The Legal 500 & The In-House Lawyer
Comparative Legal Guide
Cyprus: Private Client (2nd edition)

This country-specific Q&A provides an overview to tax laws and regulations that may occur in Cyprus.

This Q&A is part of the global guide to Private Client. For a full list of jurisdictional Q&As visit http://www.inhouselawyer.co.uk/practice-areas/private-client-2nd-edition/

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1. Which factors bring an individual within the scope of tax on income and capital gains?

Taxes on income

An individual who is resident in Cyprus for a particular tax year is liable to income tax on worldwide income, whether that income is remitted to Cyprus or not. Non-residents are subject to income tax on income accruing or arising from sources in Cyprus. However, there is no income tax on dividend and interest income, so if the individual is not domiciled in Cyprus and liable to SDC tax (see below), these categories of income are entirely free of Cyprus taxation.

Special Defence Contribution, commonly known as SDC tax, is payable on dividends, interest (other than interest received as a business activity) and rents receivable. In order to be liable for SDC tax an individual must be both resident and domiciled in Cyprus for the tax year concerned. Individuals who are resident but not domiciled in Cyprus are exempt from SDC tax.

Capital gains tax

An individual who is resident in Cyprus for a particular tax year is liable to capital gains tax. However, capital gains tax is levied only on a very limited category of gains, namely gains on disposal of immovable property in Cyprus and on disposal of shares in non-listed companies directly or indirectly holding immovable property in Cyprus, to the extent that the gain on disposal of the shares derives from the immovable property.

Residence

The traditional determinant of residence for individuals is physical presence, with individuals being considered to be resident if they are present in Cyprus for more than 183 days in the relevant year. Days of departure and arrival are treated as follows:

- The day of departure from Cyprus counts as a day of residence outside Cyprus.
- The day of arrival in Cyprus counts as a day of residence in Cyprus.
- Arrival in and departure from Cyprus on the same day counts as one day of residence in Cyprus.
- Departure from and return to Cyprus on the same day counts as one day of residence outside Cyprus.

Law 119(I) of 2017 introduced an alternative residence qualification for 2017 and later tax years. An individual will be deemed to be resident in Cyprus if during the tax year concerned he or she maintained a permanent residence in Cyprus, undertook any business or employment in Cyprus which continued to exist at the end of the tax year) and was present in Cyprus for at least 60 days. All three conditions must be satisfied and the individual concerned must not be a tax resident of any other country (for example by reason of a physical presence there for 183 days) for the tax year in question.

Domicile

Domicile is a general legal concept and is distinct from nationality or residence. Generally, a person's domicile is the place that person considers their permanent home. As in many areas, Cyprus follows English common law in determining domicile.

For the purpose of determining liability to SDC tax, an individual will be deemed to be domiciled in Cyprus if he or she has been a tax resident for 17 or more of the 20 tax years immediately preceding the year of assessment.

2. What are the taxes and rates of tax to which an individual is subject in respect of income and capital gains and, in relation to those taxes, when does the tax year start and end, and when must tax returns be submitted and tax paid?

For all taxes, the tax year is the calendar year. Spouses are taxed separately.

Income tax

Income tax is payable on taxable income for the year at the following rates:

Income band		Rate
from	to	
0	€19,500	0
€19,500	€28,000	20%
€28,000	€36,300	25%
€36,300	and above	30%

Relief is given for donations to approved charities, professional and trade union subscriptions, life insurance premiums and contributions to pension, social insurance and welfare funds.

Several categories of income are exempt from income tax, including:

- interest and dividends receivable.
- lump sums received on retirement.
- capital sums from approved life assurance policies and provident or pension funds.
- income from employment services provided abroad to a non-resident employer or an overseas permanent establishment of a resident employer for a period exceeding 90 days in the tax year.
- profit from the sale of shares.
- certain pensions such as widow’s pension).
- salaries of officers and crew of ships owned by a Cyprus shipping company that sail under the Cyprus flag and operate in international waters.
- income from a qualifying scholarship, exhibition, bursary or similar educational endowment.

For income tax purposes a 20% deduction is allowed from rental income received.

The taxpayer may opt from year to year for any foreign pension either to be taxed on the standard basis or on an alternative basis in which the first €3,420 per annum is free of tax and the excess over that amount is taxed at 5%.

There is a separate system of taxation for companies or individuals engaged in operation or management of ships engaged in international trade, based on the tonnage of the vessels concerned.

