



Cyprus

An emerging startup ecosystem
in the crossroads of
Europe, Middle East and Africa



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Welcome to Cyprus



Nicos S. Kyriakides
Partner, Head of Financial Advisory
Deloitte Limited

Whether you want to start a new business, relocate your business or find a gateway to Europe, Middle East and Africa, Cyprus has all the ingredients facilitating the success of your technology-based business. Deloitte delivers cutting edge capability for startups willing to set up their business in Cyprus. We offer start-ups a broad range of services in order to grow successfully with services ranging from the application for a startup visa, to incorporating your company, to running operations and finally growing and internationalising your business. We recognise the fact that, as a startup, pursuing your dream can be a stressful experience, particularly when it comes to managing your finances and time. Every euro and hour spent on planning and administrative issues takes away from what you can spend on the business. We help you succeed in what you love doing by get back to doing the work that matters – building your business.

By making its extensive network available and facilitating the go-to-market process, Deloitte seeks to promote open innovation and continue to build on existing activities which encourage innovation in Cyprus. We believe that fostering innovation in the form of supporting start-ups is a crucial factor for the survival of the Cyprus economy. Getting ideas to market quickly is essential for achieving success and for maintaining a company's innovation process. With its access to local and global networks, Deloitte Cyprus is uniquely

positioned to help stimulate innovation in Cyprus and help start-ups accelerate to the next level of maturity.

For this reason, not so long ago, we decided to launch our Innovation and Entrepreneurship Centre, through which we have created a nurturing environment both for local startups as well as startups coming from abroad, to launch their ventures and grow fast. Recently, we also established our very own accelerator, in cooperation with the Bank of Cyprus in order to better serve those early stage startups which are looking to speed up the execution time of their projects and accelerate their go-to market time span.

In the following pages you will find information about how a startup coming from outside the European Union can establish operations in Cyprus and utilise our services. Even though the information is quite detailed, we encourage you to contact us to receive more personalised details.

Let's take your idea to the next level - let's make it a successful business venture

ARIS is a home for innovation in the heart of Limassol and provides the space, support, inspiration and community needed for a strong and vibrant innovation culture. It's a space that has been specifically designed to assist early-stage entrepreneurs and boot-strappers throughout the journey of idea development, showcasing and celebrating ideas which may impact positive change for our community and our world at large.

Investing in innovation fosters the creation of new businesses, nurtures talent and develops a rich and diverse community flushed with ideas. It comes as no surprise therefore that innovation is a top priority for many countries in the world today, including Cyprus.

At Deloitte, we recognise that disruptive innovations - if they're not seen as opportunities, they'll most certainly become threats to the way we do business.

Our Innovation and Entrepreneurship Centre (IEC) takes a comprehensive and systematic approach to innovation, by assisting corporate clients to innovate, but at the same time, investing resources in supporting high growth startups through various initiatives. In an effort to utilise our global expertise in startup acceleration, Deloitte has teamed up with the Bank of Cyprus to create ARIS | A Really Inspiring Space, an early stage accelerator setup in Limassol, Cyprus. Building on Deloitte's and the Bank of Cyprus' experience, ARIS seeks to assist innovative project ideas turn into successful startups.

ARIS aspires to create the right conditions for innovation as a platform for economic growth. Its objective is to create, attract and grow world-class research, talent,



technology and offer innovation-based ideas the opportunity to grow and develop into successful startups. The accelerator welcomes applications by startups from anywhere in the world. Anybody who is passionate about solving today's problems through innovative solutions and by utilising technological means is welcome to apply. ARIS is managed by the IEC and is supported by industry experts and academics. Participants in the programme follow a rigorous acceleration process for a maximum duration of up to 26 weeks that help them to transform their idea into a business venture. The accelerator is designed specifically to provide first-time

entrepreneurs the support they need to kick-start their business ideas.

This brochure is a non-exhaustive information source that takes you through the main steps of establishing and running a startup in Cyprus. It provides an introduction to key issues to keep in mind and highlights various support structures and measures available in Cyprus for innovative entrepreneurs. It also outlines how Deloitte can help you during each phase. If you are interested in setting up a startup in Cyprus, we are ready to help you turn your innovative ideas into successful business ventures.

Cyprus | A cosmopolitan business centre

Cyprus is the third largest island in the Mediterranean Sea, located at the eastern end of Europe, at the crux of the busy shipping and air routes linking three continents, Europe, Africa and Asia.

