

Legal update

Cyprus Intellectual Property Tax Regime

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MICHAEL DAMIANOS & CO LLC
ADVOCATES & LEGAL CONSULTANTS

If you have any related questions/queries please do not hesitate to contact us.

info@damianoslaw.com
+357 22 021212

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Cyprus Intellectual Property Tax Regime

- Cyprus is a very tax efficient jurisdiction to hold IP and IP structures are being set up all the time in Cyprus in order to benefit from low taxation.
- Corporation tax itself is as low as 12.5% and in addition to this, Cyprus' wide double tax treaty network and access to the EU Interest and Royalty Directive serve as additional means for the achievement of tax optimisation when it comes to IP exploitation through Cyprus.
- As far as specific IP tax benefits are concerned, there are various exemptions from tax of income related to IP such as: (a) 80% of worldwide royalty income generated from IP owned by Cypriot resident companies (net of any direct expenses) is exempt from income tax, (b) 80% of profit generated from the disposal of IP owned by Cypriot resident companies (net of any direct expenses) is exempt from income tax, and (c) any expenditure of a capital nature for the acquisition or development of IP is claimed as a tax deduction. Adding to this, the low corporation tax mentioned above, a Cypriot IP company can benefit from an effective tax rate of only 2.5%.
- IP protection in Cyprus is conferred to various types of IP such as copyrights, patents and trademarks; with trademark registration in Cyprus being very popular indeed.
- It should also be noted that Cyprus is a signatory to all major international conventions relevant to IP, and being an EU member state, all EU IP Regulations are applicable to it and all EU IP Directives have been implemented into Cyprus law. Cyprus is, therefore, a jurisdiction where by a single registration a company can enjoy full protection in the whole of the EU.
- In order to register an IP right in Cyprus, such as a trademark, a Cypriot lawyer must, by law, be appointed.
- Registration of an IP right usually takes around six months.