There is a self-assessment system for income tax, under which taxpayers must submit an estimated tax return part-way through the tax year accompanied by payment of half the estimated liability, and the balance of the estimated liability at by the end of the tax year. The final tax return is submitted after the end of the tax year, together with payment of any final balance. The tax return must be based on audited financial statements if the taxpayer has an income of more than €70,000 from trading or professional activities. Individuals must submit a provisional estimate of profits and tax payable for the year by 31 July of the tax year, together with a remittance of half the estimated tax payable. The estimates may be revised at any time before 31 December of the tax year, and the balance of the estimated tax payable must be paid by then. A penalty may be imposed in the event of an excessive difference between the first and the final estimate.

Individuals who are exempt from the requirement to provide audited financial statements are required to submit their final tax return for the year, with a remittance for any tax payable, by 30 September following the end of the tax year. Tax returns must be submitted electronically via the official TAXISNET system.

Special contribution for defence (“SDC tax”)

Investment income (passive interest, dividends and rents) received by individuals who are both resident and domiciled in Cyprus for the tax year concerned is subject to SDC tax at 30 percent on interest, 17 percent on dividends and 2.25 percent on rents. If the individual is resident but not domiciled in Cyprus there is no liability to SCD. Given that interest and dividends are exempt from income tax, this means that interest and dividend income of resident non-domiciled individuals is exempt from all forms of Cyprus taxation, and in many cases exempt from overseas tax.

Taxpayers receiving rents, interest or dividends from which SDC tax has not been deducted must submit semi-annual returns together with payment of the amount due.

Capital gains tax

The only gains subject to capital gains tax, which is charged at 20 percent, are gains from the disposal of immovable property in Cyprus and shares in companies (but not companies listed on a recognised stock exchange) directly or indirectly owning immovable property in Cyprus, to the extent that the gain is derived from an appreciation in value of the immovable property.

Gains on disposal of any other kind of asset are entirely free of capital gains tax.

Taxpayers must report any capital gains as they arise and pay the tax. However, as capital gains tax only applies to a very limited range of assets this is not an issue that affects most taxpayers.

3. **Are withholding taxes relevant to individuals and, if so, how, in what circumstances and at what rates do they apply?**

There is a PAYE system for salaries. Subject to certain exemptions, SDC tax must be deducted at source from dividend and interest payments and certain rents and accounted for to the Tax Department.

Cyprus does not impose withholding taxes on interest, dividends or most royalties paid to non-residents.

Royalties paid to non-residents are subject to withholding tax at 10 per cent (or 5 percent in the case of cinema films), but only if they relate to the use of the intellectual property asset within Cyprus.

4. **Is there a wealth tax and, if so, which factors bring an individual within the scope of that tax, at what rate or rates is it charged, and when must tax returns be submitted and tax paid?**

There are no wealth taxes in Cyprus.

5. **Is tax charged on death or on gifts by individuals and, if so, which factors cause the tax to apply, when must a tax return be submitted, and at what rate, by whom and when must the tax be paid?**

There are no succession taxes in Cyprus, and no taxes on lifetime transfers.

6. **Are tax reliefs available on gifts (either during the donor's lifetime or on death) to a spouse, civil partner, or to any other relation, or of particular kinds of assets (e.g. business or agricultural assets), and how do any such reliefs apply?**

Not applicable - there are no succession taxes, and no taxes on lifetime transfers.

7. **Do the tax laws encourage gifts (either during the donor's lifetime or on death) to a charity, public foundation or similar entity, and how do the relevant tax rules apply?**

Not applicable - there are no succession taxes, and no taxes on lifetime transfers.

8. **How is real property situated in the jurisdiction taxed, in particular where it is owned by an individual who has no connection with the jurisdiction other than ownership of property there?**

There is no immovable property tax in Cyprus, and no special taxation of property owned by an individual who has no connection with the jurisdiction other than ownership of property there.

9. **Are taxes other than those described above imposed on individuals and, if so, how do they apply?**

Stamp duty

The following rules apply to stamp duty:

- No stamp duty is payable in respect of transactions with a consideration of €5,000 or less.
- For transactions with a consideration in excess of €5,000 but not exceeding €170,000, the rate of stamp duty is €1.50 for every €1,000 or part thereof.
- For transactions with a consideration in excess of €170,000, the rate of stamp duty is €2 for every €1,000 or part thereof.
- The maximum stamp duty payable on a contract is €20,000.
- Where no amount of consideration is specified in the contract, the stamp duty is €35.
- For a transaction which is evidenced by several documents, stamp duty is payable on the main contract and ancillary documents are charged at a flat rate of €2.
- Stamp duty of €430 is payable on the creation of a trust under the International Trusts Law.

