be carried forward and set off against future profits indefinitely; applicable for losses incurred in 1997 and thereafter.

In addition, the loss of a Cyprus tax resident company can be set off against the profit of another Cyprus tax resident company in case they belong to the same group of companies. Subject to certain conditions, companies belong to a group when one company holds at least 75% of the ordinary share capital and the voting rights of another company. Losses from a permanent establishment abroad can be set off against profits earned by a company in Cyprus.

(e) Profits of permanent establishments abroad

The profits of permanent establishments abroad are not subject to income tax in Cyprus, given that less than 50% of their activities result in investment income, and that the foreign tax suffered is not significantly lower than the tax payable in Cyprus.

(f) Double tax treaties

Cyprus has over 32 double tax treaties, covering 40 countries.

(g) Disposal of securities

Profits gained from the sale of securities are exempt from tax for all companies.

(h) Transitional period rule

The existing international business entities can exercise the option to continue to be taxed at the rate of 4,25% until the end of the year of assessment 2005; provided that the income, during the tax year 2001, was derived from outside Cyprus-sources.

The following tax reform provisions do not apply to companies electing to be taxed under the transitional period rules:

- Exemption from tax on profit from disposal of securities
- Exemption from tax of dividend income from abroad
- Exemption from tax of profits from permanent establishment abroad
- Group relief of losses
- Exemption from tax on transfers of assets and liabilities in the case of mergers, demergers, transfer of activities, exchange of shares
- Tax credit of foreign taxes unless covered by a tax treaty
- 50% exemption from corporation tax of interest income

(i) Reorganisations

Transfers of assets and liabilities between companies in the course of reorganisations, such as mergers, demergers, transfer of activities or exchange of shares, are not subject to tax.



(j) Foreign tax credit

Tax relief of foreign tax paid is granted in Cyprus even in the absence of a double-taxation treaty, provided sufficient evidence is submitted that foreign tax was indeed paid. Hence, Cyprus turns into a lucrative hub for establishing holding companies.

9.2 Personal Income Tax

Individual tax resident of Cyprus is an individual who stays in the Republic for 183 days in the year of assessment. Cyprus tax residents are taxed on income earned both in Cyprus and abroad. On the contrary, non-tax residents are taxed on income earned only from Cyprus sources.

(a) Low income tax

All individuals, who are non-tax residents, will be taxed only on income earned in Cyprus. 20% exemption of emoluments or CY£5.000, whichever is the lowest, is granted in the case of non-residents starting employment in the Republic, for a period of 3 years after the 1st of January following the year of commencement of the employment.

Taxable income (CY£)	Tax Rate (%)
Up to 10.000	Nil
10.001 - 15.000	20
15.001 - 20.000	25
Over 20.000	30

(b) Tax on dividends

Dividends are exempt from income tax. Subject to certain conditions, dividends are subject to special contribution for the defence at the rate of 15%, applicable only to residents.

(c) Tax on interest

The total interest income derived by individuals is not subject to income tax in Cyprus. Interest income from saving bonds, development bonds, deposits with housing finance corporation and provident fund is subject to special contribution for the defence.



(d) Tax treatment of losses

The losses of current year, as well as that of previous years, are deducted from the taxable income, subject to certain conditions.

(e) Profits of permanent establishments abroad

The profits of permanent establishments abroad are exempt from tax under certain conditions.

(f) Disposal of securities

Profits gained from the sale of securities are exempt from tax for all companies. Securities include shares, bonds, debentures, founders' shares and other securities of companies or other legal persons, incorporated in Cyprus or abroad and options thereon.

(g) Remuneration by services rendered abroad

Salary earned abroad, by rendered services to a non-Cyprus resident employer or foreign permanent establishment of a Cyprus resident employer, for a period of more than 90 days in a tax year, is not subject to tax.

(h) Other income

Income received in the form of retiring gratuity, compensation for death or injuries, provident fund, pension fund, or other approved funds, is exempt from tax.

(i) Deposits to Housing Finance Corporations

40% of the amount deposited to the Housing Finance Corporations is exempt from tax; given that the deposit amount does not exceed the 25% of the individual's total income.

9.3 Value Added Tax

VAT is imposed on the supplies of goods and services, as well as on imports to Cyprus. Since 1st January 2003, the standard rate of VAT has been set to 15%; the lowest rate permitted in the EU. Cyprus also applies a reduced VAT rate of 5% and the zero-rate of VAT on specific supplies of goods and services.

Zero-rated goods and services include exports, intra-community sale of goods to VAT registered businesses

in other EU member states, foodstuffs, medicines, commissions received for arranging exports of goods, international air and sea transport, supplies and repairs of sea going vessels and aircraft, services for the direct needs of sea going vessels and aircraft, supplies of goods effected while the goods are within a Customs regime.

