

# Intellectual Property

Tax benefits and  
advantages



**Intellectual Property**



## Cyprus “Intellectual Property Box”

Our firm pioneered the use of Cyprus as a jurisdiction to hold intellectual property rights in order to optimise their cross-border exploitation. The Cyprus IP Box regime offers tax benefits in relation to expenses arising from R&D of a Cyprus company, including where R&D is outsourced to the Cyprus company.

In selecting a desirable R&D location key considerations include cost of facilities, IP security, regulation, immigration policy and infrastructure. The quality of educational and research institutions may also influence the selection process. The Cyprus jurisdiction provides a stable legal framework, corporate governance rules and asset protection.

Cyprus’ IP structures constitute an attractive tax option for business investment

## Tax advantages and benefits of the IP Box

**80% tax exemption** of the overall income resulting from qualifying intangible assets.

Qualifying intangible assets includes patents, computer software and other IP assets, nonobvious, beneficial and novel, which have been acquired, developed or exploited by a person in continuance of a business and that are a result of research and development activities, whilst also covering intangible assets for which only economic ownership exists.

## Cyprus’ corporate Tax Rate is 12.5% on income generated in Cyprus and abroad

### Licensing Options and Royalties

A Cyprus company can hold IP assets and enter into licensing agreements with entities located in jurisdictions accessible to low withholding tax rates, whether via a double tax agreement or the EU Interest and Royalties Directive. Cyprus has an extensive network of **double tax treaties** and is also a member of the EU, giving Cyprus residents the benefits of the Interest and Royalties Directive.

Cyprus is therefore an ideal location for the establishment and maintenance of the IP holder. There will no longer be any need to maintain a structure involving several jurisdictions, with the administrative burdens and costs this entails, and the royalty income generated will be substantially exempt from taxation in Cyprus.

## Royalties

**10% withholding tax** will be deducted and paid by the royalty paying company to the authorities, if the payment is for the use of the IP in Cyprus.

**No withholding tax** by the Cyprus tax resident to the non-resident licensor if the use of the IP is abroad.





## Intellectual property

IP is constantly evolving field that affects the functioning of the world at large. Its range of influence is immense, since it dominates areas of technology, social development and economic growth. It encapsulates a number of separate areas of creation.

Cyprus is a signatory to a number of **treaties** and Cyprus IP law is fully aligned with the *acquis communautaire* and international IP laws.

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## About us

Our firm distinguishes itself by providing high level advice to major multinational corporations on the protection and licensing of their intellectual property.

Our IP department has a long and successful record in the fields of trade marks, patents, business names, copyright, computer software, designs and domain names. We have established long-term relationships with many international law firms and specialists.



## Our Services

- Registration, renewal and assignment of national, European and international trademarks, patents and industrial designs
- Copyright advice and protection on software programs, literary works, artistic works and scientific works
- Search and investigation services
- Trademark monitoring and infringement services, including counterfeiting actions
- Validation of IP
- IP transfer agreements
- Licensing and franchising agreements
- Litigation

Building  
on our heritage.  
Innovating  
for the future.

## Contact Our Team

[ip@neo.law](mailto:ip@neo.law)

**Elias Neocleous & Co LLC** is the largest law firm in Cyprus and is internationally recognised as a leading law firm in the South-East Mediterranean region.

We are the only Cyprus firm selected for Legal Business magazine's **"Euro Elite" top 100 firms** in Europe. We have more than 140 fee-earners and management team whose skills we leverage to assist clients. We serve clients out of three offices in Cyprus and out of an international network of offices in the main destinations for investment via Cyprus.

Our staff have unmatched experience in assisting clients in cross-border investment projects in Europe, Asia, Africa and the Americas. Our attention to client service is what sets us apart.

For us the client comes first.

### LIMASSOL

Neocleous House  
195 Makarios III Avenue  
P.O.Box 50613  
CY-3608 Limassol, Cyprus

T: +357 25110110  
F: +357 25110001

### NICOSIA

5 Lemesou Avenue  
2nd Floor  
P.O.Box 26821  
CY-1648 Nicosia, Cyprus

T: +357 22110300  
F: +357 22110001

### PAPHOS

S.P. Business Centre  
4th Floor, Offices 410-411  
17 Neophytos Nikolaidis Ave. & Kilkis  
P.O.Box 61297, CY-8132 Paphos, Cyprus

T: +357 26110390  
F: +357 26110001



[www.neo.law](http://www.neo.law) / [ip@neo.law](mailto:ip@neo.law)

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