



CYPRUS PARTNERSHIPS

Corporate Structuring in Cyprus

CAPITAL CITY

Nicosia

TIME ZONE

Eastern European Time Zone
(UTC+02:00)

TOTAL AREA

9,251 km²

TAX SYSTEM

EU Approved

LANGUAGES

Greek, Turkish, English

CURRENCY

Euro €

POPULATION

1,170,130

DOUBLE TAX TREATY

Extensive double tax treaty network



CYPRUS

Cyprus has been a member of the European Union since 2004, and a Eurozone member since 2008. Besides the inherent benefits of EU Membership, the country boasts a highly educated workforce and a stable political climate.

Owing to its transparent regulatory framework, excellent infrastructure and effective tax system, Cyprus is internationally recognized as a business-friendly jurisdiction. Following a period of uncertainty due to exposure of local financial institutions to Greek debt, the Cyprus economy regained its pre-financial crisis vigour with a 2017 annual GDP growth of 3.9%.

CYPRUS PARTNERSHIPS

Cypriot partnerships are regulated by Partnerships and Business Law, CAP 116, of 1907 (the “Law”). The Law defines a partnership as “a relationship which subsists between persons carrying on business in common with a view of profit”. Although the Law recognises the legal relationship between the partners, it does not give partnerships separate and distinct legal personality.

Pursuant to the Law a Cypriot partnership must satisfy three conditions:

- a) Firstly, a partnership must carry out a business. Under the Law that includes every trade, occupation or profession thus effectively covering any activity of a commercial nature.
- b) Secondly, a partnership must have the purpose of obtaining profit.
- c) Finally, a partnership must have at least two partners. Moreover, partnerships conducting banking activities cannot have more than ten members.

A partnership may be constituted for a fixed or indefinite term.

TYPES OF PARTNERSHIPS

Depending on the scope of partner liability, the Law distinguishes two main types of partnerships:

- A **General Partnership** (the “GP”) in which all partners are jointly liable for an unlimited amount for the debts and obligations of the partnership.
- A **Limited Partnership** (the “LP”) which consists of at least a general partner who is liable for all debts and obligations of the partnership and one or more limited partners who are not responsible for the partnership's debts and obligations beyond the amount they have contributed to the partnership.

BENEFITS



No Legal Personality



Flexible Scope of Partner Liability



Tax Transparency



Low Maintenance Cost



PARTNERSHIP MANAGEMENT AND LIABILITIES

For every partnership it is advisable to put in place a Partnership Agreement stating inter alia the activities of the Partnership in greatest detail, the contribution of each partner, the management and operation of the Partnership and the Partnership to be managed according to the provisions of the Partnership Agreement as agreed between the Partners and subject to mandatory provisions of the Law.

General Partnership

Each partner of a GP is jointly responsible with the other partners for all the debts and obligations of the partnership arising as long as he is a partner and after his death, his property is also subject to the usual course of management for such debts and liabilities, after his personal debts are settled.

Limited Partnership

Pursuant to the Law, a LP partner does not take part in the business of the LP and has no authority to bind the LP.

Nonetheless, if a LP partner takes part in the management and the operations of the LP, he will be considered responsible for all the debts and obligations of the LP that arise whilst that partner takes part in such a role, as though he were a general partner.

REGISTRATION

A Cypriot partnership is established when it starts its activities. Nonetheless, it needs to be registered with Cyprus Registrar of Companies (the “Registrar”) within a month of its establishment.

The registration is applied for on a prescribed form signed by all the partners and containing information such as the name of the partnership, the general nature of its business activities, partner particulars, the duration of the partnership and its commencement date. Filing an application for a registration of a Cypriot Partnership first requires obtaining a Registrar’s approval of the name. The processing of a registration application by the Registrar usually takes around 7-10 working days following the registration application.

If there are any changes in any of the information submitted, a respective statement must be sent to the Registrar within 7 days of the date of the change.

TAXATION AND FINANCIAL ACCOUNTS

From a Cyprus Tax perspective, a Cypriot Partnership is not considered as a legal entity with separate legal personality and as such the partners are subject to taxation and not the partnership per se.

Irrespective of the above, Cypriot partnerships are obliged to keep books of accounts and for this purpose partners personally must keep proper accounts. Specifically, when the taxable income of the partner is above €70,000 then audited accounts must be prepared.