The reduced VAT rate of 5% is imposed on hotel accommodation, newspapers and magazines, books, funeral services, recycling, services and rights of authors, composers, artists and critics of work of art, catering / restaurant services (except alcoholic drinks), water supplies (except bottled water), supplies of fertilizers, animal feeding stuffs, seeds and live animals used for the production of food for human consumption.

Furthermore, specific transactions such as banking and other financial services, insurance, education, hospital and medical treatment, postal services, cultural events and the sale of land and non-new buildings are exempt from VAT.

Visitors to Cyprus from non-EU countries can claim a refund of VAT paid on their purchases of goods in Cyprus upon their departure from Cyprus, provided that the purchased goods are transported outside Cyprus (and the EU) in their personal luggage.

9.4 Special tax treatments

(a) Taxation of shipping companies

Although Cyprus has much to offer in terms of infrastructure and maritime administration, it is also considered to be among the most competitive shipping centres in the world in terms of registration fees and taxes. These fees are comparatively lower than those of Cyprus' main competitors.

Profits from the operation of Cypriot registered vessels, or on dividends received from a ship-owning company, are subject to zero corporation tax. The term "ship management services" includes crew recruitment, plus services in relation to technical and financial management of the ship, under certain conditions.

Ship and crew management businesses have the option to be taxed:

(a) either at the rate of 4,25% on their profits, or

(b) at a rate equal to 25% of tonnage tax rates of vessels under management. The tonnage tax is not levied in respect of ships under Cypriot flag, for which a tonnage tax has already been paid.

It must be noted that the special tax regime of shipmanagers operating in the Republic of Cyprus, offers now the possibility for the shipmanagers to be exempted from the relevant tax in respect also of any Community ship to which the provision of shipmanagement services in relation to its crewing and technical management is entirely contracted to a Cyprus or a Community shipmanagement company, which has an office in Cyprus staffed with a sufficient in number and qualifications personnel, for technical, administration and accounting matters relating to ships.

(b) International Trusts

The use of Cyprus International Trusts is constantly becoming popular as a vehicle for international tax planning and business structuring. Income and gains of a Cyprus International Trust, derived from sources outside Cyprus are exempt from any tax imposed in Cyprus. Under the International Trusts Law of 1992, a trust qualifies for a Cyprus International Trust on condition that:

- The settlor is not a permanent resident in Cyprus
- At least one trustee is a permanent resident in Cyprus, for the whole duration of the trust's life
- No beneficiaries, with the sole exception of a charitable institution, are permanent residents in Cyprus
- The trust property does not include any immovable property in Cyprus

Cyprus International Trusts provide a variety of significant tax planning opportunities. The following advantages are indicative of the possible opportunities for tax minimisation:

- All income, whether trading or otherwise, of an International Trust (i.e. a Trust whose property is located and income is derived from outside Cyprus) is not taxable in Cyprus
- Dividends, interest or other income received by a Trust from a Cyprus international business company are not subject to tax nor are they subject to withholding tax
- No capital gains tax is charged on the disposal of assets of an international Trust
- Exemption from taxation in the case of an alien who creates an International Trust in Cyprus and retires in Cyprus, on condition that all the property settled and the income earned is abroad, even if the individual is a beneficiary

- No estate duty is applicable on international trusts in Cyprus

9.5 Holding Companies' Jurisdiction Incentives

A Cyprus holding company can be effectively utilized for international tax planning purposes, and at the same time it may enjoy the status of being located at a reputable business centre within the European Union.

In summary, a Cyprus holding company offers the following advantages in relation to the major tax considerations:

- No withholding tax on dividend income received from subsidiary companies abroad, provided the direct holding is at least 1% of the share capital of the overseas company; the exemption does not apply if the subsidiary company engages in more than 50% of its activities in producing investment income and the foreign tax burden on its income is substantially lower than that in Cyprus
- Double tax treaties with over 40 countries, enabling lower withholding tax rates on dividend or other income received from the subsidiaries abroad
- Being an EU Member State, holding companies registered in Cyprus may also enjoy no withholding tax on dividends received from EU subsidiaries as a result of the utilization of the EU Parent Subsidiary Directive
- No withholding tax on capital gains and income on the disposal of neither the shares of the subsidiary's share capital nor the shares of the Cyprus holding company
- No tax on capital gains or income on the liquidation of the Cyprus holding company
- No withholding tax on distribution of profits
- Outward dividends by the Cyprus Holding company to its non-resident shareholders are exempt from any withholding taxes
- Profits earned from a permanent establishment abroad are fully exempt from Cypriot tax, subject to certain conditions
- A diversified group of Cyprus companies belonging to a Cyprus holding company can set off Group relief for the utilization of tax losses
- No minimum holding period

10. The Larnaca Free Zone

“ The Larnaca Free Zone has been established in an effort to encourage external trade and international commerce ”

Free zones are established in an effort to encourage external trade and international commerce through the provision of various incentives such as the abolishment of custom duties and taxes in respect of goods imported into the zones. The Council of Ministers has established the Larnaca Free Zone in Cyprus under the auspices of the Ministry of Commerce, Industry and Tourism.

