

Annual Fees Introduced for Companies Registered in Cyprus

On 31 August 2011, amendment law No 2 of 2011 to the Cyprus Companies Law, Cap 113 was published in the Official Gazette which introduces annual fees charged on companies registered at the Department of the Registrar of Companies and Official Receiver of the Ministry of Commerce, Tourism and Industry.

The annual fee charged on each company is Euro 350 and for the year 2011 is payable the latest by 31 December 2011 and thereafter by 30 June of each year. Companies are not required to pay an annual fee for the year of their incorporation. In relation to companies registered in Cyprus belonging to a group, the aggregate, between them, of payment of annual fees to the Registrar is capped at Euro 20.000, which amount is split equally between them.

Provisions have also been introduced in respect of companies which default on their obligation to pay annual fees. Specifically companies which delay payment by 2 months counting from 30 June of each year are subject to a penalty of 10% and for delays of 5 months from the said date, the penalty of 30% is imposed, in each case, on the amount of fees.

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New Cyprus-Denmark tax treaty will generally apply as from 1 January 2012

The 2010 treaty and protocol to replace the current treaty dating from 1981

When in effect, dividends will be exempt if paid (1) to a company (other than a partnership) that holds directly at least 10% of the capital of the paying company for an uninterrupted period of at least one year, or (2) to a pension fund or other similar institution providing pension schemes provided the pension fund or similar institution is established, recognized for tax purposes and controlled in accordance with the laws of that other state. Otherwise, the rate will be 15%.

Interest and royalties will be exempt from tax.

Swiss tax deal signals beginning of the end for offshore evasion

The breakthrough tax agreement between Switzerland and the UK, which is expected to raise billions of pounds for the UK, was signed in London

The agreement ensures funds of UK taxpayers in Switzerland face a significant one-off deduction of between 19% and 34% to settle past tax liabilities.

From 2013, a new withholding tax of 48% on investment income and 27% on gains applying to those who have not previously told about these assets will ensure the effective future taxation of UK residents with funds in Swiss bank accounts. The new charges will not apply if the taxpayer authorizes a full disclosure of their affairs to HM Revenue & Customs (HMRC).

The Government has already announced a new power to find out about Swiss bank accounts held by UK residents and further strong safeguards for the UK.

HMRC Permanent Secretary for Tax, Dave Hartnett, said:

"The world is shrinking fast for offshore tax evaders and this agreement will ensure that we know where money that flees Switzerland is heading. We won't be far behind."

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New upcoming conference in Poland organized by **Globalserve Consultants Ltd**, in 25 October 2011.

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