



## World's top business minds in Cyprus

Some of the world's top business minds converged under one roof in Limassol, Cyprus recently to share their experiences during an international business conference co-organised by Totalserve Management Ltd, Socius International AG Zurich and the international business magazine, Boardroom.

'Shaping the Future: Entrepreneurship, Leadership and Corporate Governance' was held on April 26-27 as part of a series of events to celebrate Totalserve's 35-year anniversary.

The Chairman of Totalserve, Peter G. Economides, said that the conference was addressed by such prominent personalities as the Chairman of the Swatch group, Dr. h.c. Nicolas Hayek, Honorary Chairman of Nestle, Dr. Helmut Maucher, Former Supervisory Board President of Porsche, Prof. Dr. Helmut Sihler and the CEO of the St. Moritz Tourist Board in Switzerland, Dr. Hanspeter Danuser.

Economides pointed out that the conference also placed particular attention to the role of women in business and leadership in general since



Dr. Nicolas Hayek, addresses the conference via a live video link while moderator of the discussion, Peter G. Economides looks on.

the list of speakers included Senior Executive at Delta Holding, Radmila Bajevic, CEO and President of Lek Pharmaceutical, Janja Bratos, Executive Director of the Corporate Governance Network, Anne Simpson and Cypriot business woman, Elena Tanou.

He added: "We wanted to mark our 35th anniversary with a truly memorable event, so along with our strategic partners, we have managed to attract these business legends to share with us what they have created and how."

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## Totalserve celebrates 35-year anniversary

Totalserve is this year celebrating 35 years since its establishment back in 1972 from a small office in the West End of London and has already embarked on an elaborate series of events to mark the momentous occasion.

Its anniversary celebrations started in April with the international business conference, Shaping the Future. They continued in June with a seminar in Thessaloniki geared towards exporters and professionals in Northern Greece and the grand opening of the company's new office premises in Warsaw, Poland.

Many more celebratory events are expected before the end of the year. At the same time, Totalserve has revamped its corporate communications materials to include its 35-year anniversary seal and all-new graphics.



Totalserve's anniversary seal.



TOTALSERVE HOUSE

## Financial News ... Financial News ... Financial News ... Financial News ...

### Repatriation of profits

The United Kingdom government is reportedly working on proposals that would allow British-based multinationals to repatriate billions of pounds in profits earned overseas free of tax.

According to a recent report by the Financial Times, the Treasury is gearing up to launch a consultation document which will discuss a number of options, including a European-style "participation exemption" for foreign dividends, as well as a different approach to the anti-avoidance rules that impose tax on profits generated in low-tax jurisdictions.

### No Tax for British holiday home owners

British citizens who buy a home abroad will not face an income tax charge if they purchase the home using a company as the owner, it was recently announced. Under the new rules, British nationals will be free to set up a company to own their holiday home and will not be liable for the 'benefit in kind charge' if they do so.



Good news for UK home owners

### Cyprus fiscal policy on the right track

The European Commission announced earlier in the year that Cyprus has presented a fiscal policy strategy in line with the Stability and Growth Pact.

Based on macroeconomic projections, fiscal policy in Cyprus is geared towards achieving the medium-term objective (MTO) of a structural deficit of 0.5% of GDP by 2008, and a balanced position in both nominal and structural terms by the end of the programme period. The general government deficit and gross debt are planned to decline to 0.1% and 46.1% of GDP respectively by 2010, down from 1.9% and 64.7% respectively in 2006.

### Cyprus and Romania

Cyprus is Romania's eighth largest contributor of foreign investments. As at the end of 2006, a total of 2,000 Cypriot companies were involved in business ventures in Romania, contributing a total of €450 million to the country's economy. They mainly deal with real estate.



### Luxembourg Unveils SPF

Following the termination of its 1929 holding company regime at the beginning of the year, the Luxembourg government has launched its planned replacement, known as the Family Private Assets Management Company, or SPF.

The termination followed an EC decision that the 1929 regime, alongside several other structures, violated EC Treaty state aid rules by granting "unjustified tax advantages." The SPF regime, subject to European Commission approval, will be prohibited from commercial activity, and will be limited to private wealth management activity.

### BVIBCA Amended

The British Virgin Islands Financial Services Commission recently announced that it has amended the schedules to the BVI Business Companies Act (BVIBCA). Specifically, the Commission reduced the 2007 annual fees payable by companies registered under the Companies Act to 2006 levels and also established new, simplified provisions for the transitioning of bearer share companies to companies with registered shares. At the same time, it raised the incorporation and annual fees that will be payable by private trust companies from \$350 to \$750 for companies authorised to issue less than 50,000 shares and from \$1,200 to \$1,450 for companies with more than 50,000 shares.