Stamp duty must be paid within 30 days from the date of execution of the relevant documents or, if they are executed abroad, within 30 days after they are received in Cyprus. If stamp duty is paid late, a surcharge of approximately 10 percent of the unpaid amount is payable if payment is made within six months after the due date. Otherwise the surcharge is twice the unpaid amount.

Transfer fees

Land transfer fees are payable when title deeds are issued by the Department of Land and Surveys. If VAT is payable on the property no transfer fee is payable; otherwise the transfer fee is charged at progressive rates on successive tranches of the acquisition price (or market value of gifts) as follows:

- Up to €85,000: 1.5 percent.
- €85,000 to €170,000: 2.5 percent.
- Above €170,000: 4 percent.

10. Is there an advantageous tax regime for individuals who have recently arrived in or are only partially connected with the jurisdiction?

With effect from the 2008 tax year, under article 8(21) of the Income Tax Law of 2002, individuals becoming tax-resident and taking up employment in Cyprus became entitled to an exemption of 20% of their annual income from employment in Cyprus for the first three years of employment. The exemption was limited to €8,550 per annum. In 2012 an alternative exemption was introduced in the form of article 8(23), exempting 50% of the first five years' income from employment in Cyprus of a person who was not previously resident in Cyprus, provided the income from employment in Cyprus exceeds €100,000 per annum.

In 2015, as part of a package of measures aimed at stimulating the economy, both these exemptions were modified with effect from the beginning of the 2015 tax year. In respect of employments which began after 1 January 2012 the article 8(21) exemption was extended to cover the first five years following the year in which the employment began, but ceases to be available after the 2020 tax year. The article 8(23) exemption for earnings of more than €100,000 was extended from five years to 10. In respect of employments that began on or after January 1, 2015, the article 8(23) exemption is not available to anyone who was resident in Cyprus in any three of the five tax years preceding the year in which the employment in Cyprus began, or to anyone who was resident in Cyprus in the year preceding the year in which the employment began.

Only one of the exemptions can be claimed in any tax year, but the taxpayer may elect from year to year which of the exemptions to claim, as long as the relevant conditions are satisfied, principally that the individual is resident and employed in Cyprus.

11. What steps might an individual be advised to consider before establishing residence in (or becoming otherwise connected for tax purposes with) the jurisdiction?

The Cyprus International Trust, established under the International Trusts Laws of 1992 to 2013, is a very valuable and effective tool for asset protection, succession planning and tax planning. In order to establish a Cyprus International Trust, the settlor must not have been a resident of Cyprus for the calendar year prior to the creation of the trust. It is therefore prudent to establish any Cyprus International Trust prior to arrival in Cyprus.

As the Cyprus tax system is flexible and taxpayer-friendly, any other pre-entry planning that might usefully be undertaken would generally relate to overseas taxes.

12. What are the main rules of succession, and what are the scope and effect of any rules of forced heirship?

If there is a valid will, the assets pass according to the will, subject to the rules regarding the statutory portion of the estate. Cyprus law restricts, under certain circumstances, a person’s right to dispose of his or her property by will. The part that can validly be disposed of by will is called the ‘disposable portion’ of the estate and the part that cannot be disposed of by will is called the ‘statutory portion’. The statutory portion is distributed according to the rules of intestacy.

The actual proportion of the net estate taken up by the statutory portion varies according to which relatives survive the deceased person.

- If the deceased is survived by a living child or a descendant of a child, the statutory portion amounts to three-quarters of the net value of the estate;
- If the deceased is survived by a spouse or a parent, but not by any children or their descendants, the statutory portion is half the value of the net estate;
- If the individual leaves no surviving spouse, parent, child, or descendant of a child, the statutory portion is reduced to nil and the entire net estate may be disposed of by will.

The rules regarding the statutory portion are of limited relevance, since it is a straightforward matter to regain complete testamentary freedom with proper planning.