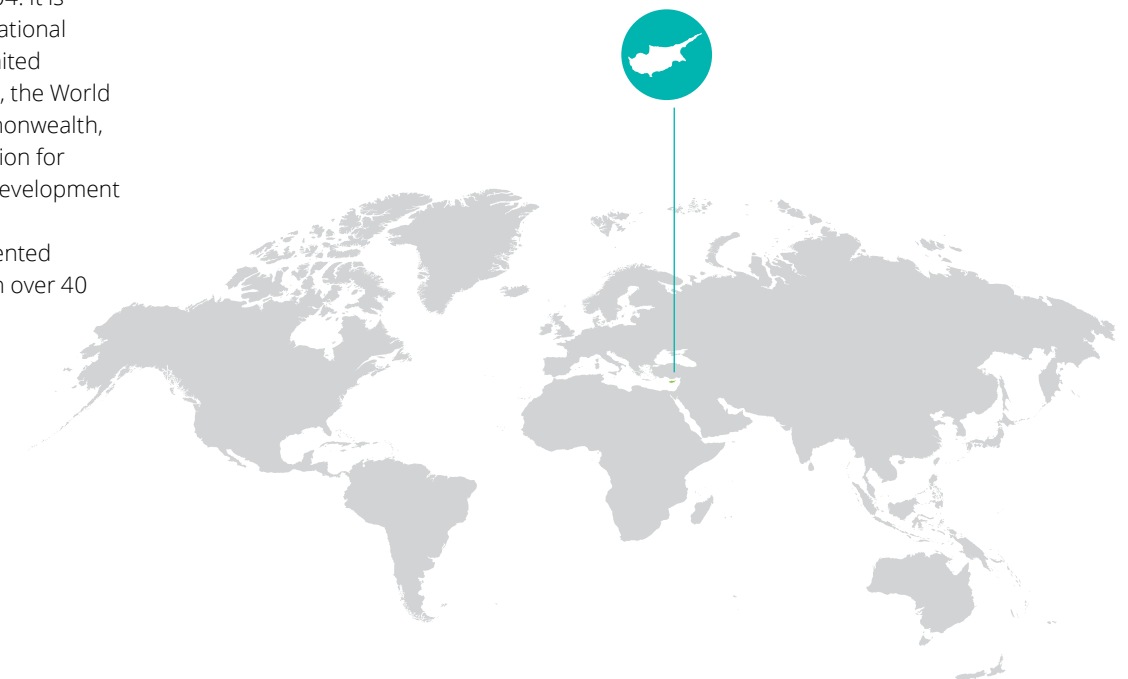
The population of Cyprus is approximately 864.200. The capital of Cyprus is Nicosia, situated at the heart of the island with a population of approximately 336.000. The second largest city is Limassol on the south coast with a population of approximately 242.000 and the island's major port. Larnaca and Paphos are the third and fourth largest cities, each with a new airport, situated on the south east and south west coasts respectively. Cyprus has a pleasant Mediterranean climate, enjoying year round sunshine, with mild winters (mean daily minimum 5°C and maximum 13°C) and sunny, dry summers (mean daily minimum and maximum temperatures are 21°C and 36°C).

Cyprus became a full member of the European Union on May 1, 2004. It is also a member of many international organisations including the United Nations, the Council of Europe, the World Trade Organisation, the Commonwealth, the World Bank, the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund, and is represented through diplomatic missions in over 40 countries.

Capitalising on its competitive advantages, driving and enhancing both traditional and new economic sectors and continuously improving and enhancing its business environment, Cyprus has developed into a destination of choice for doing business. Cyprus has a modern, free-market, service based economy with an effective and transparent regulatory, tax and legal framework offering international investors and domestic businesses confidence to invest, grow and prosper.

It continuously and systematically strives to offer an innovative, diverse and investor-friendly environment. This is achieved through the provision of various tax incentives for investment and innovation,

the availability of a start-up visa and many funding opportunities. In addition, Cyprus is an upcoming innovation and entrepreneurial hub, with an increasing number of start-up accelerators and incubators, as well as research institutions collaborating with world-class local and international institutions to carry out large-scale innovative projects. Constant innovation and entrepreneurship events, collaborations and discussions all contribute to an inspiring business atmosphere where every venture has something to gain.



Growth sectors



Shipping

Cyprus is a renowned International Shipping Centre, offering the only EU approved Tonnage Tax regime with benefits for ship-owning, ship-management and crew management, and home to some of the world's leading names in the global shipping industry. Cyprus is the largest Ship Management Centre in EU and among the top 3 Ship Management Centres globally. It has the 3rd largest merchant fleet in EU and the 11th largest fleet worldwide.



