



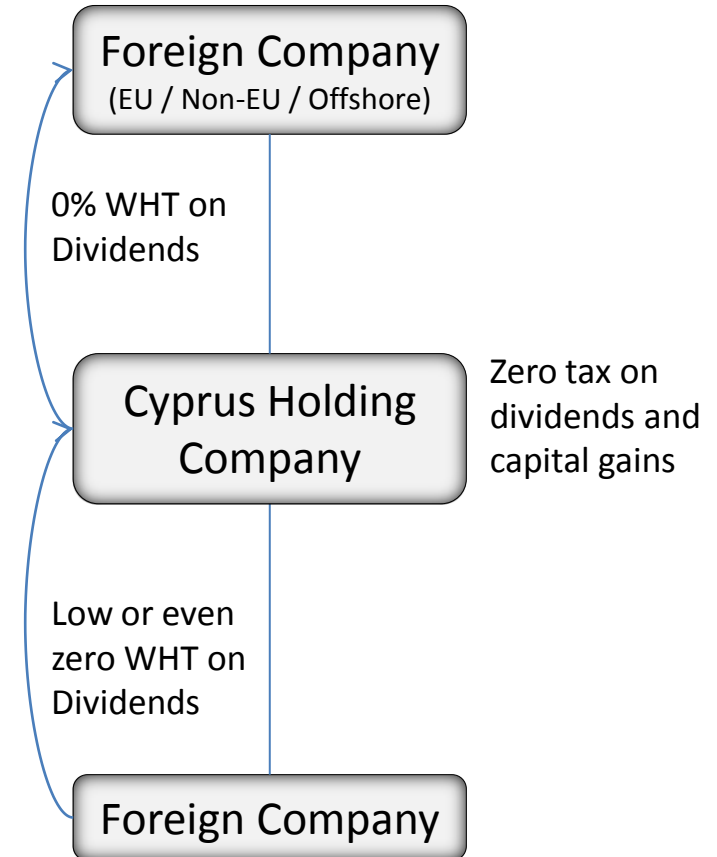
Popular Tax Structures

Popular Company Structures:

Holding Structure

Benefits:

- **Low or even zero Tax Withheld (WHT) on Dividends paid to the Cyprus Holding Company**
- **No taxation on capital gains from selling the shares of the foreign subsidiary company**
- **No taxation in Cyprus on income from dividends and trading**
- **0% Tax Withheld (WHT) on dividends paid from Cyprus to the Foreign company**
- **In the case of an EU based foreign subsidiary company, this structure can provide a tax free exit of dividends from the EU**



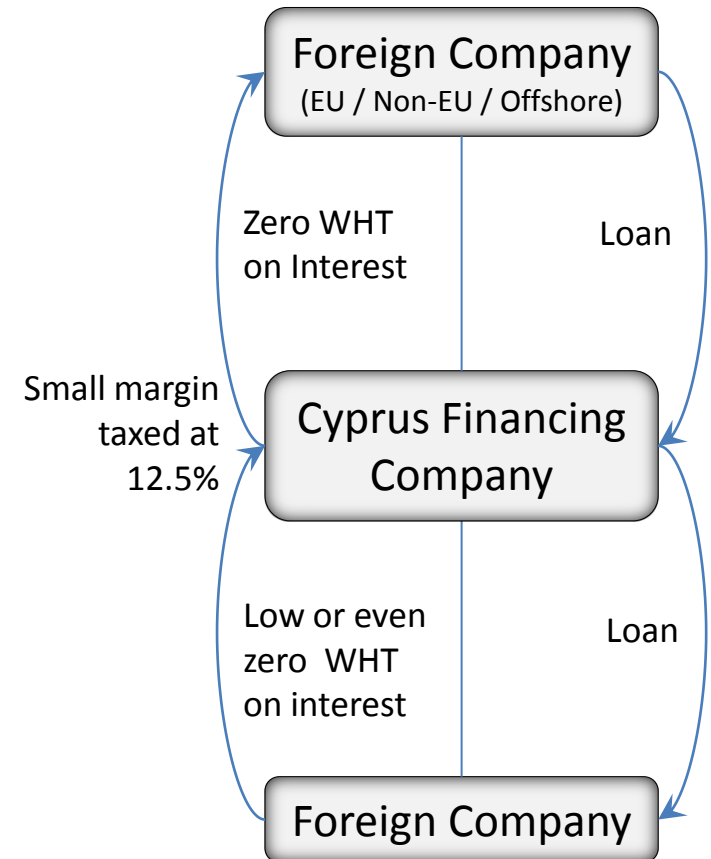
Please note that this is a generalized example which is valid under certain circumstances. For a free initial international tax planning consultation please contact us.