The rules of intestacy apply if no valid will exists, and also to any part of the estate not disposed of by will. For the purposes of applying the rules of intestacy the persons entitled to succeed to the estate of a deceased person are divided into four classes, namely:

- First class: the children of the deceased living at the time of his or her death and the descendants of any of the deceased’s children who died in his or her lifetime who are living at the time of the death of the deceased. The term “children” is not restricted to legitimate children, but extends to adopted children and children born out of wedlock.
- Second class: the father, mother, brothers, and sisters of the deceased, and the living children of siblings of the deceased who died in his or her lifetime. Between siblings, half-brothers or half-sisters are entitled to half the share of a full brother or sister.
- Third class: comprises the ancestors of the deceased nearest in degree of kindred, living at the time of his or her death.
- Fourth class: the nearest relatives of the deceased living at the time of his or her death, up to the sixth degree of kindred (more remote relatives are excluded).

Distribution takes place after the deduction of the share of the surviving spouse (see below). The heirs of each class generally succeed equally, but in the first and second classes the succession is *per stirpes*, whereas in the third and fourth classes it is all *per capita*. The persons of one class exclude persons of a subsequent class. The estate of an individual who dies leaving no spouse and no relative within the sixth degree of kindred will become the property of the Republic of Cyprus.

The share of the net value of the estate after the debts and liabilities have been discharged allocated to the surviving spouse varies according to the number and nature of other relatives surviving the deceased, thus:

- If the deceased has left a child or descendant of a child, the surviving spouse’s share is equal to the share of each child.
- If the deceased has left no child or descendant thereof but an ancestor or descendant of an ancestor within the third degree of kindred to the deceased, the surviving spouse is entitled to one-half of the net estate.
- If the deceased is survived by an ancestor or descendant of the fourth degree of kindred, but no closer relative, the surviving spouse’s share is three-quarters of the net estate.
- If no relative within the fourth degree of kindred or closer survives the deceased, the surviving spouse is entitled to the entire net estate.

13. **Is there a special regime for matrimonial property or the property of a civil partnership, and how does that regime affect succession?**

Article 13 of the Regulation of the Spouses' Property Relations Law of 1991 (Law 232/1991) provides that marriage does not affect the proprietary independence of the spouses; each spouse retains and acquires his or her own property after marriage. The spouses may acquire joint property, in which case each has an undivided share in such property. If the marriage is annulled or dissolved, or if the parties separate, then either may claim his or her contribution to the increase of the property of the other spouse. Prenuptial agreements between the spouses, or any agreements between the spouses for the future settlement of the matrimonial property concluded after the marriage but before separation, are not binding. Following separation, however, the parties may freely settle their matrimonial property between themselves, without recourse to the courts.

14. **What factors cause the succession law of the jurisdiction to apply on the death of an individual?**

Cyprus law regulates the succession to the estate of all persons whose domicile at the time of death is Cyprus, irrespective of nationality or residence, as well as the succession to any immoveable property located in Cyprus, regardless of the domicile nationality or residence of the owner. For deaths after 17 August 2015, the EU Succession Regulation applies, and a valid choice of law in favour of another EU member state under article 22 of the regulation will prevail.

15. **How does the jurisdiction deal with conflict between its succession laws and those of another jurisdiction with which the**

deceased was connected or in which the deceased owned property?

As regards the formalities required for a will to be valid, the critical factor is the place where the will was made. A will made in Cyprus must comply with the requirements of the Wills and Succession Law. A will made abroad must comply with the requirements of the law of the place where it was made. As regards the interpretation and implementation of the will, and the law to be applied, the critical factor for immovable property is the location of the property, whereas for movable property the nationality of the deceased at the time of death determines which law applies. In complex cases it will be necessary to go back to the conflict of laws rules of the jurisdictions involved.

For deaths after 17 August 2015, the EU Succession Regulation applies, and a valid choice of law in favour of another EU member state under article 22 of the regulation will prevail.

16. In what circumstances should an individual make a Will, what are the consequences of dying without having made a Will, and what are the formal requirements for making a Will?

It is not only essential to make a will, but it is also highly desirable to make trust arrangements regarding immovable property located in Cyprus in order to secure unrestricted freedom to dispose of the property, free of any statutory portion.

17. How is the estate of a deceased individual administered and who is responsible for collecting in assets, paying debts, and distributing to beneficiaries?

In Cyprus law, as in English law, the notion of direct succession is alien and the rights and liabilities attaching to the estate of the deceased are vested in the executor appointed by the will, if any, or the administrator of the deceased’s estate appointed by the court, referred to generically in the law as ‘personal representatives’, whose duty is to pass them on to the heirs. The executor derives his or her powers over the estate of the deceased from the will of the deceased, and the estate is vested in the executor at the time of the death of the deceased, whereas the administrator derives his or her powers from the order of the court appointing him or her as such, which is the time when the estate vests in him or her, but from the issue of such order the vesting operates as from the date of the death of the deceased. On the grant of probate or administration the personal representative steps into the shoes of the deceased for legal purposes. He or she acquires all the rights and obligations of the deceased and may sue and be sued in all matters concerning the estate of the deceased and his or her administration of it. Pending the grant of administration the estate vests temporarily in the court and, for small estates, the court may make an order for summary administration, in which case the probate registrar or such other public officer as the court may appoint will act as administrator.