Energy

The discovery of hydrocarbons in Cyprus' Exclusive Economic Zone (EEZ) has created new and exciting prospects for Cyprus to become an energy hub and a service centre in the Eastern Mediterranean. This development has attracted worldwide interest and significant investments from leading international energy giants, such as ExxonMobil, Total, ENI and Noble Energy, as well as renowned international providers operating in the oil and gas auxiliary services sector. Comprehensive strategies are being developed to exploit the country's wealth not only for local needs, but also for export purposes. Exploration licenses have already been granted for several offshore blocks within Cyprus' EEZ. Energy has also fostered regional cooperation with Cyprus concluding agreements with countries such as Israel, Egypt and Lebanon.



Banking and Financial Services

The Cyprus financial services sector is diverse, comprising domestic banks, International Banking Units (IBUs), insurance and other companies that offer financial intermediation services. Several foreign banks from Europe, Middle East and Asia operate subsidiaries, branches or representative offices in Cyprus. Cyprus banking and financial services sector legislation is in line with international best practices and commercial banking arrangements. All banks maintain correspondent networks around the world and are able to carry out both traditional and specialised financial transactions. Cyprus as an effective and transparent tax system, fully EU, OECD, FATF, FATCA and FSF compliant in place.



Tourism

Tourism, one of Cyprus' most resilient and strong economic sectors with a significant contribution to the country's GDP, continuously experiences substantial growth, as per the record number of more than 2.5 mil tourists visiting Cyprus every year. The island has all the prerequisites to further develop this industry and offers great potential for investments in niche areas such as Health & Wellness, Sports, Luxury and Lifestyle.

Launching a startup in Cyprus | Hand in hand with the top professionals



Step 1
Setting up

A horizontal bar with a white background and a grey border. On the left, there are four vertical dots: the top one is green, and the others are grey. To the right of the dots is a circular icon with a green background and a white power button symbol. To the right of the icon, the text 'Step 1' is in green, and 'Setting up' is in grey.



Step 2
Incorporating your startup and doing business

A horizontal bar with a white background and a grey border. On the left, there are four vertical dots: the second one from the top is green, and the others are grey. To the right of the dots is a circular icon with a green background and a white handshake symbol. To the right of the icon, the text 'Step 2' is in green, and 'Incorporating your startup and doing business' is in grey.



Step 3
Financing your venture

A horizontal bar with a white background and a grey border. On the left, there are four vertical dots: the third one from the top is teal, and the others are grey. To the right of the dots is a circular icon with a teal background and a white bar chart with an upward-pointing arrow. To the right of the icon, the text 'Step 3' is in teal, and 'Financing your venture' is in grey.



Step 4
Growing and internationalisation

A horizontal bar with a white background and a grey border. On the left, there are four vertical dots: the bottom one is blue, and the others are grey. To the right of the dots is a circular icon with a blue background and a white rocket ship symbol. To the right of the icon, the text 'Step 4' is in blue, and 'Growing and internationalisation' is in grey.

Step 1

Setting up in a nurturing environment

The journey to the creation of an enterprise starts from the validation of the business idea. During this step, the idea is fine-tuned and the business case is developed. At these very early stages, entrepreneurs should seek guidance and mentoring from experienced individuals. Cyprus is a country filled with skillful professionals, high growth enterprises and world-recognised universities. All of the above create an environment where entrepreneurs can develop and validate their business idea. Industry experts can help entrepreneurs to better understand industry dynamics and develop an appreciation of the complex relationships while experienced entrepreneurs can share their stories and provide insights in regards to the entrepreneurial process and how they overcame any challenges. Furthermore, qualified consultants can help aspiring entrepreneurs to understand the various entrepreneurial tools and provide guidance throughout their journey.

ARIS

Should you choose to start in Cyprus, you should be aiming to do so in a nurturing environment. Deloitte and Bank of Cyprus created ARIS, which could be the ideal first step into launching a startup in Cyprus. ARIS, which stands for A Really Inspiring Space, is an early stage accelerator based in Limassol, established with the sole purpose of offering aspiring entrepreneurs with structure, mentorship, and the network needed to start a new venture. The aim is to attract projects that can become viable startups. These startups can afterwards choose to either enter into an accelerator for further support, or to bootstrap their way, hopefully to startup success. The programme offers aspiring entrepreneurs and teams with structured go-to-market strategisation exercises that will guide them from the start of their project all through the launch of a minimum viable product. The aim is for the resident teams to grow fast by matching them with potential clients and investors.

How can we help?



