

# Cyprus International Trusts

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# Cyprus International Trusts

## Why Cyprus

A Cyprus International Trust offers various asset protection advantages that cannot be found in other jurisdictions. It gives the opportunity to create a trust that suits complex situations and it can be used as a tool for effective estate planning.



## Conditions for Establishing an International Trust

The International Trusts Law of 1992, as amended, defines an international trust as a trust in respect of which:

- The settlor, being either a natural or legal person, is not a Cyprus tax resident during the calendar year immediately preceding the creation of the trust; and
- No beneficiary, whether natural or legal person, other than a charity, is a Cyprus tax resident during the calendar year immediately preceding the creation of the trust; and
- At least one trustee is a Cyprus tax resident during the lifetime of the trust.

## Benefits of a Cyprus International Trust

### Asset Protection

Notwithstanding the provisions of any bankruptcy or liquidation laws in Cyprus or in any other country, unless it is proven to the court that the trust was made with intent to defraud the creditors of the settlor at the time of the transfer of assets to the trust, the trust shall not be void or voidable. The burden of proof lies with the creditors and such an action must be instituted by the creditors within two years from the date of transfer of the assets into the trust (settlement).

## **Tax Treatment**

All income and profits of a trust derived or deemed to be derived from sources within and outside Cyprus are subject to any taxation which is imposed in Cyprus where the beneficiary is a Cyprus tax resident.

Accordingly, if the beneficiary is not a Cyprus tax resident, only the income and gains of the trust which are derived or deemed to be derived from sources within Cyprus are subject to taxation in Cyprus. Income and gains of a trust acquired or deemed to be acquired outside Cyprus and provided to beneficiaries who are not Cyprus tax residents, are not taxed in Cyprus.

## **Inheritance or Succession**

The legislation of Cyprus or the legislation of any other country relating to inheritance or succession (including forced heirship rules) shall not be capable to invalidate a trust or affect any transfer to or disposal by the trust.

## **Settlor Powers**

The settlor of a trust has the power:

- to revoke or amend the terms of the trust
- to act as a director or officer of a company wholly or partly owned by the trust
- to issue directions to the trustee as to the manner in which he deals with the trust property
- to appoint or remove any trustee, enforcer, protector or beneficiary
- to appoint or remove an investment manager or advisor
- to change the governing law of the trust
- to limit the power of the trustee by requiring the consent of the settlor or another person

## **Power of the Trustee to Invest in Movable and Immovable Property**

A trustee may at any time invest the whole or any part of the trust fund. The trustee may hold, maintain or invest in movable property in Cyprus and abroad (including investments in shares) and in immovable property located in Cyprus or abroad.

## **Setting up a Cyprus International Trust**

Cyprus International Trusts are normally created by a trust deed which is liable to a fixed stamp duty, irrespective of the amount of the trust fund, which is payable upon creation of the trust.

## **Cyprus Trusts Beneficial Owners Registry (CyTBOR)**

CyTBOR also referred as the trust register is kept by the Cyprus Securities and Exchange Commission (Commission) and only express trusts and similar legal arrangements must be registered therein. The said register is accessible by:

- The Cyprus Tax Department, the Cyprus Customs Department and the Cyprus Police with no restrictions



- Any liable entity, in the context of due diligence and identification measures for their client
- Subject to acceptance by the Commission, any natural or legal person who can demonstrate a legitimate interest
- Subject to acceptance by the Commission, any natural or legal person who has a controlling interest in a company or other legal entity, inter alia, either directly or indirectly, indirect ownership, or through shares in the bearer or through control by other means.

If access is granted, any natural or legal person will have access to the name, month and year of birth, the country of residence and the nationality of the people involved in the trust and the type and extent of the rights they hold in the trust.



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## About

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