LEGAL REQUIREMENTS



Commercial Activity



Profit-Oriented



At Least 2 Partners



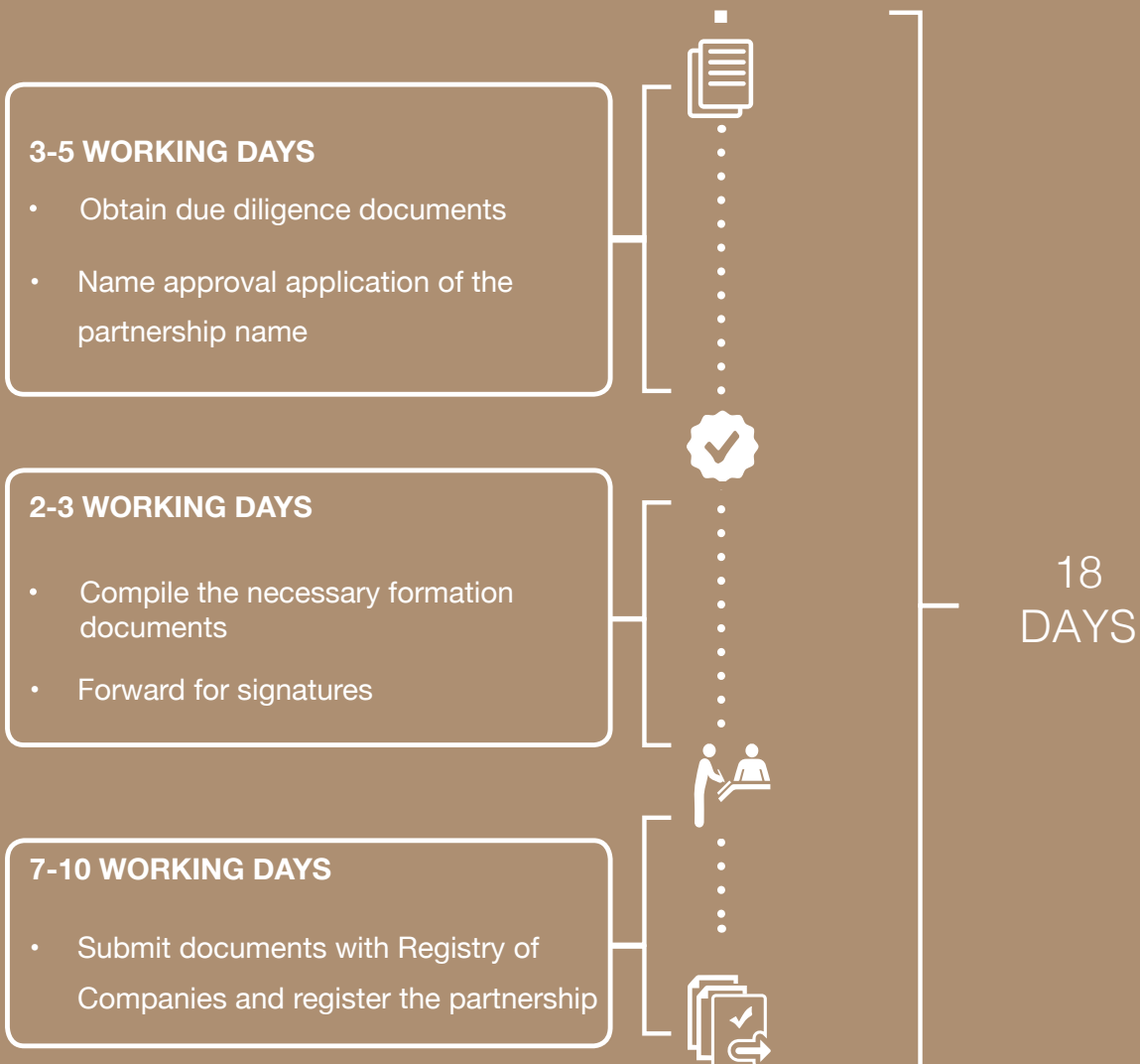
Cyprus ROC
Registration



Partnership Level
Bookkeeping

CYPRUS INCORPORATION

Timeline



WHY WORK WITH US?



Problem Solving,
Integrity, Honesty



Multi-Disciplinary:
Legal, Tax & Corporate



We're lawyers:
Lawyer-client
privilege



Commercially Aware,
Results Oriented



Malta-Cyprus
Lawyers,
Tax advisors,
Fiduciary staff: 200+



Our Ethos:
Big firm expertise,
Small firm personal



Malta



Dr Priscilla Mifsud-Parker
Senior Partner, Corporate, Trusts &
Fintech pmp@ccmalta.com