British Virgin Islands

The development came as 2006 registered an all time high in incorporations of BVI Business Companies (BVIBCs). Over 65,000 companies were incorporated during the year representing a 12% increase from 2005. At the end of 2006, the total number of companies on the BVI Register reached a whopping 774,573. At the same time, the BVI remains one of the premier jurisdictions for fund domiciliation and the industry continues to grow. The number of active funds recognised and registered in the BVI grew by 8% from 2,372 in 2005 to 2,571 in 2006.

### New Isle of Man Companies Act

The Isle of Man's new Companies Act of 2006 has made provision for a new company regime known as the NMV to exist alongside companies incorporated under the Companies Acts 1931 to 2004 and those formed under the Limited Liability Companies Act 1996.

The NMV is similar in many respects to the international business company model available in many other offshore jurisdictions. The 2006 Act simplifies a number of the traditional company law procedures, including the concept of authorised share capital and capital maintenance as well as many compulsory registry filings.

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The conference included on-stage interviews, presentations and panel discussions and attracted business managers and executives from Cyprus and all over Europe.

It was supported by the Bank

of Cyprus, Cyprus Airways and the newspaper Phileleftheros.

For a full report and more pictures from the conference, please visit our Recent News section on our web site at [www.totalservicey.com](http://www.totalservicey.com).



Conference delegates came from Cyprus and all over Europe.

# Cyprus gears up to join the Euro

**Cyprus received on July 10 the official go ahead from the EU Finance Ministers to adopt the Euro in January. The Cyprus pound locked with the Euro at 0.585274 or 1 CYP/EUR 1.7086.**

**It is only fitting that Cyprus is now gearing up to join the Euro at the beginning of next year.**

After all, the Euro symbol € is inspired by the Greek letter epsilon pointing back to the cradle of European civilisation and the first letter of Europe, crossed by two parallel lines to indicate the stability of the currency.

The Euro was first introduced as the single currency on 1 January, 2002 and has already been adopted by 310 million Europeans in 13 member states.

Even though the designs of the Euro banknotes are the same throughout the Euro Area, coins feature a 'common' side and a 'national' side. Already, Cyprus has chosen three designs for its coins depicting images from

the history, culture and nature of the island.

## Euro and Cyprus

Cyprus will adopt the Euro, giving up its national currency (the Cyprus Pound), on 1 January, 2008. At the same time, it will become a member of the Economic and Monetary Union (EMU), which is based on the conduct of a single monetary policy primarily focused on maintaining price stability.

Cyprus is already an attractive investment destination by Eurozone standards, benefiting from higher growth and lower taxes than regional peers. Growth is projected to continue to outpace the

the lowest effective corporate tax rate of 10% amongst Eurozone countries, then cross-border transactions with fellow Euro currency users makes it almost a necessity to look at Cyprus holding and trading companies as integral parts of any tax planning structure. Certain key issues arise for existing Cyprus companies and those considering the tax-efficient use of Cyprus companies upon adoption of the Euro.

## Euro Tax Planning via Cyprus

A few of the more crucial of those issues are:

- The introduction of the Euro does not change the relationship between the

will be treated as usual.

- Exchange differences realised on the Euro's future adoption as the functional currency in Cyprus should be treated in the same way as other realised exchange differences.
- The ability to sell across the Eurozone in one currency will increase price transparency and is likely to increase competition. Companies should therefore review their purchasing, pricing and marketing strategies.
- The elimination of exchange rate risks and new methods of doing business will change the relationships between group companies and the way risk and function is divided between companies in the group.



Cyprus Euro Coins

Eurozone average in 2007-2011, with robust domestic demand growth driven by rising incomes, low interest rates and an increase in infrastructure spending. Since Cyprus companies enjoy

currency of a participating Member State and a non-participating Member State. The currencies will continue to fluctuate in relation to each other and the exchange differences

The successful introduction of the Euro will be welcomed by the international owners of Cyprus companies who, aware of the associated challenges, expect this single currency to accelerate European integration and create new opportunities.

## Russian inward and outward investments



**Cyprus is currently considered as the prime springboard for inward and outward investments in Russia and other CIS countries for a variety of enticing reasons.**

Those include the island's geographical position, tax deductibility and zero withholding tax on payments of dividends, interest and royalties made by Cyprus companies to Cyprus non-residents. Most importantly though, the main ingredient for Cyprus' attractiveness is the

existence of a favourable agreement for the avoidance of double taxation between the two countries.

As at the end of September 2006, the total amount of accumulated investments in Russia amounted to \$130 billion out of which \$28 billion or 21.6% came through Cyprus.