Your residency in ARIS

Whether you have an idea that requires validation before going to the market, or have the tech skills but lack the business case, ARIS can give you the right footing.

Here's what you get from the programme:

- **Support to launch an MVP:** Providing direct support to fine-tune your business plan and test the potential of your idea
- **Networking opportunities:** Develop connections with industry partners, mingle with like-minded people, build a network
- **Mentorship:** Find mentors in your niche that will guide you with their expert insides throughout your product development phase
- **Access to investors:** Master your pitching skills and be prepared to meet with potential investors for their startup
- **Shared working space:** A fully furnished office space, hot desk and conference rooms.

Startup Visa

Talented entrepreneurs from countries outside the European Union (EU) and outside the European Economic Area (EEA), individuals or in a team, are allowed to enter, reside and work in Cyprus in order to establish/operate/develop a startup with a high growth potential, by applying for a Startup Visa.

The Startup VISA Plan consists of two parts:

- Individual Startup VISA Plan and
- Group Startup VISA Plan

A startup group may consist of up to five founders or at least one founder and additional executives (C-level employees entitled to stock options). In any case, the group must not exceed five members. The third country nationals must own, in total, more than 50% of the shares of the company. The founder must have access to €10.000 capital. If the founders are more than two then the capital must amount to at least €20.000 in total.

The benefits of the programme include:

- Right to economic activity and residence in the Republic for one year, and with the



possibility of renewal for at least another year

- Right to self-employment or right to paid employment in his/her registered company within the Republic
- Prospective residence in the Republic without any maximum time restrictions, if the enterprise succeeds
- Enjoyment of family reunification, if the enterprise succeeds
- Prospective recruitment of specific number of personnel from non-EU countries without prior approval of the Department of Labour, in case of success of the enterprise. The success or failure

of the enterprise will be assessed at the end of the second (2) year.

The evaluation of the success of the company will be performed after two years of operations by the Ministry of Finance or the relevant Authority appointed by the Ministry. During the evaluation a number of factors will be taken into account such as number of employees, taxes paid by the company, exports, income and any further investments in the company.

Should you decide to establish/operate/develop a startup with a high growth potential and you are approved to obtain a Start-up Visa, you can apply to do so at ARIS.

How can we help?



- Communicate to understand the expatriate case
- Analyse the case based on Cyprus Immigration Law
- Identify the possible ways to approach the case and the processes to be followed
- Communicate and explain the most suitable approach
- Provide checklists with the required documentation needed to proceed with the registration
- Provide the associated forms and applications that need to be completed
- Continuous support by providing any needed clarifications with regards to the procedures to be followed and documentation required
- Upon receiving the associated documents, we will review and submit them on your behalf to the local Authorities
- Act as a liaison with the local Authorities
- Communicate the outcome of the procedures.

Step 2

Incorporating your startup and doing business in Cyprus

With English being almost universally spoken throughout the island, Cyprus offers a sophisticated business environment for international entrepreneurs and investors. It is no surprise that the country has the highest number of foreign nationals living on the island as a percentage of population than any other EU member state. British nationals comprise the largest expat community whilst Russians and other Eastern European nationals also constitute big expatriate groups.

Low cost of doing business

Human capital | Talent constitutes Cyprus' most compelling advantage. The country possesses a well-trained and versatile labour force and has the youngest population and workforce in the EU. Cypriots not only are among the most highly educated in Europe, they are also multilingual. The official languages of Cyprus are Greek and Turkish, however English is prevalent throughout the island and is the principal business language. French, German and Russian are also commonly spoken in tourist areas.

In addition, the cost for technical and professional talents is lower than in other major EU capitals. Compared to major EU capitals, Cyprus's average hourly rate is at €16 and is approximately half of the hourly rates in Germany (€33,0) and the Netherlands (€33,3).

Professional Services | Cyprus is recognised as an international centre of excellence for the provision of a wide range of professional services, with highly

qualified and experienced professionals offering efficient legal, accounting, auditing, consulting and other specialised services, at competitive costs. Notably, two of the world's leading accountancy organisations, the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA), chose the island as the first country in the world outside the UK to train ICAEW and CIMA accountants. Currently, there are more than 120 limited accounting firms and 160 limited liability law firms and offices of the top international accounting firms operating in Cyprus.

Office spaces | Cyprus offers competitive prices for office rental including co-working spaces.