18. Do the laws of your jurisdiction allow individuals to create trusts, private foundations, family companies, family partnerships or similar structures to hold, administer and regulate succession to private family wealth and, if so, which structures are most commonly or advantageously used?

Trusts are a well-established concept in Cyprus. The Trustee Law of 1955 (Cap 193), which mirrors the UK's Trustee Act 1925, is the basic law dealing with the trust relationship.

In 1992 Cyprus created a state-of-the-art international trusts regime with the enactment of the International Trusts Law, which provides a framework for the establishment of trusts in Cyprus by non-residents.

The 1992 Law introduced a new type of trust, known as an international trust, with tax planning advantages and robust asset protection features. Like similar laws in other jurisdictions, the 1992 Law was not a comprehensive codification and the Trustee Law 1955 applies to international trusts except where the 1992 Law provides otherwise.

The International Trusts (Amendment) Law of 2012, which entered into force in March 2012, updated the 1992 law to reflect developments in the intervening 20 years and brought Cyprus back to the forefront of leading trust jurisdictions. It clarified the eligibility provisions for Cyprus international trusts, strengthened their already formidable asset protection features, gave settlors far more flexibility than under the 1992 Law and widened trustees' investment powers. It also made several technical amendments and aligned the International Trusts Law with the EU *acquis communautaire*. The Amending Law of 2012 does not repeal and replace the 1992 Law but instead builds on it. Section 15 provides that it applies to all international trusts irrespective of their date of creation.

It is also possible to establish foundations in Cyprus, but they are not commonly used, because of the high degree of bureaucracy, and most current foundations are public benefit foundations. However, the existing Associations and Foundations Law of 1972 and 1997 was updated in 2017 to simplify procedures and a new law on foundations is expected to be enacted soon. These changes should lead to an increase in the use of private foundations.

19. How is any such structure constituted, what are the main rules that govern it, and what requirements are there for registration with or disclosure to any authority or regulator?

A Cyprus international trust is constituted by a trust deed, on which stamp duty of €430 is payable. The trust is governed by the trust deed, the terms of which can be tailored to the settlor's requirements, subject to very few restrictions.

Trustees and service providers are required to notify their respective supervisory body (the Cyprus Bar Association, the Central Bank, the Cyprus Securities and Exchange Commission, the Institute of Certified Public Accountants, the Real Estate Registration Council, the National Betting Authority and the National Gambling and Casino Supervisory Authority) of the following information relating to trusts they administer:

- the name of the trust;
- the name of the trustee at all relevant times;

- the date of creation of the trust;
- the date of any change in the law governing the trust;
- the date of termination of the trust.

This information must be forwarded to the competent authority within 15 days of the establishment of a new trust or the adoption of Cyprus law as the law governing the trust.

Subsequent changes in any relevant information, including termination of the trust or a change in the governing law from Cyprus law, must similarly be notified within 15 days.

Each of the competent authorities maintains a register of the information it receives. These registers are not open to public inspection.

The 2018 amendments to the Anti- Money Laundering Law include a new requirement for trustees of any express trust governed by Cyprus law or any other analogous legal arrangement to obtain and hold adequate, accurate and up-to-date information on beneficial ownership of the trust or arrangement, including the identity of the settlor, the trustees, the protector (if any), the beneficiaries or class of beneficiaries and any other natural person exercising effective control over the trust. This information must be provided by the trustees and held in a central register when the trust generates tax consequences in Cyprus. The police, the Customs Department, the Tax Department and the Unit for Combatting Money Laundering and Terrorist Financing (MOKAS) and the supervisory authorities named above will have direct access to the information kept in the register, and obliged entities will have access to their own information for the purposes of their due diligence and KYC procedures.

The 2018 amendments also provided for the creation of a central register of beneficial owners. Service providers must obtain the requisite information to establish the identity of the beneficial owner, including details of the beneficial interests held. Persons who can prove a legitimate interest will have access to the name, the month and the year of birth, the nationality and country of residence of the beneficial owner, and the nature and extent of the beneficial owner’s rights. Access to this information will be regulated by the Processing of Personal Data (Protection of the Individual) Law.

