

# **Cyprus Registered Alternative Investment Fund (RAIF)**

**TOTALSERVE**



A Cyprus RAIF offers a fast, flexible, and cost-efficient solution for establishing investment funds - without the need for authorisation by the Cyprus and Securities Exchange Commission (CySEC). Supervised by a licensed Alternative Investment Fund Manager (AIFM), it enables quick market entry and streamlined operations. RAIFs are particularly attractive to family offices, high-net-worth individuals and professional investors seeking regulatory substance, cross-border efficiency, and access to EU investment frameworks.

## Key Features & Benefits

- No authorisation required by CySEC
- Supervised by an external licensed AIFM
- Flexible legal forms
- Open-ended or closed-ended structure
- Umbrella fund structure with multiple sub-funds
- No minimum capital requirement upon setup
- Broad investment scope
- Unlimited number of investors

## Setup & Structure

RAIFs can be structured as investment companies with variable or fixed capital, common funds, or limited partnerships. Units can be issued to multiple investors under an umbrella structure with segregated sub-funds. An external AIFM is responsible for key services including risk management, compliance, and regulatory reporting. Additional roles such as fund administrator, custodian, and auditor can be performed by designated providers, ensuring smooth operations and adherence to fund governance standards.

### Cyprus Tax Advantages of RAIFs

- Gain from sale of shares and other qualifying titles is tax exempt.
- Dividend income is tax exempt subject to easy-to-meet conditions.
- Capital gains not relating to Cyprus situated real estate is not subject to Cyprus tax.
- Revenue nature profit (including financing interest and realised crypto gain) is taxed at the attractive tax rate of 12.5% (expected to be 15% as of 2026). The overall tax charge may benefit from notional interest deduction, reducing effective tax up to 2.5%.
- No withholding tax on dividends paid to non-Cyprus tax residents or to non-dom Cyprus tax residents.
- Access to benefits from the wide Cyprus double tax treaties network and relevant EU Directives.
- Fund management services by an AIFM are VAT and income tax-exempt.

## Using a RAIF as a family office vehicle

**Substance:** RAIFs managed by local AIFMs and with at least 50% Cyprus tax resident Directors' substance can be claimed much easier.

**Bankability:** The regulatory status of the RAIF, make it more bankable as banks like the regulatory cover provided by the RAIF.

**Enhanced Asset Protection:** Assets held in a RAIF, managed by an AIFM, benefit from stronger legal protections since regulated structures offer greater insulation. They help shield assets from sponsor-related claims especially relevant for HNWIs and family offices. This makes them a prudent vehicle for asset protection and strategic contingency planning.

**Custody:** Units of the RAIF are assigned ISINs and can be held in investor portfolios under custody at their banking institution. This level of integration with standard banking infrastructure offers significantly greater convenience and transparency.

**Joint investment efficiencies:** RAIFs can issue units more quickly and easily compared to SPVs issuing shares.

**UBO disclosures:** Investor confidentiality is enhanced, as beneficial owners holding less than 25% of the RAIF are generally not subject to public disclosure or detailed bank-level due diligence.

**VAT Exemption:** AIFM services are VAT-exempt, covering activities like facilities management and administration. This allows VAT-free invoicing from the AIFM to portfolio holdings, and from the investment advisor to the AIFM.

## Why Cyprus?

- Strategic location with close proximity to the Middle East.
- Long-standing historical relations with various Middle-Eastern countries.
- Safe country with high standard of living and education.
- EU member, fully compliant with all international guidelines and regulations.
- Tax system that is most attractive, efficient and stable.
- Wide double tax treaty network and access to relevant EU Directives.
- Legal system based on Common Law (preferred for business purposes).
- High level of professional services and well-educated workforce.
- Establishing any needed level of business substance at a comparative cost advantage.

## Why Totalserve?

With five decades of experience, Totalserve can fully assist in a tailor-made and one-stop-shop approach with all the needed aspects of setting up of a Cyprus RAIF as well as act as its Administrator. Totalserve can assist in all areas and at all stages, including but not limited to:

- Relevant structuring, incorporation and transaction assistance.
- All corporate, commercial and legal aspects at all stages.
- Tax, accounting and audit compliance.
- Locating, staffing and setting up any needed office.
- All banking related needs.
- Personal aspects of the owners, management and employees - from immigration, work permits, naturalisations to personal tax issues and other personal or family needs.

# TOTALSERVE

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