A business-friendly and effective legal and regulatory system

Based on English Common Law principles, Cyprus' comprehensive and robust legal and regulatory framework is widely recognised as a business-friendly and effective system that ensures transparency and reliability in business practices. Offering foreign businesses a familiar and reliable framework within which to operate, Cyprus' legal system is also fully compliant with the EU, the Financial Action Task Force on Money Laundering (FATF), OECD, FATCA, the Financial Stability Forum laws and regulations and EU AML directives.

A favourable tax regime

Cyprus offers a number of tax incentives both to entrepreneurs as well as to their startup enterprises. The Cyprus tax

system is straightforward, competitive and compliant with EU law and OECD standards.

A non-Cypriot individual relocating to Cyprus to set-up his/her startup enterprise is exempt from tax on both dividend and interest income but is subject to income tax on any income earned from employment in Cyprus.

Taxable income up to €19,500 is exempt from income tax. Expatriates relocating to Cyprus for employment may qualify for an additional exemption of up to 50% of their employment income subject to conditions. Taxable income is otherwise subject to progressive income tax rates reaching a maximum of 35% (for income exceeding €60,000).

An entrepreneur investing into a qualifying innovative small and medium sized Cypriot company can claim his/her investment as deductible from his/her taxable income subject to conditions.

Corporate profits are taxed at the corporate income tax rate of 12,5%, one of the lowest rates in the EU. Cyprus tax resident companies may carry forward tax losses incurred during a tax year over the following five tax years to offset future taxable profits. This allows startup companies that are loss making in their early stages, to benefit from reduced taxation in the future.

Upon the introduction of new equity, a Cyprus tax resident company is entitled to claim a notional interest deduction (NID) as a tax-deductible expense. The deduction is

available on an annual basis and may reach up to 80% of the taxable profit generated from the new equity. Depending on the level of capitalisation, a startup company may reduce its effective tax rate (ETR) to as low as 2,5%.

A Cyprus tax resident company that develops qualifying intellectual property (IP), may claim up to 80% of the taxable profit generated from such IP as a deemed expense, reducing its ETR to as low as 2,5%. Capital gains arising from the disposal of the qualifying IP are fully exempt from tax.

Any gains earned by the entrepreneur from the disposal of his/her shares in a Cypriot tax resident company are generally exempt from tax in Cyprus.

How can we help?



Incorporation of a Cyprus company

At Deloitte, we can assist you to incorporate your Cypriot company. There are a number of corporate legal forms available in Cyprus. The most common form is the private limited liability company by shares. A limited liability company by shares, incorporated in Cyprus is deemed by the law to have a separate legal personality from that of its founders, shareholders and directors. As such, it can, in its own name, acquire property, enter into contracts, bring an action before the courts as the plaintiff or be the subject of any such action as the defendant and in general act in various other ways in its own right. Under the laws of Cyprus, such a limited liability company is not deemed to have any restrictions to act in its corporate capacity, other than those set out in its constitutional documents (see below).

A limited liability company by shares, incorporated in Cyprus may select any name, within certain parameters provided that a pre-approval is sought from the Registrar of Companies and Official Receiver in this respect. It must have a physical address in Cyprus which is notified to the Registrar of Companies and Official Receiver as its registered address and to which all official correspondence and notices may be delivered. It also has to have a constitutional document, setting its main objects and a document that comprises its rules for management and representation.

Share Capital

The following provisions relating to share capital apply to a limited liability company by shares incorporated in Cyprus:

- Different classes of shares are possible
- No minimum or maximum amount of share capital
- Any commonly used currency
- Minimum paid-up capital: 100% of the amount of the issued share capital
- Minimum payment at the time of incorporation: 100% of the amount of the issued share capital
- Payment in cash: 100% of the amount of the issued share capital
- Payment in the form of non-cash assets: 100% of the amount of the issued share capital
- A bank account is not required by law and it may be opened after the incorporation rather than as a pre-incorporation requirement. A limited liability company by shares can have its bank account anywhere in the world and in any currency and
- The shares are always in registered form and are recorded into the corresponding Register of Members kept at the company's registered office and also in the official registry kept by the Registrar of Companies and Official Receiver.

Shareholding structure and obligations of Shareholders

The minimum number of shareholders is 1 and the maximum is 50. This excludes any persons currently employees of the company or former employees who were shareholders while in that employment, and have continued after the termination



of that employment to be members of the company. Also prohibited is any invitation to the public to subscribe for any shares or debentures of the company. Shareholding in a limited liability company by shares confers on a shareholder several rights and obligations, such as voting rights, pre-emption rights on the issue of new shares, decision making by shareholders etc. All such rights and obligations are determined in the provisions of the articles of association.