Popular Company Structures:

Financing Structure

Benefits:

- Interest deduction at the level of the foreign subsidiary company, therefore, decreasing its profit
- Low or even zero tax withheld (WHT) on interest paid to the Cyprus Financing Company
- Interest deduction at the level of the Cyprus Financing Company, therefore, leaving a small profit margin that can be as low as 0.125% which will be subject to 12.5% corporation tax after deducting expenses and any tax already withheld abroad on the interest paid to the Cyprus company
- Zero tax withheld (WHT) on interest paid from Cyprus to the Foreign Company.

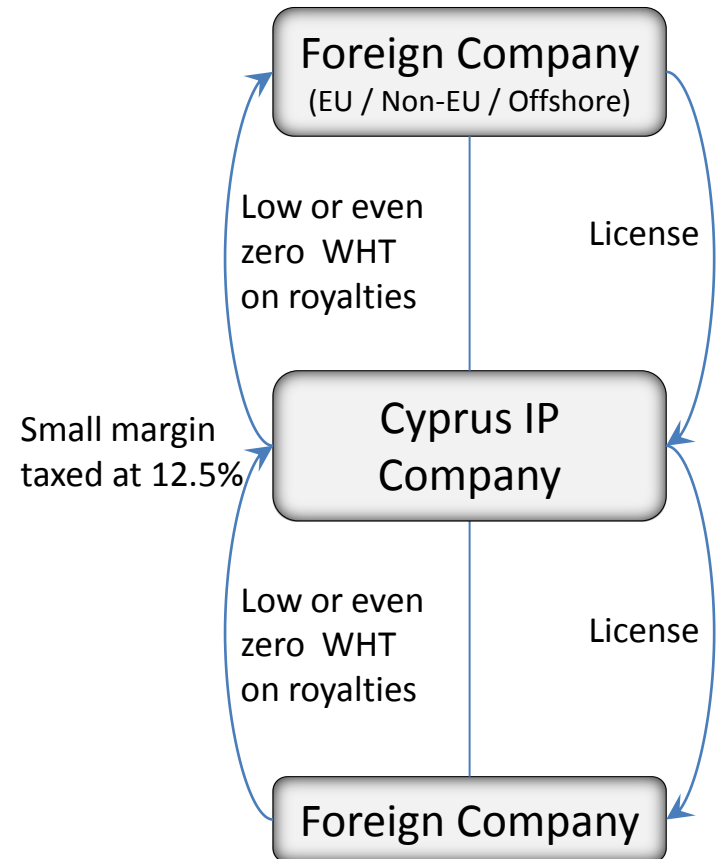


Popular Company Structures:

Intellectual Property Structure

Benefits:

- Tax deductibility of the royalty payments at the level of the foreign subsidiary, therefore, decreasing its profits
- Low or even zero tax withheld (WHT) on royalty payments
- Tax deductibility of the royalty payments at the level of Cyprus, therefore, leaving a small profit margin which will be subject to 12.5% corporation tax after deducting expenses and any tax already withheld abroad on the royalties received
- Under the new Cyprus Law regarding Intellectual Property 80% of such income is tax free, therefore, only the 20% of the IP income is subject to the 12.5% Cyprus corporation tax provided that the Cyprus company is the owner of the IP rights. In the example of the diagram this does not apply because the owner of the IP rights is the Foreign Company.