Location

The Larnaca Free Zone is situated 6 km from Larnaca Airport, 9 km from the Larnaca port, and 48 Km from Nicosia. The Zone has been landscaped and trees planted to create a modern and pleasant environment for industry and the workforce employed therein.

Zone area

Within the Free Zone there are 94 industrial sites of total area 31,2 hectares. Of these, 25 have already been leased representing 25,3% of the total area available for leasing. Various already developed

industrial plots are available for rental or acquisition in agreement with the existing leaseholders.

The Free Zone is on the main Larnaca - Limassol highway and is protected on all sides by a security perimeter fence. There is a Customs clearance office at the entrance. A network of service roads leads to the various industrial plots, which have access to water, electricity, and telephone networks.

The following incentives are offered to applicants establishing an industrial project in the zone:

- Nominal rental of land for the development of industrial plots is set at a fee of CY£1 per year, over the first five years.
- Following the first five years, nominal rental of land is set at CY£525 per 1000 sq. meters per annum.
- Free of charge installation of electrical power (maximum demand).
- Free of charge installation of any number of telephone lines.





Electricity

The Electricity Authority of Cyprus supplies all industrial, commercial, agricultural and residential premises with electricity. The supply voltage is either 240V a.c. 50Hz single-phase or 415V a.c. 50Hz three-phase. Large industrial or commercial consumers may be supplied, if necessary, at 11.000V a.c. 50Hz.

Telecommunications

The Cyprus Telecommunications Authority offers a variety of basic and advanced telecommunications services, covering a wide range of business needs for both voice and data communications, fixed and mobile. Internet - based services are also offered. The above services make the Larnaca Free Zone an attractive location for enterprises, which require fast and dependable telecommunications.

“ Entrepreneurs have the opportunity of exploiting the unique position of Cyprus as an international business centre ”



Transport and freight

Larnaca free zone has quick access to the port where break bulk cargoes, bulk cargoes, and container are handled. Various shipping lines serve the island regularly; thus, providing Cyprus with regular and frequent links to all parts of the world. Namely, most Mediterranean ports, UK, France, Germany, Netherlands, USA, India and the Far East are only a few of the regular links.

How to apply

Interested parties should contact the Ministry of Commerce, Industry and Tourism in order to obtain an application form. Upon submission, the application will be assessed by the Ministry and - in case of approval - a leasing agreement with a duration of 99 years will be signed between the two parties.





Appendix 1

Governmental departments / services from which potential investors can secure required permits, approvals or information for implementing a project

Department / Service	Contact Person	Tel. Number	e-mail address
Foreign Investors Service Centre (One-Stop Shop) Ministry of Commerce, Industry and Tourism	Nelly Koulia	+357 22 867239	pkoulia@mcit.gov.cy
Registrar of Companies	Stalo Papaioannou	+357 22 404388	deptcomp@drcor.mcit.gov.cy
Ministry of Finance	Yioula Themistocleous	+357 22 601123	gthemistocleous@mof.gov.cy
Ministry of Interior	Costas Papamichael	+357 22 867680	cpapamichael@moi.gov.cy
Ministry of Labour and Social Insurance	Kalia Proiou Papadopoulou	+357 22 400839	director@dl.mlsi.gov.cy
Ministry of Health	Dr. Andreas Georgiou	+357 22 400144	ageorgiou@mphs.moh.gov.cy
Ministry of Agriculture, Natural Resources and Environment	Vania Theofilou	+357 22 408567	vtheofilou@moa.gov.cy
Department of Customs and Excise	Nicos Mavroudis	+357 22 601657	headquarters@customs.mof.gov.cy
Cyprus Telecommunications Authority (CYTA)	Demosthenis Stavrinides	+357 22 701316	demos.stavrinides@cyta.com.cy
Electricity Authority Cyprus (EAC)	Ioannis Lefas	+357 22 201356	ilefas@eac.com.cy
Cyprus Tourism Organisation (CTO)	Lefkos Phylactides	+357 22 691105	lphylactides@cto.org.cy
Cyprus Institute of Technology	Andreas Ieronymides	+357 22 317288	ieronymi@industry.cy.net