The right to manage and represent a limited liability company by shares is usually entrusted to the board of directors who acts as a collective body. However, there is the practical ability for the board to delegate or assign roles and tasks to certain individuals (e.g., one of the directors, the managing director(s), a lawful attorney or an alternate director). The minimum number of directors is one for each company.

In general, the right to make decisions relating to the business and operations

of a limited liability company by shares is entrusted to the board of directors. However, certain corporate decisions are reserved exclusively for the shareholders, such as the power to approve the change of name of the company, power to amend the company's memorandum (subject to court approval) and articles of association, power to reduce the company's share capital etc.

Information and supporting documents required

- Name of the Cyprus company
- Brief outline of the principal objects of the proposed company
- Proposed share structure (number of shares, currency, nominal value)
- Proposed shareholders including their "Know Your Client" (KYC) documents for Anti-Money Laundering legal compliance:
 - (i) For individuals: Passport copies duly legalised with "Apostille", short c.v. including details of current wealth, bank references as to their financial standing, integrity and credibility, accountant's or Lawyer's reference, utility bills for proof of residential address, source of wealth.
 - (ii) For corporate entities: full set of the incorporation documents legalised with "Apostille", bank reference, decision of the directors to acquire/ set up a Cypriot subsidiary, company profile (include website reference number), name, address and nationality of persons who will be the company directors, including their KYC documents as aforesaid.

The period of time required to incorporate a Cyprus company once all the aforementioned documentation has been received and submitted and having previously obtained approval for the company name, is approximately 2 to 3 working days.

Deloitte provides a full range of corporate law services from complex advisory services related to major business life-cycle events (including advising in restructuring and mergers and acquisitions processes) to general corporate secretarial services. Deloitte advises both national and international companies and groups.

Deloitte would be happy to offer advice and assistance in connection with the incorporation of a limited liability company in Cyprus and offers a breadth of comprehensive support throughout the process. We are also able to provide you with a wide range of related services associated with the maintenance and administration of a new company.

Recruitment services

Through its excellent knowledge of the Cypriot talent market and highly experienced recruitment advisors, Deloitte's recruitment team can assist you in identifying, evaluating and selecting executive and professional personnel. Deloitte's recruitment services include database recruitment, advert based recruitment and provision and administration of Assessment Centers and Personality Tests.

Accounting / Administration / Reporting (Business Process Solutions)

Deloitte's team of dedicated professionals

combine insight and innovation from multiple disciplines with business and industry knowledge to support you on specific accounting and administrative processes. Our unique difference is that we are the only professional services firm that has all the competencies integrated to understand your issues and serve you best with your business needs.

Our Business Process Solutions provide a broad range of professional services which are tailored to support international and local clients who do not maintain fully fledged offices in Cyprus and clients who select to outsource specific accounting and administration processes.

While the management of the company concentrates on enhancing the core business, our team of highly trained and suitably qualified accounting, legal and other professionals, recognise the specific needs of our clients and offer an extensive range of accounting, administrative, corporate secretarial and other services, providing the necessary assistance and professional support to enable our clients to operate their businesses smoothly and efficiently.

Company administration services

- Assisting in the preparation of documentation for opening and operating bank accounts with any of the local or international banks operating in Cyprus and with banks operating abroad
- Preparation of documentation for operating bank accounts through Internet Banking facilities
- Preparation, processing and execution of bank payment instructions

- Monitoring and reporting bank account movements
- Arranging the issuance of documentary letters of credit, bank guarantees and bills of exchange
- Assisting with applications for obtaining work and residence permits in Cyprus for expatriate employees
- Drafting of contracts of employment
- Arranging the payment of monthly social insurance and other contributions and tax deducted from employees' salaries
- Preparation of sales invoices, arranging their dispatch and monitoring debtor Collections
- Providing corporate secretarial support
- Arranging and providing facilities for meeting bank officers, advocates and other professionals
- Preparation of documentation for payment of dividends
- Dealing with regulatory and other local authority bodies
- Assisting in setting up fully-fledged offices in Cyprus
- Acting as receivers, liquidators and undertaking the winding up of a company.

Accounting and Financial Reporting services

We may undertake the accounting and financial reporting functions, ensuring that proper accounting records are maintained and up to date reporting is available in accordance with local requirements or your needs.



Our services include the following:

- Maintenance of accounting records
- Development and preparation of monthly, quarterly or yearly management accounts and other management reports
- Preparation of budgets and reports monitoring actual performance against budget
- Preparation of annual and interim financial statements in accordance with International Financial Reporting Standards (IFRS) or other financial reporting frameworks
- Preparation of annual statutory financial statements in accordance with International Financial Reporting Standards (IFRS) and Cyprus Companies Law requirements
- Preparation of management report for inclusion in the annual report.