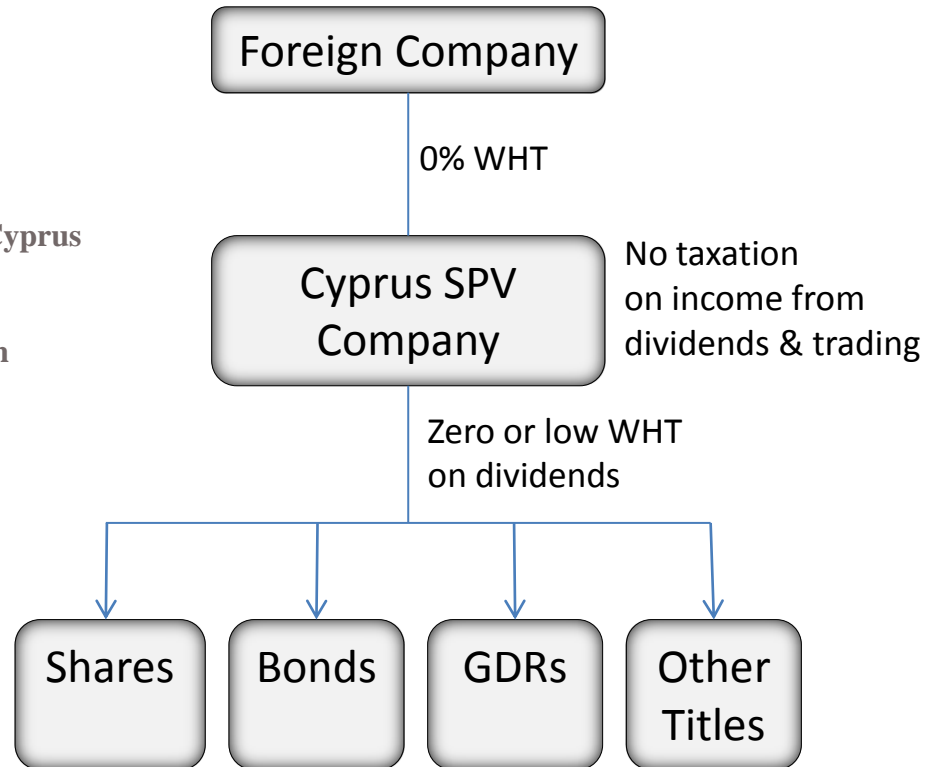


Popular Company Structures:

Special Purpose Vehicle Company

Benefits:

- Zero or low tax withheld (WHT) on dividends paid to the Cyprus Company
- No taxation in Cyprus on dividend income, on profits from trading and capital gains
- Interest received in Cyprus not arising from the ordinary activities of the company is exempt from corporation tax
- Interest received in Cyprus arising from the ordinary activities of the company will be subject to 10% corporation tax after tax allowable expenses and foreign tax credits
- No tax withheld (WHT) in Cyprus for dividends paid to the Foreign Company

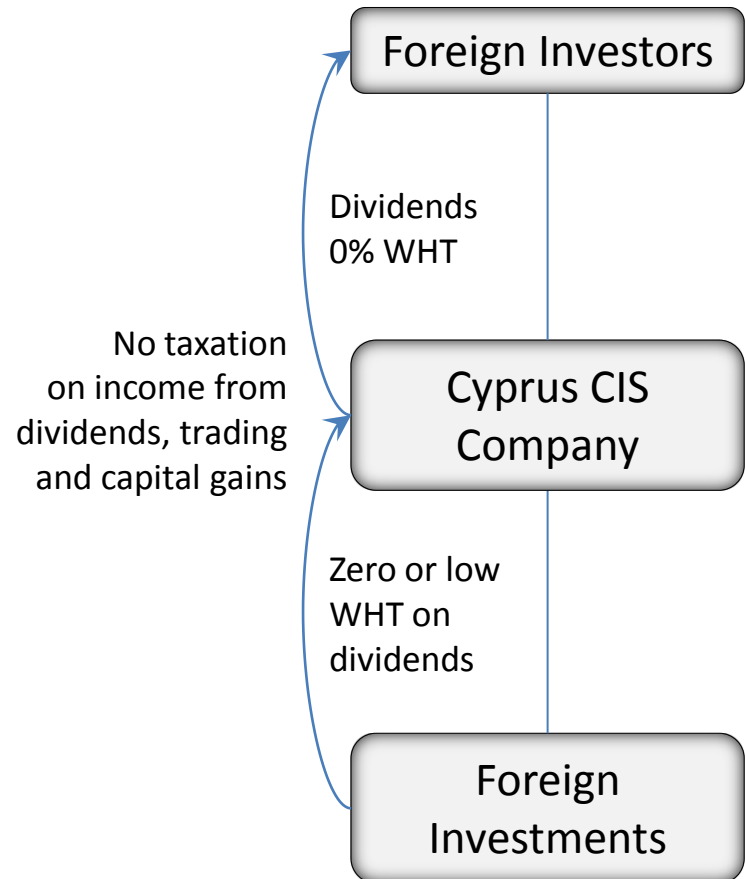


Popular Company Structures:

Collective Investment Schemes (Private Funds)

Benefits:

- Zero or low WHT on dividends paid to the Cyprus Company
- No taxation in Cyprus on capital gains from selling the Foreign Investments, on dividend and on trading income
- Interest received in Cyprus not arising from the ordinary activities of the company is exempt from corporation tax
- Interest received in Cyprus arising from the ordinary activities of the company will be subject to 12.5% corporation tax after tax allowable expenses and foreign tax credits
- No tax withheld (WHT) in Cyprus for dividends paid to the foreign investors