Appendix 2

Useful Addresses in Cyprus

GOVERNMENTAL ORGANISATIONS

Ministry of Commerce, Industry and Tourism

6 Andreas Araouzos Street,
1421 Nicosia
Tel.: +357 22 867100
Fax: +357 22 375120
+357 22 375541 (One-Stop Shop)
e-mail: ids@mcit.gov.cy
URL: www.mcit.gov.cy

Ministry of Agriculture, Natural Resources and Environment
Loukis Akritas Avenue,
1411 Nicosia
Tel.: +357 22 408305
Fax: +357 22 781156
e-mail: registry@moa.gov.cy

Ministry of Communications and Works
28 Acheon Street,
1101 Nicosia
Tel.: +357 22 800143
Fax: +357 22 776266
e-mail: permsec@mcw.gov.cy
URL: www.mcw.gov.cy

Ministry of Education and Culture
Corner Thoudyides and Kimon,
1434 Nicosia
Tel: +357 22 800600
Fax: +357 22 427559
e-mail: moec@moec.gov.cy
URL: www.moec.gov.cy

Ministry of Finance
1 Michalaki Karaoli,
1439 Nicosia
Tel.: +357 22 601172
Fax: +357 22 602748
e-mail: econresearch@mof.gov.cy
URL: www.mof.gov.cy

Ministry of Foreign Affairs
Presidential Palace Avenue,
1447 Nicosia
Tel.: +357 22 401000
Fax: +357 22 661881
e-mail: minforeign1@mfa.gov.cy
URL: www.mfa.gov.cy

Ministry of Health
1448 Nicosia
Tel: +357 22 400128
Fax: +357 22 305803
e-mail: ministryofhealth@cytanet.com.cy
URL: www.moh.gov.cy

Ministry of Interior
Dem. Severis Avenue,
1453 Nicosia
Tel.: +357 22 867626
Fax: +357 22 671465
e-mail: info@moi.gov.cy
URL: www.moi.gov.cy

Ministry of Justice and Public Order
125 Athalassas Avenue,
1461 Nicosia
Tel: +357 22 805955
Fax: +357 22 518356
e-mail: registry@mjpo.gov.cy

Ministry of Labour and Social Insurance
7 Byron Avenue,
1463 Nicosia
Tel.: +357 22 401600
Fax: +357 22 670993
e-mail: administration@mlsi.gov.cy
URL: www.mlsi.gov.cy/dl

Civil Registry and Migration Department
Dem. Severis Avenue,
1457 Nicosia
Tel.: +357 22 804401 / 804405
Fax: +357 22 676944
e-mail: migration@crmd.moi.gov.cy
URL: www.moi.gov.cy

Commission for the Protection of Competition
46 Themistocli Dervi Street,
4th Floor, Medcon Tower,
1066 Nicosia
Tel: +357 22 875912
Fax: +357 22 304944
e-mail: chairman@competition.gov.cy
URL: www.competition.gov.cy

Cyprus Ports Authority
P.O. Box 22007,
1516 Nicosia
Tel: +357 22 817200
Fax: +357 22 765420
e-mail: cpa@cpa.gov.cy
URL: www.cpa.gov.cy

Cyprus Productivity Centre
P.O. Box 20536,
1679 Nicosia
Tel: +357 22 806000
Fax: +357 22 376872
e-mail: info@kepa.mlsi.gov.cy
URL: www.kepa.gov.cy

Cyprus Tourism Organisation
P.O. Box 24535,
1390 Nicosia
Tel.: +357 22 691100
Fax: +357 22 334696
e-mail: infocenter@cto.org.cy
URL: www.visitcyprus.org.cy

Department of Competitiveness and Consumer's Protection (SOLVIT)
6 Andreas Araouzos Street,
1421 Nicosia
Tel.: +357 22 867117 / 867262
Fax: +357 22 375120
e-mail: solvit@mcit.gov.cy

Department of Customs and Excise
1 Michalaki Karaoli,
1096 Nicosia
Tel.: +357 22 601713
Fax: +357 22 305151
e-mail: headquarters@customs.mof.gov.cy
URL: www.mof.gov.cy/customs

Department of Merchant Shipping
P.O. Box 56193,
3305 Limassol
Tel: + 357 25 848100
Fax: + 357 25 848200
e-mail: maritimeadmin@dms.mcw.gov.cy
URL: www.shipping.gov.cy

Department of Registrar of Companies and Official Receiver
Corner Makarios Avenue & Karpenisiou,
1427 Nicosia
Tel.: +357 22 404300
Fax: +357 22 404336
e-mail: deptcomp@drcor.mcit.gov.cy
eterion@drcor.mcit.gov.cy
URL: www.mcit.gov.cy/drcor

Inland Revenue Department
Argyrokastrou Street,
Strovolos,
2064 Nicosia
Tel.: +357 22 601172
Fax: +357 22 602748