Payroll services

- Registration of company and employees with the Income Tax Office and Social Insurance Department
- Processing and disbursing of monthly payroll
- Arranging the payment of related taxes and other deductions and contributions to Inland Revenue and Department of Social Security
- Dealing with the Inland Revenue and the Department of Social Security
- Preparation of monthly payroll reports
- Preparation and dispatch of monthly payslips and of certificates of annual emoluments
- Preparation and submission of employer's return to the Inland Revenue.

Step 3

Financing your venture

All startups need funding to launch their activities and undertake necessary investments before they start having revenues. Private financing – from the company founders themselves or other private investors – is the most important source of funding. In addition, a range of public aid measures exist to complement the success rate of innovative enterprises with high potential.

Financing from private investors

Cyprus has an excellent regulatory structure, which is frequently been updated to meet investors' changing needs. In line with investors' changing needs, the country has in place a strong protection regulatory structure for investment and intellectual property (IP). As per the new IP box regime, qualifying taxpayers will be eligible to claim a tax deduction equaling 80% of qualifying profits resulting from the business use of the qualifying assets. A taxpayer may elect not to claim the deduction or only claim a part of it.

EU grants

EU Competitive Programmes are programmes financed directly from the EU's budget in the form of grants and cover priorities, as defined by the EU and aimed at contributing to the implementation of EU policies. They are administered by the European Commission and are competitive and transnational, thus participation of partners from more than one member states is often required in order to submit a proposal. These programmes are managed at central European level, without the intervention of the Institutions of the Member State. The proposals submitted compete with proposals from all Member states and successful proposals are selected after a comparative evaluation of all proposals submitted.



An important funding instrument for startups by the EU, is the Horizon 2020 SME Instrument.

The instrument provides funding to highly innovative SMEs with a clear commercial ambition and a potential for high growth and internationalisation.

The SME Instrument offers small and medium-sized businesses the following:

- Business innovation grants for feasibility assessment purposes (optional phase I): EUR 50,000 (lump sum) per project (70% of total cost of the project)
- Business innovation grants for innovation development & demonstration purposes (possible phase II): an amount in the indicative range of EUR 500,000 and 2,5 million (70% of total cost of the project as a general rule)
- Free-of-charge business coaching (optional) in order to support and enhance the firm's innovation capacity and help align the project to strategic business needs
- Access to a wide range of other business acceleration services and facilitated access to risk finance, to facilitate the commercial exploitation of the innovation.

Government support schemes

As an EU member state, Cyprus benefits from the Structural Funds. They are implemented through National Development Plans and are distributed via funding schemes and through calls for proposals, managed by local Ministries and other competent authorities. The member-states draw regional maps and prepare programmes, which the European Commission must approve.

National Grant Schemes are designed and approved at national level and are funded solely by national funds. The aim of these projects is the implementation of various state policies and priorities e.g. strengthening employment, promotion of tourism, etc. The implementation and management of these projects is taking place exclusively in Cyprus, under the responsibility of the relevant Ministries/agencies of the broader public sector.

How can we help?



Financing from private investors

Through Deloitte's Financial Advisory, startups which collaborate with us have access to private investors, funds and high net worth individuals looking for alternative investments. A dedicated team within Financial Advisory supports startups with the following:

- Valuation: Valuations and valuation reviews of startup projects and/or specific intangible assets/intellectual property
- Financial modelling: Writing & reviewing of business plans to support fund raising or strategic analysis
- Transaction services: Assistance in the context of capital raising and attracting investors
- CFO services: Support the CFO during day-to-day activities and provide CFO profiles to temporarily run the finance function if needed.

More specifically, Deloitte can assist you with the identification of potential equity investor(s) and participate during negotiations with such parties. The methodology that is usually followed in order to achieve this is as follows:

Identification process

- Distribute the Teaser upon your approval to your contacts, to the Deloitte Network (if applicable) and to other potential strategic and financial equity investor(s) outside the Deloitte Network
- Upon receiving feedback from the potential interested equity investor(s), agree with you as to whom the Information Memorandum will be released to; and

- Arrange for the potential interested equity investor(s) to sign the relevant confidentiality agreements and the release letters and subsequently submit the Information Memorandum to each of the selected equity investor(s).