20. What information is required to be made available to the public regarding such structures and the ultimate beneficial ownership or control of such structures or of private assets generally?

None of the registers provides automatic access to the public. Enquirers will have to demonstrate a legitimate interest in order to obtain access.

21. How are such structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?

The general principle is that trusts are transparent for tax purposes and taxation on the income of the trust is assessed on the beneficiaries. Section 12 of the International Trusts Law as amended provides for a uniform tax regime applicable to all persons on the basis of a tax residency test. In the case of a beneficiary who is resident in Cyprus the worldwide income and profits of the trust are subject to Cyprus tax. In the case of a non-resident beneficiary only income and profits earned from sources within Cyprus are subject to Cyprus tax.

Any beneficiaries who elect to become Cyprus tax residents will be subject to taxation on their worldwide income, like any other Cyprus tax resident. Non-resident beneficiaries will be subject to Cyprus taxation only on any Cyprus-source income.

For trusts that have only resident beneficiaries or only non-resident beneficiaries, the application of these principles is very straightforward. Where a trust has both resident and non-resident beneficiaries, the tax authorities will determine the tax treatment by reference to the scope of rights that the respective beneficiaries have in the trust, as set out in the trust instrument.

22. **Are foreign trusts, private foundations etc recognised?**

Foreign trusts and foundations are recognised.

23. **How are such foreign structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?**

The general principle is that trusts are transparent for tax purposes and taxation on the income of the trust is assessed on the beneficiaries.

24. **To what extent can trusts, private foundations etc be used to shelter assets from the creditors of a settlor or beneficiary of the structure?**

Trusts are not affected in any way by succession and forced heirship rules, and the Cyprus International Trust is a particularly powerful asset protection tool, for the following reasons:

- Regardless of any bankruptcy or liquidation laws in Cyprus or in any other country, whether the trust is voluntary and without consideration, or made for the benefit of the settlor or his family members, the trust is not void or voidable. This is the case unless it is proved to the court that the trust was made with intent to defraud persons who were creditors of the settlor at the time when the payment or transfer of assets was made to the trust. The burden of proof of the settlor's intent to defraud lies with the person who is seeking to annul the transfer.
- Any action for avoidance of the trust must have begun within two years from the date of transfer or disposal of the assets to the trust.
- The Charitable Uses Act 1601 (also known as the Statute of Elizabeth), which invalidates arrangements made to hide assets from future creditors, is expressly excluded in Cyprus.

The Amending Law of 2012 strengthens these defences by explicitly providing that any question relating to the validity or administration of an international trust or a disposition to an international trust will be determined by the laws of Cyprus without reference to the law of any other jurisdiction. It also makes clear that the powers and duties of the trustees and of any protectors of the trusts are governed exclusively by Cyprus law.

Furthermore, it provides that dispositions to a trust cannot be challenged on the grounds that they are inconsistent with the laws of another jurisdiction, for example regarding family and succession issues, or on the grounds that the other jurisdiction does not recognise the concept of trusts.

25. What provision can be made to hold and manage assets for minor children and grandchildren?

Domestic trusts under the Trustee Law of 1955 or Cyprus International Trusts can be used to hold and manage assets for minor children and grandchildren. There is no limit on the period for which a Cyprus International Trust may continue to be valid and enforceable, and no rule against perpetuities or remoteness of vesting or any analogous rule will apply to a trust or to any advancement, appointment, payment or application of property from a trust.

26. Are individuals advised to create documents or take other steps in view of their possible mental incapacity and, if so, what are the main features of the advisable arrangements?

The general consensus is that any arrangement in the nature of a UK lasting power of attorney would cease to have effect if the person who had given it lost legal capacity.

27. What forms of charitable trust, charitable company, or philanthropic foundation are commonly established by

individuals, and how is this done?

Public benefit bodies may take the form of trusts, companies (which may apply to omit the word “Limited” from their name) or foundations. The Council of Ministers grants exemption from income tax to bodies for public benefit purposes incorporated exclusively and solely for the promotion of the arts, the sciences or sports which do not seek to gain profits for the body or its members.

28. What important legislative changes do you anticipate so far as they affect your advice to private clients?

Cyprus has a modern, reliable legal framework for high net worth individuals to hold and manage their wealth and organise their affairs effectively. The only change to the law which is expected in the short- to medium-term is enactment of a law on foundations.