

SOCIAL INSURANCE CONTRIBUTIONS

The table below summarises the contribution rates regarding social insurance, redundancy fund and industrial training fund:

	Social Insurance (%)	Redundancy Fund (%)	Industrial Training Fund (%)
Employer	6,3	1,2	0,5
Employee	6,3	-	-
Self employed	11,6	-	-

The maximum level of income on which social insurance is paid as from 1/1/2008 is as follows:

	Per week €	Per month €	Per year €
Weekly employees	885	n/a	46.020
Monthly employees	n/a	3.836	46.032

The lower limits for self employed persons per line of work are as follows:

Line of work	Per week €	Per year €
<i>Persons exercising a profession such as medical doctors, lawyers, accountants, economists, health professionals, pharmacists :</i>		
● with up to 10 years of practice	325	16.900
● with more than 10 years of practice	653	33.956
Entrepreneurs, estate agents and, wholesalers	653	33.956
Skilled workers	316	16.432
<i>Teachers for university, pre-primary, primary and secondary education, and assistants and special teachers</i>		
● with up to 10 years of practice	316	16.432
● with more than 10 years of practice	632	32.864

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Line of work	Per week €	Per year €
Builders and persons exercising work relevant to the building industry	396	20.592
Drivers, excavator operators and similar occupations	316	16.432
Secretaries, clerks, typists, cashiers, technical assistants, and media associates	316	16.432
Travelling salesmen, postmen, waste collectors, miners, sailors, salesmen, farmers, fishermen and similar occupations	219	11.388
Computer equipment operators, ship engineers, agents, musicians, magicians, designers	325	16.900
Cleaners, messengers, guards, dry cleaning owners and shop owners	299	15.548
Butchers, bakers, confectioners packers of fruits, meat, milk, tobacco and similar occupations	241	12.532
Persons not under any other occupation	325	16.900

SOCIAL COHESION FUND

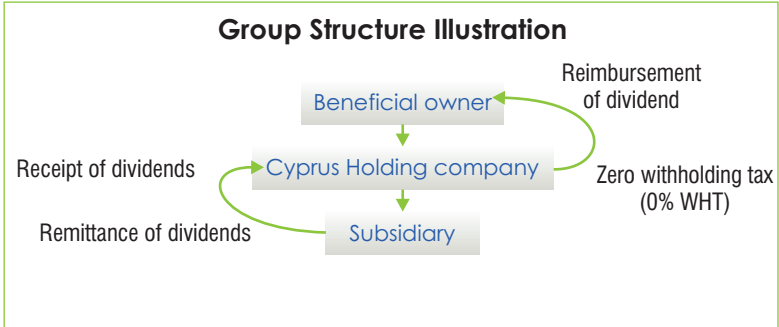
All employers are obliged to pay 2 % on the amount of their employees salaries to the social cohesion fund without any restriction or upper limit.

A fee of 0,15 % for both individuals and companies is imposed for all transactions that take place or are announced in the Cyprus Stock exchange.

Exempt transactions

- issuance of shares and buy back of shares by the issuer
- transactions in non convertible bonds or debentures
- transactions relating to bonds, development bonds and government securities
- gifts of securities from parent to child, between spouses and relatives up to third degree
- transfer of securities due to death

Date	Details of obligations
End of the following month	Payment of Tax deducted (PAYE) from employees salaries for the previous month.
End of the following month	Payment of Social insurance and other contributions deducted from employees salaries for the previous month.
End of the following month	Payment of special contribution for defence deducted from dividends and interest received for the previous month.
30th April each year	Submission of personal income tax returns by individuals for the previous year.
30th April each year	Submission of employers return for the previous year.
30 June each year	Submission of income tax returns by individuals not preparing audited accounts (but are obliged to issue invoices, receipts, e.t.c)if their gross income for the last year 2007 exceeds £ 10.750.
30 June each year	Payment of any outstanding amount due for the previous year by individuals via self assessment in the case that they are not required to prepare audited accounts. (but are obliged to issue invoices, receipts,e.t.c)
30 June each year	Payment of special contribution for defence on income received during the first six months of the current year
1 August each year	Submission of the temporary tax assessment for the current year.
1 August each year	Payment of the 1 st instalment as per the temporary tax assessment for the current year.
1 August each year	Payment of last year's outstanding balance due through self assessment for companies and individuals preparing audited accounts.
30 September each year	Payment of the 2nd instalment as per the temporary tax assessment for the current year.
30 September each year	Payment of immovable property tax for the current year.
31 December each year	Submission of company's tax returns for the previous year.
31 December each year	Payment of the 3rd and last instalment as per the temporary tax assessment for the current year.
31 December each year	Payment of special contribution for defence on income received during the last six months of the current year.
31 December each year	Submission of a revised temporary tax assessment for the current year (if necessary).



Remittance of Dividends

The amount remitted as dividends by the subsidiary to the Cyprus International Holding Company varies according to the tax rates of the country of incorporation of the subsidiary and the provisions of the Double Tax Treaty between Cyprus and that country.

Tax free receipt of dividend by the Cyprus Holding company

The receipt of dividends by an International Cyprus Holding company can be completely tax free as:

- 1) Dividend income is exempt from corporation tax in Cyprus, and
- 2) Dividend income may be exempt from Special contribution for defence under certain conditions.

Zero withholding tax

The reimbursement of dividends to the beneficial owners has a zero withholding tax regime (0%) in the situation that the beneficial owner is a corporate entity or an individual not tax resident in Cyprus.

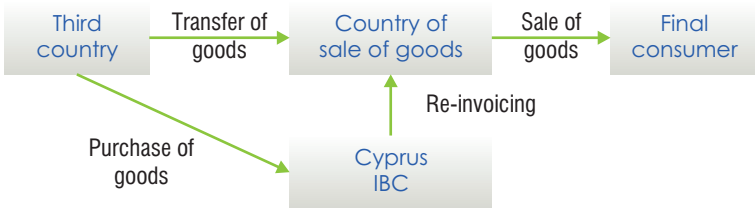
Reduced tax burden & Increased amount of Net income receivable by beneficial owners

Due to the fact that (a) Dividends received by the Cyprus International Holding company from abroad are tax free (under certain conditions) and (b) no withholding tax is deducted on the reimbursement of dividends by the Cyprus International Holding company to the beneficial owner, then the amount of the cumulative tax burden is minimized and the net amount of the dividend income paid out to the ultimate beneficial owners is maximized.

TRIANGULAR TRADING WITH AN INTERNATIONAL BUSINESS COMPANY (IBC)

By utilizing the low tax corporation rate in Cyprus, an International Business Company incorporated in Cyprus, can be used as an intermediary for the purchase of goods from a third country without the goods being imported to Cyprus but instead transferred directly to the country of final destination and sale.

Illustrative example



Purchase of goods by the IBC from a third country

- A Cyprus International Business Company will purchase the goods from the third country manufacturer.
- The goods purchased need not be imported to the island of Cyprus, and instead the goods are being transferred directly from the third country to the country of sale to the final consumer.
- The Cyprus IBC will issue a sale invoice to the company that is receiving the goods in the country of final sale of the products.

Re-invoicing of goods

- The sale invoice issued by a Cyprus IBC will result to part of the profit made in the transaction to be taxed in Cyprus at the low rate of 10 % on the net taxable profit (one of the lowest tax rate in the world).
- This will reduce substantially the overall tax burden of the ultimate beneficial owner.



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