

## Succession to Cyprus Shares

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Shares in a Cyprus company are treated as being located for legal purposes in Cyprus. Therefore, when a registered shareholder of a Cyprus company dies, her/his shares cannot be transmitted to her/his heirs until, in the case of a will, a grant of probate or, in the case of no will, grant of letters of administration has been granted from the Cyprus Court (a "Grant").

### **Beneficial Entitlement**

Generally, the law of succession in Cyprus is similar to most other commonwealth nations inasmuch that it looks to the deceased person's domicile or habitual residence at the time of death when determining the proper law to be applied (save in respect of immovable property).

As shares are intangible property, the domicile of the deceased will decide the question of beneficial entitlement, and a Grant will be needed in order to effect the transfer of the shares into the beneficiary's name. Domicile generally refers to the place which a person regards as her/his permanent home and with which he or she has the closest residential and social ties.

### **Who can obtain the Grant?**

Where there is an application for letters of administration, the laws of the domicile of the deceased at the time of her/his death also determine who is entitled to make the application. These applications are very similar to an application for probate. An affidavit of foreign law from a lawyer based in the domicile of the deceased is required to support these applications and sets out who is entitled to make the application for the letters of administration and who is entitled to the assets under the laws of that foreign country.

## **Foreign Wills**

Grants of probate or letters of administration from a Commonwealth country can be re-sealed by the Cyprus Court<sup>t</sup>. Where re-sealing is not available, an application for a Grant shall be made to the Cyprus Court.

## **Cyprus Will**

A will under Cyprus law will permit a testator to set out the intentions for her/his shares in a Cyprus company upon her/his death. It shall be noted that a Cyprus will must be effective under the law of the deceased's domicile at the time of death. In other words the will must be valid under that foreign law if it is to be valid under Cyprus law. Applications for a Grant for a Cyprus will, where the deceased died domiciled outside Cyprus, must also be accompanied by an affidavit of foreign lawyer confirming that the will is valid under the relevant foreign law.

## **Applying for a Grant**

In addition to the will, where applicable, the following will be required when applying for a Grant:

- an affidavit in standard form to support the application and undertaking to administer the estate;
- an affidavit as to execution of the will (where applicable);
- the certificate of death (duly certified with an apostil and translated into Greek); and
- an expert opinion of foreign law.

Other supporting documentation may be required depending on the nature of the application.

A Grant is usually issued within 3 – 6 months from the time of filing of the application although it may be longer where the estate is contested.

## **Cyprus Taxes**

The Estate Duty (Amending) Law of 2000 abolished any form of succession tax in respect of deaths taking place on or after 1 January 2000.

### **Succession of Shares under “Bare Trust” / Nomineeship**

Where the shares in a Cyprus Company are held under, of what is commonly known as, a “bare trust”, i.e. through a nominee shareholder, and the instrument is silent on transmission, a Grant will also be required for the beneficial entitlement of such shares.

However, it is advisable that the beneficial owner of the shares in a Cyprus Company to instruct the nominee shareholder to hold or transfer the shares to a named person upon his death so to avoid the need of a Grant, which of course will be issued by the Court following possible forced heirship rules of the country of domicile, retaining control of how, upon her/his death, her/his the beneficial ownership of the shares will pass and to whom. Such instructions to the nominee can be included in the same instrument creating the “bare trust”.

### **Cyprus International Trust**

Given the complexity of the above as well as the forced heirship rules that may apply in your country of domicile, a very attractive option is the setting up of a [Cyprus International Trust](#).

For further information on this topic please contact Ms Evita Lambrou, Associate Lawyer at SOTERIS Flourentzos & Associates LLC, by telephone (+357 25 107242) or by e-mail (el@sflourentzos.com). This article is not intended to be a substitute for legal advice or a legal opinion. It deals in broad terms only and is intended to merely provide a brief overview and give general information.