Press and Information Office
Apellis Street,
1456 Nicosia
Tel: +357 22 801119
Fax: +357 22 666123
e-mail: communications@pio.moi.gov.cy
URL: www.moi.gov.cy/pio

Statistics and Research Department
Mihalaki Karaoli Street,
1444 Nicosia
Tel: +357 22 602129
Fax: +357 22 661313
e-mail: enquiries@cystat.mof.gov.cy
URL: www.mof.gov.cy/cystat

The Audit Office
12 Byzantiou Street,
1406 Nicosia
Tel: +357 22 401463
Fax: +357 22 668153
e-mail: cao@audit.gov.cy
URL: www.audit.gov.cy

The Planning Bureau
Corner of Apellis and P. Nirvana,
Ay. Omologites,
1409 Nicosia
Tel: +357 22 406800
Fax: +357 22 666810
e-mail: planning@cytanet.com.cy
URL: www.planning.gov.cy



CYPRUS TRADE CENTRES

Athens

Cyprus Trade Centre
36 Voukourestiou Street,
10673 Athens
Tel.: +30 210 3646320 / 3646108
Fax: +30 210 3646420
e-mail: ctcath@otenet.gr
URL: www.cyprustradecenter.gr

Berlin

Cyprus Trade Centre
27 Wallstrasse,
10179 Berlin
Tel.: +49 30 2844596
Fax: +49 30 23457541
e-mail: info@zypem.com
URL: www.zypem.com

Cairo

Cyprus Trade Centre
17 Omar Tosson Street,
(from Ahmed Orabi)
Mohandessin - Cairo
Tel.: +202 3455499 / 3455967
Fax: +202 3455499 / 3455969

Dubai

Cyprus Trade Centre
Al Ghurair Centre
Office Tower,
P.O. Box 11294,
Dubai
Tel.: +971 4 2282411 / 2283762
Fax: +971 4 2275700
e-mail: cycentre@emirates.net.ae

London

Cyprus Trade Centre
31 St. George Street,
London W1S 2 FJ
Tel.: +44 207 6296288
Fax: +44 207 6295244
e-mail: cytradecentreuk@btinternet.com

Moscow

Cyprus Trade Centre
Povarskaya No.9,
121069 Moscow
Tel.: +7 095 7442948 / 7442949
Fax: +7 095 7442945
e-mail: ctcmoscow@mcit.gov.cy
achristodoulides@mcit.gov.cy

New York

Cyprus Trade Centre
13 East 40th Street,
New York, N.Y. 10016
Tel.: +1 212 2139100
Fax: +1 212 2132918
e-mail: ctcny@cyprustradeny.org
URL: www.cyprustradeny.org

Paris

Cyprus Trade Centre
42 Rue de la Bienfaisance,
75008 Paris
Tel.: +331 42896086
Fax: +331 42896077
e-mail: chypre@wanadoo.fr
URL: www.commerce-chypre.fr

Tel Aviv

Cyprus Trade Centre
14th Floor, Top Tower,
Dizengof Centre,
50 Dizengof Street,
64332 Tel Aviv
Tel.: +972 3 5258970 / 5258971
Fax: +972 3 6200078
e-mail: cytrade@netvision.net.il

Vienna

Cyprus Trade Centre
Parkring 20,
A-1010 Vienna
Tel.: +43 1 5130634
Fax: +43 1 5130635
e-mail: cyprustrade@vienna.at

BUSINESS AND TRADE ORGANISATIONS

Cyprus Chamber of Commerce and Industry
P.O. Box 21455,
1509 Nicosia
Tel.: +357 22 889800
Fax: +357 22 669048
e-mail: chamber@ccci.org.cy
URL: www.ccci.org.cy

Cyprus Employers and Industrialists
Federation
P.O. Box 21657,
1511 Nicosia
Tel.: +357 22 665102
Fax: +357 22 669459
e-mail: oeb@cytanet.com.cy
URL: www.oeb-eif.org

Cyprus Institute of Technology
P.O. Box 20763,
1663 Nicosia
Tel.: +357 22 317288
Fax: +357 22 318087
e-mail: idrymatech@industry.cy.net
URL: www.technology.org.cy

Cyprus International Businesses Association
P.O. Box 23933,
1687 Nicosia
Tel.: +357 22 512722
Fax: +357 22 512723
e-mail: ciba@ciba-cy.org
URL: www.ciba-cy.org

Cyprus State Fairs Authority
P.O. BOX 23551,
1684 Nicosia
Tel.: +357 22 352918
Fax: +357 22 352316
e-mail: csfa@cytanet.com.cy
URL: www.csfa.org.cy

