

CYPRUS, DUBAI AND MALTA COMPARISON

	Cyprus	Dubai	Malta
EU Member?	Yes	No	Yes
Currency	Euro (€)	UAE Dirham (AED)	Euro (€)
Corporation tax rate(s)	12.5% (can be reduced to 4,5% with the Notional interest deduction)	0%	35% but due to imputation system the effective tax is 0% - 10%
Carry forward of ordinary tax losses?	Yes, for 5 years	N/A - No tax for Dubai DIFC companies	Yes, indefinitely
Carry back of ordinary tax losses?	No	N/A - No tax for Dubai DIFC companies	No
Capital gains tax rate(s)	0% 20% only on immovable property situated in Cyprus	0%	0% for participation holdings or effectively 0% - 5%
Capital losses	Can be carried forward indefinitely	Not tax-deductible since capital gains are not taxable	Can be carried forward indefinitely

	Cyprus	Dubai	Malta
VAT standard rate	19%	N/A - No VAT in Dubai	18%
VAT reduced rate(s)	9%, 5% and 0%	N/A - No VAT in Dubai	7% and 5%
VAT registration threshold	€15,600	N/A - No VAT in Dubai	€7,000
VAT filing & payment	Quarterly	N/A - No VAT in Dubai	Quarterly
Other taxes	N/A	N/A	N/A
Taxable period	Calendar year (01/01 - 31/12)	N/A - no tax for Dubai DIFC companies	Calendar year (01/01 - 31/12)
Tax return requirement	Yes	No	Yes
Tax return due date	15 months after the end of tax year	N/A - No requirement for tax return	31/09 of the following year
Tax residency requirements	Management and control to be exercised in Cyprus	Registered in Dubai DIFC and management and control exercised in Dubai	Management and control to be exercised in Malta
Tax rate on dividends from local investments	0%	0%	0% if under participation exemption or 35% (effectively 0% - 10%)

	Cyprus	Dubai	Malta
Tax rate on dividends from foreign investments	0% (subject to easily met criteria)	0%	0% if under participation exemption or 35% (effectively 5% - 10%)
Withholding tax on dividend payments to foreign shareholders	0%	0%	0%
Tax rate on interest income	From 10 to 15% if it is business line income or not	0%	0% for passive and 35% (effectively 0% - 10%) for active interest income
Withholding tax on interest payments to foreign recipients	0%	0%	0%
Tax deductibility of interest expense	Yes	N/A - No tax for Dubai DIFC companies	Yes if incurred for the production of taxable income
Tax rate on royalty income	12.5% (on 20% of royalty income)	0%	0% for passive and 35% (effectively 0% - 10%) for active royalty income
Tax deductibility of royalty expense	Yes	N/A - No tax for Dubai DIFC companies	Yes if incurred for the production of taxable income
Taxability of disposal of shares by foreign shareholder	No, as long as the company does not own Cyprus real estate	No	No if the company does not hold Maltese real estate or if its foreign shareholder company is not controlled by Maltese residents

	Cyprus	Dubai	Malta
Taxation of partnership profits	Taxed in the hands of each partner	N/A - No tax for Dubai DIFC companies	Taxed in the hands of each partner except Limited Partnerships which are treated as companies
Taxation of branch profits	Treated as a company i.e. taxed at 12.5%	Treated as a company i.e. 0% tax	Treated as a company
Branch remittance tax	0%	0%	0%
Stamp duty	Yes	No	Yes

With over a decade worth of experience and a prominent network of international clients, BKMS has established a reputation that speaks for itself. BKMS is covering a broad spectrum of industries, taking into account the required accounting treatment and tax implications as well as the challenging international regulatory framework. Client Trust and loyalty are the very fundament of every commitment undertaken by BKMS. Adherence to a strict policy of professionalism therefore results in continuously successful developments.

Regulated by Cyprus Securities and Exchange Commission Reg. No 96/196



BKMS Limited

201 Strovolos Avenue, Off. 201-202
2nd Floor, The Future Business Centre,
2049 Nicosia, Cyprus

Tel. +357 – 22 265 360
Fax. +357 – 22 265 361

info@bkmsgroup.com
www.bkmsgroup.com

MULTI FAMILY OFFICE SERVICES

- Administrative Services
- Tax Planning
- Wealth Planning
- Corporate Consulting
- Legal Services
- Trust Services
- Concierge Services

The materials provided in this document are issued for general information purposes only and are not designed to provide legal or other professional advice. Hence we accept no responsibility for any direct, indirect or consequential loss or damage which may arise from reliance on information contained in this document. Readers are advised to seek confirmation of statements made herein before acting upon them; specialist advice should also be sought on your particular cases. Please feel free to contact us at your convenience.