When Russian companies tend to need a sizable helping of capital which cannot come from Russian investors but rather from international

investors and mainly institutional investors, then they turn to Cyprus to use as a low-tax passageway into the country.

At the same time, Russian residents may use Cyprus as a springboard into international projects. These two factors provide for a heady concoction of unparalleled tax efficiency.

In relation to dividends, there is a 5% withholding tax if the investment is greater than US\$100,000 otherwise 10% is

applicable.

Furthermore, as of 1st January 2000 there are no withholding taxes on the payment of Interest, Management fees, Royalties and Leasing of equipment, applicable to individuals or corporations that are taxed in Cyprus by reason of domicile, incorporation or place of management.

All things considered, Cyprus is one passageway to Russia that will remain open for a considerable time.

## **Totalserve News ... Totalserve News ... Totalserve News ... Totalserve News ...**

### **New Warsaw office**

Totalserve celebrated on June 9, the opening of their new office premises in Warsaw.

Addressing a cocktail reception to mark the event, Totalserve Chairman, Peter G. Economides, said that "our operations here have so far exhibited spectacular results as well as tremendous potential for further future growth," adding that "the office's success necessitated better and bigger offices, therefore, recently the firm acquired its own premises out of which to operate."

### **Thessaloniki Seminar**

Cyprus and its comparative advantages as a tax planning gateway to the Balkans and the Middle East was the main theme of yet another Totalserve seminar, this time in Thessaloniki in Northern Greece. The seminar was organised on June 6 in cooperation with the Exporters' Association of Northern Greece (SEVE) and attracted 150 business owners, industrialists, accountants, tax consultants and lawyers from the region.



Eleni Antonopoulou

The seminar was addressed by Totalserve Chairman, Peter G. Economides and representatives from Totalserve's associated law firm, Economides, Dionysiou & Co and associated auditing firm, P.G. Economides & Co Ltd. Also, by the Manager of Totalserve's Athens and Thessaloniki offices, Eleni Antonopoulou, representatives of the Cyprus embassy in Greece, the Greek embassy in Cyprus and SEVE.

### **International Appointment**

The Founder and Chairman of the Cyprus Branch of the Society of Trusts and Estate Practitioners (STEP), Peter G. Economides, was recently appointed a member of the international committee of the organization. STEP was founded in 1991 in the UK and is now considered the leading professional body for the trust and estate profession worldwide with over 12,000 members.

### **London Manager**

Alena Lychak was recently appointed Manager of Totalserve's London Office. Alena has graduated from the National Technical University of Ukraine in Kiev with an MA in Linguistics. She also holds a professional qualification in Business Administration from the College of Management. She is fluent in English, Russian and Ukrainian.



Alena Lychak

### **New Department Head**

Michael Davies, BSc (Econ), LL.M., Barrister, TEP, was appointed earlier in the year Head of Totalserve's Trust & Corporate Department. Mike holds Master of Laws degrees from the Universities of Reading and Cambridge respectively. Having completed his university education, he qualified as a Barrister and is a member of Grays Inn.



Michael Davies

He has many years of experience in the international corporate, tax and trust consulting industry. He has served in a similar position in other International Trust companies and looked after many multinational companies and high net worth individuals.

### **Fund Formations**

Totalserve's Trust and Corporate Department is currently engaged in a series of international fund formations that will be listed on Stock Exchanges worldwide. The total investment in these projects exceeds \$1 billion. This is an exciting new era for Totalserve. More information will be released shortly.

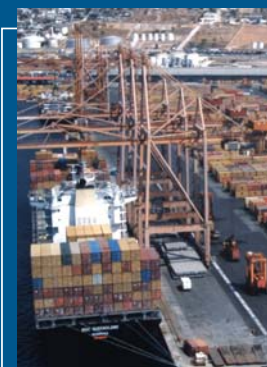
### **Totalserve strikes oil**

Totalserve was recently selected as the corporate formation, administrative, account and tax advisors to one of the largest petroleum concerns in the world and in fact a household name to many. The cooperation was initiated earlier in the year and is now in full swing.

### **Shipping Seminars**

George Zambartas, Senior Legal Consultant with Totalserve's associated law firm, Economides, Dionysiou & Co, continued this year his series of speaking engagements around the world. Already in 2007, George has addressed such issues as ship registration and ship finance at various shipping conferences in Europe and the Middle East.

Those included Dubai, which was organised by the Expo Centre Sharjah, Athens, organised by Lloyd's List Events, Novorossiysk, organised by Transmarine BSS and Odessa, co-organised by the Remedy Law Firm and the International Law Offices.



Cyprus Shipping