How Wealthy Families Benefit from Establishing a Family Office in Cyprus

A family office serves as a dedicated platform for high-net-worth families to manage their wealth, protect assets, and plan for future generations. By offering services like investment control, succession planning and family governance, it provides financial stability and long-term growth. In simple terms, it is a great option for wealthy families to better control their wealth and manage their private affairs.

Why a Cyprus Family Office?

With its attractive tax benefits, strategic location and strong legal infrastructure, Cyprus has become a leading destination for establishing a family office.

A family office can provide a structured way for high-net-worth families to manage their financial affairs, offering several key advantages including:

- **Wealth Management and Preservation**

Ensures effective management of investments, assets, estate planning and taxes, maintaining wealth across generations.

- **Personalised Services**

Personalised solutions like customised investment strategies, family governance and charitable initiatives aligning with the family's unique goals and values.

- **Privacy and Confidentiality**

Consolidating financial activities and promotes discretion, making it ideal for families seeking to maintain a low profile.

- **Succession Planning**

A family office facilitates smooth wealth transfer and prepares the next generation for leadership positions and decision-making.

- **Centralised Control**

Provides a hub for managing business interests, luxury assets and philanthropic efforts.

- **Cyprus's Strategic Advantages**

Cyprus offers a favourable tax regime, including a corporate tax rate of just 12.5% and access to a wide network of double tax treaties (currently more than 60), no taxation on the distribution or receipt of dividends, as well as on interest payments and royalties, a solid legal framework and a strategic location.

- **Strong Legal Foundation**

Cyprus's legal system, based on English common law, provides reliability and familiarity to investors. As an EU member, the country complies with international standards, offering a secure and compliant environment for family offices.

Legal Vehıcles for Establishing a Family Office in Cyprus

Cyprus provides various legal options for establishing a family office, such as limited companies, trusts and foundations.

Private Limited Company

A private limited company ('**Ltd**') is a flexible and efficient choice for establishing a family office in Cyprus due to its flexible structure and limited liability protection. This structure allows family offices to align their operations to meet specific financial goals while maintaining a separate legal entity, which helps safeguard personal and family assets from business liabilities.

Additionally, a private limited company can effectively incorporate other favoured investment structures, such as Alternative Investment Funds ('**AIF**s') or Registered Alternative Investment Funds ('**RAIF**s'). These funds, which operate under the supervision of the Cyprus Securities and Exchange Commission ('**CySEC**'), can be established to pool and manage investments across various asset classes, including private equity, real estate, cryptocurrency and other non-traditional assets. Operating under the umbrella of a private limited company post-incorporation provides a regulated framework, making it an ideal vehicle for managing family wealth effectively.

Cyprus International Trust ("CIT")

While not a family office in itself, a CIT, governed under law 69(I)/1992, serves as a powerful legal structure for asset protection and most importantly, it provides great flexibility in succession planning by allowing families to allocate assets according to their

In Cyprus there is no taxation on the distribution or receipt of dividends.

preferences, irrespective of Cyprus's forced heirship laws. This structure can work alongside a family office to safeguard assets and generally align with the family's broader financial and planning goals. Additionally, it can be established as a Private Trust Company, allowing the family to retain greater control over the administration of the trust.

A CIT functions in accordance with the terms specified in its trust deed, with minimal limitations. The trust can hold a wide range of assets and property situated anywhere in the world. For beneficiaries who are not Cyprus residents, income and profits derived from the trust are exempt from Cypriot taxation. CITs are particularly appealing to international families due to their effectiveness in cross-border asset protection and tax efficiency, making them a popular choice for global wealth management.

Foundation

Governed by Cyprus's Associations and Foundations Law (104(I)/2017), a foundation manages assets dedicated to specific non-profit objectives, such as charitable activities or succession planning. Foundations provide a structured way to protect family wealth, allowing assets to be managed and distributed in line with the founder's wishes. This structure offers continuity and is ideal for preserving wealth across generations while supporting philanthropic objectives.

Conclusion

Setting up a family office in Cyprus provides a valuable opportunity for affluent families seeking to manage their wealth and personal affairs while while benefiting from the country's advantageous legal and tax framework.

As an additional benefit, families establishing a presence in Cyprus may also qualify for permanent residency by investing in either real estate, corporations or investment funds for a minimum of EUR 300,000. This incentive further promotes Cyprus's appeal as a jurisdiction for wealth management, offering both financial advantages and long-term residency options for eligible individuals and their families.

Totalserve group has succeeded throughout its 54 years of operations to be an award-winning professional services provider. Headquartered in Limassol, Cyprus, the group maintains 2 more offices - in Athens, London. Totalserve specialises in the fields of corporate, trusts, fiduciary services and tax. Further, there is a specialised Intellectual Property department, assisting with all IP related aspects. Legal and audit services are offered through other group affiliated companies.

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