Cyprus Telecommunications Authority
Telecommunications Street,
P.O. Box 24929,
1396 Nicosia
Tel.: +357 22 701000
Fax: +357 22 494940
URL: www.cyta.com.cy

Electricity Authority of Cyprus
P.O. Box 24506,
1399 Nicosia
Tel.: +357 22 201000
Fax: +357 22 201009
e-mail: eac@eac.com.cy
URL: www.eac.com.cy

Research Promotion Foundation
P.O. Box 23422,
1683 Nicosia
Tel.: +357 22 660292
Fax: +357 22 666117
e-mail: ipe@research.org.cy
URL: www.research.org.cy

The Institute of Certified Public
Accountants
P.O. Box 24935,
1355 Nicosia
Tel.: +357 22 769866
Fax: +357 22 766360
e-mail: info@icpac.org.cy
URL: www.icpac.org.cy

FINANCIAL INSTITUTIONS

Association of Cyprus Commercial Banks
P.O. Box 23363,
1682 Nicosia
Tel.: +357 22 664293
Fax: +357 22 665135
e-mail: info@accb.com.cy
URL: www.accb.com.cy

Central Bank of Cyprus
P.O. Box 25529,
1395 Nicosia
Tel.: +357 22 714100
Fax: +357 22 378153
e-mail: cbcinfo@centralbank.gov.cy
URL: www.centralbank.gov.cy

The Cyprus Development Bank
P.O. Box 21415,
1508 Nicosia
Tel.: +357 22 846500
Fax: +357 22 846600
e-mail: info@cdb.com.cy
URL: www.cyprusdevelopmentbank.com

The Cyprus Stock Exchange
P.O. Box 25427,
1309 Nicosia
Tel.: +357 22 712300
Fax: +357 22 570308
e-mail: info@cse.com.cy
URL: www.cse.com.cy

COMMERCIAL BANKS

Alpha Bank Ltd
P.O. Box 21661,
1596 Nicosia
Tel.: +357 22 888888
Fax: +357 22 888798
e-mail: secretariat@alphabank.com.cy
URL: www.alphabank.com.cy

Arab Bank Plc
P.O. Box 25700,
1393 Nicosia
Tel.: +357 22 899100
Fax: +357 22 760890
e-mail: info@arabbank.com.cy
URL: www.arabbank.com.cy

Bank of Cyprus Ltd
P.O. Box 21472,
1599 Nicosia
Tel.: +357 22 848000
Fax: +357 22 378111
e-mail: info@cy.bankofcyprus.com
URL: www.bankofcyprus.com

Co-operative Central Bank Ltd
8 Gregory Afxentiou,
1096 Nicosia
Tel.: +357 22 743000
Fax: +357 22 670261
e-mail: coopbkfd@spidernet.com.cy
URL: www.coopbank.com.cy

Emporiki Bank - Cyprus Ltd
P.O. Box 25151,
2406 Nicosia
Tel.: +357 22 696650
Fax: +357 22 663923
e-mail: info@emporiki.com.cy
URL: www.emporiki.gr

Hellenic Bank Ltd
P.O. Box 24747,
1394 Nicosia
Tel.: +357 22 743843
Fax: +357 22 743664
e-mail: hellenic@hellenicbank.com
URL: www.hellenicbank.com

Laiki Bank Ltd
P.O. Box 22032,
1598 Nicosia
Tel.: +357 22 752000
Fax: +357 22 811496
URL: www.laiki.com

National Bank of Greece (Cyprus) Ltd
P.O. Box 22191,
1597 Nicosia
Tel.: +357 22 840000
Fax: +357 22 840010
e-mail: spierides@nbg.com.cy

Societe Generale Cyprus
P.O. Box 25400,
1309 Nicosia
Tel.: +357 22 817777
Fax: +357 22 764471
e-mail: webmaster@sgcyprus.com
URL: www.sgcyprus.com

Universal Bank Public Ltd
P.O. Box 28510,
2080 Nicosia
Tel.: +357 22 883333
Fax: +357 22 875899
e-mail: unimail@usb.com.cy
URL: www.usb.com.cy

Appendix 3

Other Useful Links

Governmental Websites

Republic of Cyprus	www.cyprus.gov.cy
Cyprus Agricultural Payments Organisation	www.capo.gov.cy
Cyprus News Agency	www.cna.org.cy
Cyprus Organization for the Promotion of Quality	www.cys.mcit.gov.cy
Department of Social Insurance Services	www.mlsi.gov.cy/sid
Office of the Commissioner for Personal Data Protection	www.dataprotection.gov.cy
Trade Department	www.mcit.gov.cy/ts

Educational Establishments

Higher Technical Institute	www.mlsi.gov.cy/hti
University of Cyprus	www.ucy.ac.cy

