Information Sheet No. 53

## Cyprus Stamp Duty on Share Capital (Capital Duty)

### Upon registration of company

Capital duty is payable upon registration of a limited company as follows:

- A fixed amount of €105 - irrespective of the amount of the share capital.
- 0.6% on the authorized share capital.
- A fixed amount of €20 if the shares are issued at a premium

### Upon subsequent increase and issue of share capital

For every new increase of the authorized share capital:

- 0.6% on the authorized share capital.

For every subsequent issue of shares:

- A fixed amount of €20 (whether issued at nominal value or at a premium).

**Planning Tip:**

For highly capitalized companies there are ways with proper planning in advance to significantly reduce the related capital duty. Specifically:

There is no capital duty payable on share premium. Thus, the capital duty can be significantly reduced by having small authorized share capital and issuing the shares at high share premium *[See Example 3 below]*

### *Example 1 – Upon incorporation*

A company upon its incorporation has an authorized share capital of 1.000 shares of €1 each.

Upon incorporation the capital duty will be €1.000 x 0.6% = €6 + flat fee of €105 = €111

### *Example 2 – Subsequent increase*

If the authorized share capital from Example 1 above will subsequently be increased to 10.000 shares of €1 each, the capital duty will be €9.000 x 0.6% = €54.

Upon the issuance of the new 9.000 shares there will also be a flat duty of €20.

### *Example 3 – Highly capitalized company*

Assume upon the incorporation of a company a significant amount of funds or significant value of assets needs to be injected in the share capital of a Cyprus company – e.g. assets with a value of €1.000.000 – and it is required that the company issues 1.000 shares.

- There is a flat duty of €105
- If the company authorizes and issues an additional 1.000 shares at a value of €1.000 each, the related capital duty will be €1.000.000 x 0.6% = €6.000

**Planning tip:**

- Alternatively, the company could have an authorized share capital of 1.000 shares at a value of €1 each. Thus the related capital duty will be €1.000 x 0.6% = €6
- Upon the issuance of the 1.000 shares these will be issued at a premium of €999 each [i.e. nominal value €1 + share premium €999 each]. There is a flat duty of €20 if shares are issued at a premium.

**Comparison:**

- Capital duty without issuing at a premium: €105 + €6.000 = **€6.105**

- Capital duty if issued at a premium: €105 + €6 + €20 = **€131**

***NOTES:***

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. P.G. Economides & Co Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.

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