Negotiations process

- Assistance in the gathering and/or preparation of various relevant documents (i.e. documents that would typically be required in a due diligence exercise, e.g. financial statements, licenses, technical information, etc.) prior to the initiation of the negotiations with the potential equity investor(s)
- Attendance in the meetings and provision of support and assistance to the Client throughout the negotiations process with the potential equity investor(s)
- Assistance and comments on the negotiation of the Memorandum of Understanding as well as on the financial aspects of the Sales Purchase Agreement extending our support up to the "Financial Close" of the deal.

In addition, Deloitte's experts can help you identify and negotiate with debit financiers which may be interested to participate in the financing of your startup. The methodology that will be followed in the framework of this stage is as follows:

- Through the Deloitte Network and professional contacts with various financial institutions, we will assist you in the identification of debt financiers willing to participate in the financing of the startup

- Distribution of the Information Memorandum, upon your approval, to selected debt financiers
- Preparation of other required documentation and information that should be submitted to debt financiers
- Assistance during the meetings and negotiations with the financiers. Our involvement can be extended up to the "Financial Close" i.e. the signing of a debt financing agreement between the Company (or any of its affiliated entities) and one or more debt financiers and
- Review and comment on the financing terms proposed by the bank(s).

EU R&D Grants and Government support schemes

Throughout the years, Deloitte has developed an in-depth understanding of European and local grants. Deloitte utilises its expertise in this field to provide advice and consulting services in regards to applying, securing and managing Grants. More specifically, our dedicated and highly knowledgeable team, assists startups with the following:

- Program matching and application: Assistance in choosing and applying for the appropriate funding program at national or EU level
- Grant application: Assistance with contract terms discussions with funding authority
- Contract negotiation: Assistance with contract terms discussions with funding authority
- Compliance: Administrative support during the project implementation phase.

Step 4

Growing and internationalisation

Cyprus has an ideal geographical location, as it lies in the crossroads of Europe, Africa and Asia, providing access to the European Union, as well as the Middle East, India and China. Although being a small island in the Mediterranean, with more than 40 European Union Trade Agreements and more than 60 double treaties, Cyprus is part of a huge barrier-free market.

By setting base in Cyprus, you can benefit from the country's full access to European markets and enjoy the free movement of goods, services and capital. In addition, Cyprus is part of the Commonwealth of Nations. Although the Commonwealth does not have a multilateral trade agreement, research by the Royal Commonwealth Society has shown that trade with another Commonwealth member is up to 50%

more than with a non-member on average, with smaller and less wealthy states having a higher propensity to trade within the Commonwealth. Membership of Cyprus to the Commonwealth safeguards its trading relationship with the UK, even after the decision by the latter, in June 2016, to leave the EU.

How can we help?



Deloitte, with its experts in 150 countries knows the right people that can assist you in terms of market research, expansion and internationalisation. Startups which are supported by Deloitte have access to foreign best practices and mentoring with world recognised professionals. No matter if M&A projects, international financing, tax queries or cross-border assignments of employees; your local Deloitte point of contact coordinates the cooperation with our international experts. You receive one-stop turnkey solutions. Startups which are ready to expand, can more specifically benefit from the below:

- Business and marketing strategy: Review and development of a refined business and marketing strategy including innovation protection
- Technology strategy, architecture and security: Review of the overall architecture and strategy including technology sourcing strategy and innovative or traditional system selection and implementation. Also involves a review of the security model
- Operations excellence: Strategic review of the operations and logistics functions with evaluation of optimisation measures
- Business plan: Review and development of a refined business plan including scenario analysis
- Access to Deloitte's global ecosystem: Promotion to international Deloitte offices, introduction to potential clients as well as participation to selected conferences.



Contacts

ARIS contact details

1 Ayias Zonis & Thessalonikis
Nicolaou Pentadromos Centre
Block A, Offices 204/5/6
3025 Limassol, Cyprus
Tel.: +357 25868634
hello@ariscy.com

Social media

 @AReallyInspiringSpace

 @AReallyInspiringSpace

 @ARISinLimassol

www.ariscy.com



Deloitte Offices in Cyprus

Nicosia

24 Spyrou Kyprianou Avenue
CY-1075 Nicosia, Cyprus
P.O.Box 21675
CY-1512 Nicosia, Cyprus
Tel: +357 22360300
Fax: +357 22360400
infonicosia@deloitte.com

Limassol

Maximos Plaza, Tower 1, 3rd floor
213 Arch. Makariou III Avenue
CY-3030 Limassol, Cyprus
P.O.Box 58466
CY-3734 Limassol, Cyprus
Tel: +357 25868686
Fax: +357 25868600
infolimassol@deloitte.com

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