Research - Technology - Incubators

Athena High Technology Incubator	www.athena-tech.net
Diogenes High Tech Business Incubator of the University of Cyprus	www.diogenes.com.cy
Ermis Research and Incubator Centre	www.ermis.org
Helix Business Incubator	www.helixincubator.com
Promitheas Business Innovation Centre	www.promitheas.com

EU related

European Central Bank	www.ecb.int
European Commission's Representation in Cyprus	www.delcyp.cec.eu.int
Organization for Security and Co-operation in Europe	www.osce.org
The Council of Europe	www.coe.int
The Euro-Mediterranean Network of Investment Promotion Agencies (ANIMA)	www.animaweb.org
The European Union	www.europa.eu.int
Eurostat	epp.eurostat.cec.eu.int

Appendix 4

The Companies Fees (Amendment) Regulation

1	Registration of a limited liability company with a share capital	CY£60 plus capital duty 0,6% at the nominal capital
2	Registration of increase of the share capital of a private company	Capital duty equal at the difference between the capital duty at the nominal capital of the company and the capital duty on its increased capital
3	Report of share allotment where the value of the shares is payable in cash or otherwise	CY£10
4	<p>Filing to the Registrar of the following documents:</p> <p>Annual Report</p> <p>Annual Report which is overdue</p> <p>Notification for appointment of receiver or administrator</p> <p>Statement of solvency for the commencement of voluntary winding-up</p> <p>Amendment of the memorandum</p> <p>Amendment of the Articles</p> <p>Change of name of the company</p> <p>Any document which is required by the law or for which authorisation is given, to be delivered, filed, sent or transmitted to the registrar for which there is no other provision in the present regulations</p> <p>Registration of overseas company with offices in Cyprus</p> <p>Annual Accounts of an overseas company</p> <p>Report for a change of the memorandum or the articles or any other documents which constituted of an overseas companies</p> <p>Invitation to the public for a shares acquisition or statement instead of invitation</p> <p>Report is in accordance to section 124(2) of the law</p>	<p>CY£7</p> <p>CY£15</p> <p>CY£10</p> <p>CY£75</p> <p>CY£20</p> <p>CY£10</p> <p>CY£10</p> <p>CY£5</p> <p>CY£100</p> <p>CY£20</p> <p>CY£10</p> <p>CY£1.000</p> <p>CY£100</p>
5	<p>Other Services:</p> <p>Restatement of the name of the company to the registrar under section 327 of the law</p> <p>Issue of certified copy of certificate of incorporation or any other certified copy or extract of any document in irrespective of number of pages except for the memorandum and article</p> <p>Issue of certified copy memorandum/article irrespective the number of pages when:</p> <p>(a) This is brought to the registrar</p> <p>(b) This is not brought to the registrar</p> <p>Inspection of any document</p> <p>Application for approval of a name or objection for the refusal of a name</p> <p>Licence of the Ministry of Commerce, Industry and Tourism to a company not to use word "limited" after its name</p>	<p>CY£50</p> <p>CY£5</p> <p>CY£20</p> <p>CY£25</p> <p>CY£1</p> <p>CY£2</p> <p>CY£30</p>

Registration of a charge, except for a charge or mortgage on a ship or any other charge relating to a ship or mortgage on immovable property or property of a company which conducts its business exclusively out of Cyprus after licence of a Central Bank:	
(a) On the form of the notification of the charge	CY£10
(b) On the maximum secured amount which is on the document of charge	CY£0,30 for each CY£100 or proportion of those
Registration of mortgage on amount property irrespective of the amount	CY£5
Registration of mortgage or charge on a ship or any other charge related to a ship:	
(a) For amount up to CY£50.000	CY£45
(b) For an amount which exceeds CY£50.000, but does not exceed CY£100.000	CY£97,5
(c) For an amount which exceeds CY£100.000, but does not exceed CY£250.000	CY£142,5
(d) For an amount which exceeds CY£250.000, but does not exceed CY£500.000	CY£187,5
(e) For amount over CY£500.000 or where the amount is not mentioned	CY£300
Registration charge or mortgage on an aeroplane or other charge related to an aeroplane	CY£1.000
Registration of a charge on property of a company (except ship or aeroplane) which conducts its business exclusively out of Cyprus after acquiring by the Central Bank:	
(a) For an amount up to CY£1.000.000	CY£500
(b) For an amount which exceed CY£1.000.000	CY£1.000
Acceleration Fees:	
(a) For services outside the normal priority (except the registration of a company) an additional	CY£5
(b) For the registration of company outside the normal priority an additional	CY£30

Fees Under the General and Limited Partnership Law and Business Names Regulations:

1	Application for registration of a general or limited partnership	CY£30
2	Application for registration of business name	CY£20
3	Application for renewal of a general or limited company if originally was agreed a fix period of duration (for every year of renewal or fraction of it)	CY£10
4	For change of partners (for each partner)	CY£10
5	For any other change to the particulars	CY£10
6	For each certified copy of a certification of registration	CY£5
7	For each certified copy of the form O.E.I. or E.E.I.	CY£5
8	For each certified copy or extract of any other document which was filed under the general and limited partnership and business name law (irrespective the number of pages)	CY£6
9	For inspection of any document which was filed (for each file)	CY£1
10	At the application for the approval of a name:	
	(a) For each name	CY£2
	(b) For re-examination or objection after refusal of a name	CY£2
11	Acceleration Fees:	
	(a) For the provision of any service on the same day, or outside the normal priority an additional	CY£5
	(b) For the registration of a partnership or business name an the same day or outside the normal priority an additional	CY£10

In case of notification to the Registrar with the same form of more than one changes for the notification which a fee of a different value is required the said form will be subject to only one fee, that is, the highest of all.



Appendix 5

Research Promotion Foundation's framework programme

Activity Area	Research Programme	Specific Action
A. Multi-thematic Research Development	1. Thematic Actions	<ul style="list-style-type: none"> - Technology - Information Society - Sustainable Development - Society - Economy - Health - Specific Project
	2. Programme for the Support of Young Researchers	<ul style="list-style-type: none"> - Integration - Support - Mobility
	3. Bilateral Agreements	<ul style="list-style-type: none"> - Cyprus - Greece - Cyprus - France - Cyprus - Slovenia - Cyprus - Austria
B. Applied Research Development	4. Research for Enterprises	<ul style="list-style-type: none"> - Development of New Products and Processes - Information Technologies and Telecommunication Applications in the Development of New Products and Processes - Information Technologies and Telecommunication Applications in the Service Sector
	5. EUREKA Cyprus	<ul style="list-style-type: none"> - New Projects - Ongoing Projects - Support Projects
	6. Follow-up Scheme	<ul style="list-style-type: none"> - RPF Projects - General Projects
C. Infrastructure Development and Research Support	7. Research Infrastructure	<ul style="list-style-type: none"> - Infrastructure Networks - Upgrading of Existing Infrastructure - New Infrastructure
	8. Participation in the ESF	<ul style="list-style-type: none"> - European Science Foundation Collaborative Research Programmes (EUROCORES) - 'A la carte' Scientific Programmes
	9. Expatriate Researchers	<ul style="list-style-type: none"> - Hosting an Experienced Expatriate Researcher - Hosting a Young Expatriate Researcher
	10. Research Development and Support Measures	<ul style="list-style-type: none"> - Participation in FP6 - Conference Participation - RPF Research Publications
	11. Research Activities Development in the Cypriot Educational System	<ul style="list-style-type: none"> - Pupils in Research - Research Competition for Undergraduate Students

Appendix 6

Definitions

DE MINIMIS RULE FOR STATE AID

According to the COMMISSION REGULATION (EC) No 69/2001 of 12 January 2001, the De Minimis Rule imposes that:

- The total De Minimis Aid granted to any one enterprise shall not exceed CY£57.000 (EUR 100.000) over any period of three years beginning from the time that the first De Minimis Aid is granted.
- This ceiling shall apply irrespective of the form of the aid or the objective pursued.
- The ceiling shall be expressed as a cash grant.
- The ceiling will apply to the total of all public assistance considered to be De Minimis Aid.

This Regulation applies to aid granted to enterprises in all sectors, with the exception of:

- (a) The transport sector and the activities linked to the production, processing or marketing of products listed in Annex 1 of the EC Treaty.
- (b) Aid to export-related activities, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity.
- (c) Aid contingent upon the use of domestic over imported goods.

SMALL AND MEDIUM-SIZED ENTERPRISES

Based on the new Commission Recommendation of 2003/361/EC by EC, an enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form.

This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

Enterprise category	Headcount	Turnover and / or Balance sheet	
Medium-sized	< 250	≤ € 50 million	≤ € 43 million
Small	< 50	≤ € 10 million	≤ € 10 million
Micro	< 10	≤ € 2 million	≤ € 2 million



“Investing in Cyprus - A guide for foreign investors” was prepared by the Foreign Investors Service Centre. Unless otherwise stated, the text is based on information available up to March 2005.

This publication is intended to provide general guidance only. Should you need advice on any specific matter, please contact the Foreign Investors Service Centre (6 Andreas Araouzos Street, 1421 Nicosia, Cyprus - Tel.: +357 22 867100 / 867239 - Fax: +357 22 375541 - e-mail: ids@mcit.gov.cy)