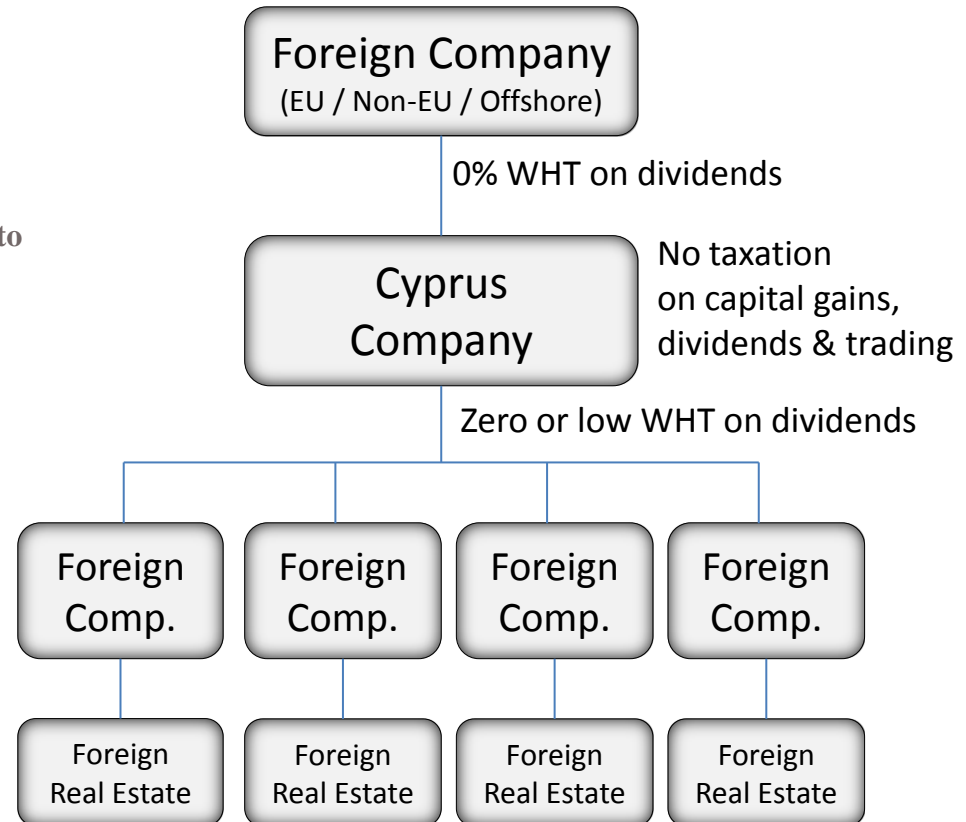


Popular Company Structures:

Real Estate Structures (1)

Benefits:

- Low or even zero tax withheld (WHT) on dividends paid to the Cyprus Company
- No taxation in Cyprus, and in many cases at the level of the foreign subsidiary^(*), on capital gains from selling the shares of the foreign subsidiary companies
- No taxation in Cyprus on dividend and trading income
- No tax withheld (WHT) in Cyprus for dividends paid to the foreign company



^(*) If capital gains tax at the level of the foreign subsidiary is an issue please see example 2

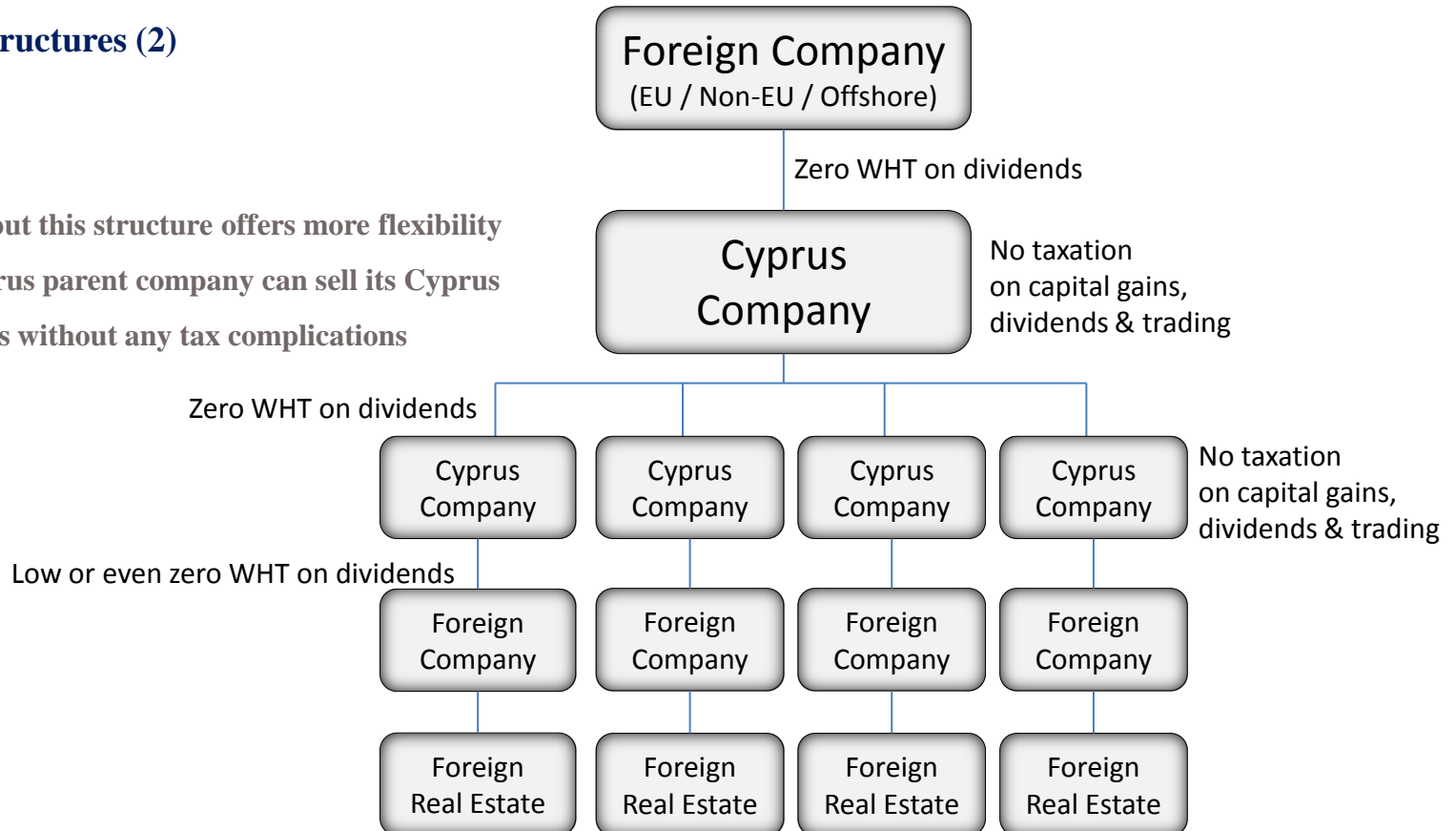
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Popular Company Structures:

Real Estate Structures (2)

Benefits:

- As before but this structure offers more flexibility as the Cyprus parent company can sell its Cyprus subsidiaries without any tax complications



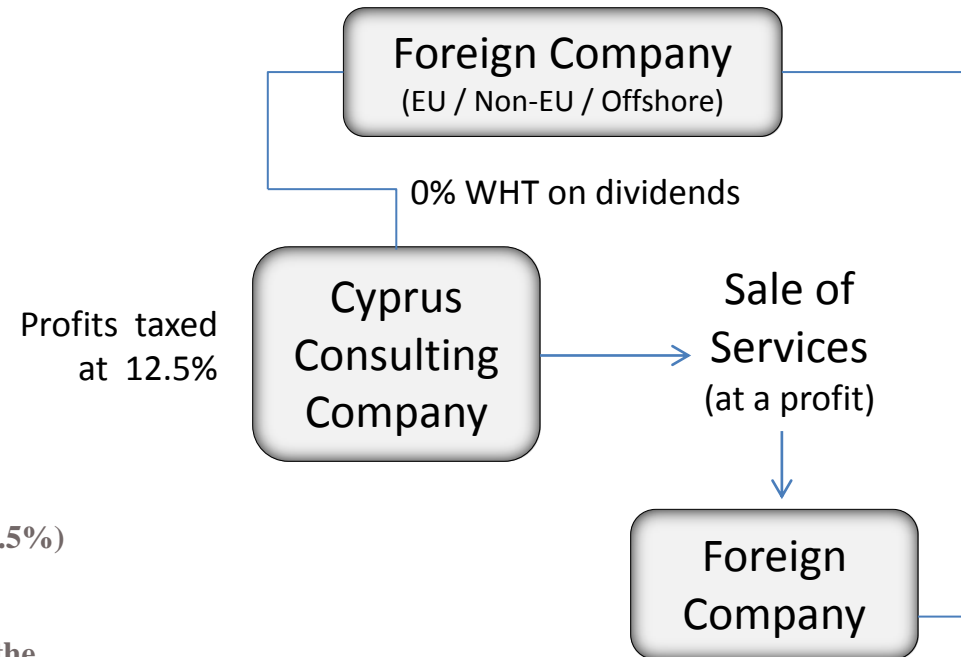
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Popular Company Structures:

Consulting Company

Benefits:

- The net profit, and therefore the tax burden, of the Foreign Company is decreased as it purchases services from the Cyprus consulting company
- Part of the total profit is transferred to the Cyprus Company which benefits from low Corporation Tax (12.5%)
- No tax withheld (WHT) in Cyprus for dividends paid to the foreign company

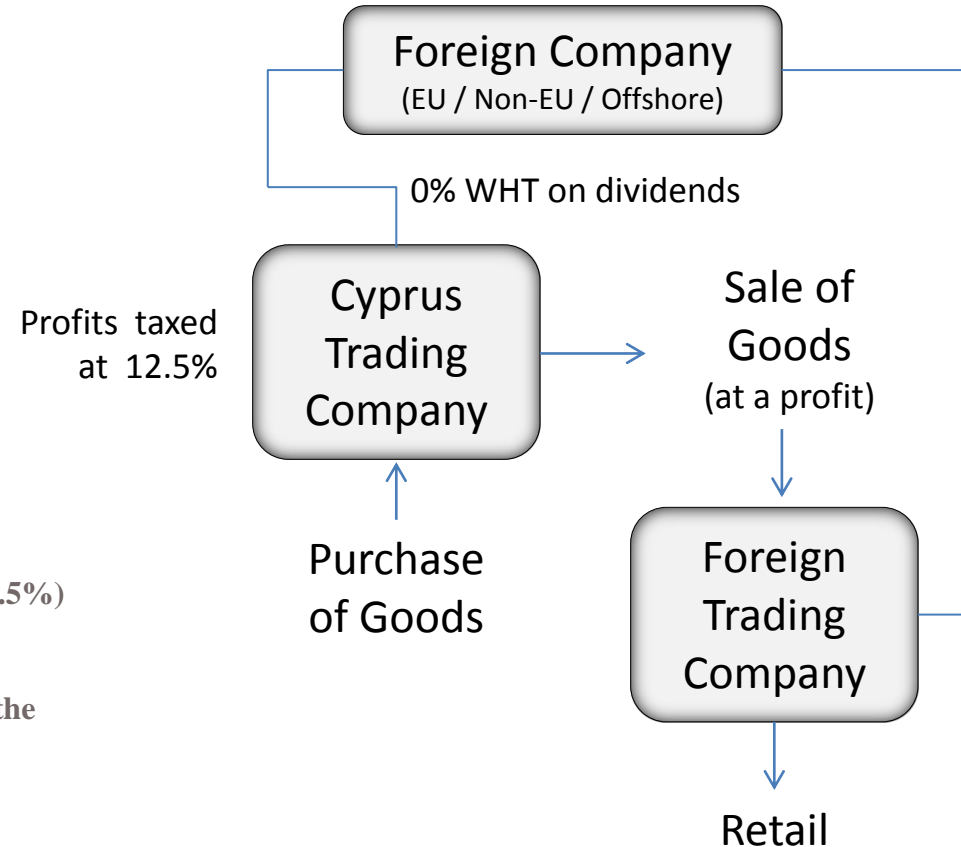


Popular Company Structures:

Triangular Trading (Imports)

Benefits:

- The net profit, and therefore the tax burden, of the Foreign Trading Company is decreased as it purchases goods from the Cyprus company at increased prices
- Part of the total profit is transferred to the Cyprus Company which benefits from low Corporation Tax (12.5%)
- No tax withheld (WHT) in Cyprus for dividends paid to the foreign company



Popular Company Structures:

Triangular Trading (Exports)

Benefits:

- The net profit, and therefore the tax burden, of the Foreign Manufacturing Company is decreased as it sells goods to the Cyprus company at reduced prices
- Part of the total profit is transferred to the Cyprus Company which benefits from low Corporation Tax (12.5%)
- No tax withheld (WHT) in Cyprus for dividends paid to the foreign company

