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Cyprus International Trusts

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Why Cyprus

Cyprus is a reputable international financial centre with very attractive opportunities for setting up and operating a trust.

Its recently amended International Trusts Law provides maximum protection and flexibility to trust structures. At the same time excellent professional services and support infrastructure are available locally at comparatively low cost.

Why a Cyprus International Trust

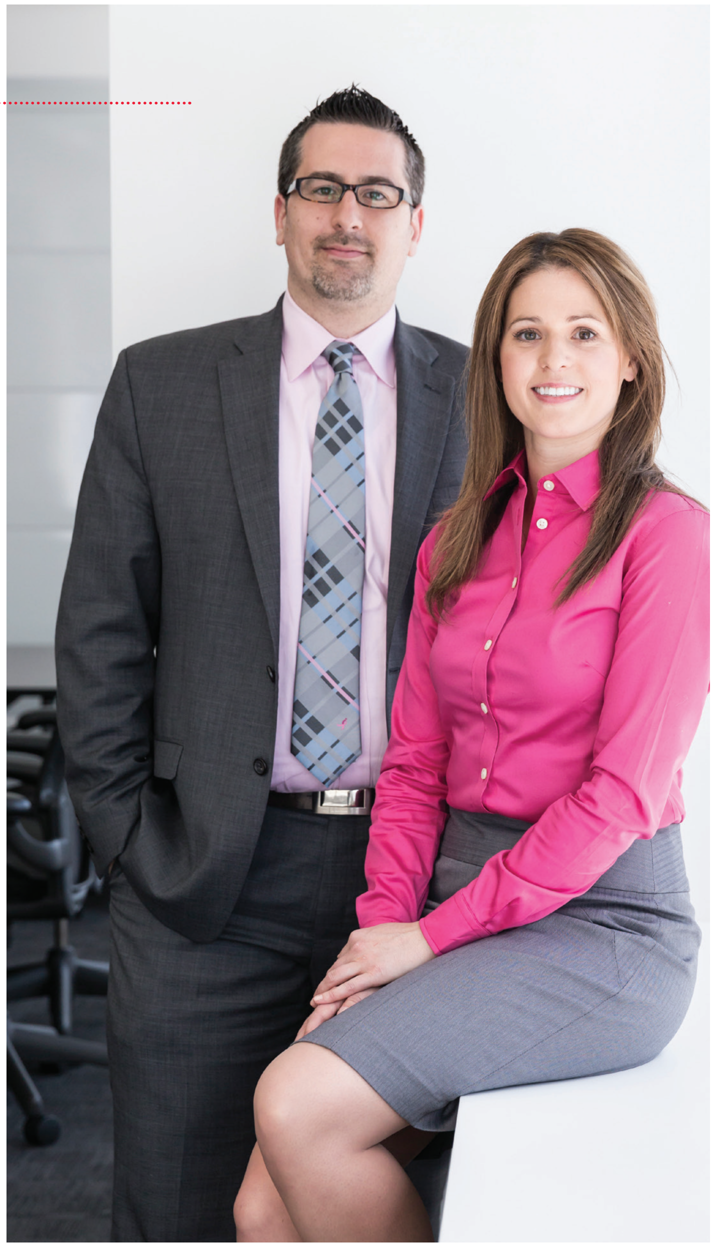
The main legal framework governing trusts in Cyprus is a combination of English Law i.e. the Principles of Equity and Statute Law i.e. The Trustees Law of Cyprus (Cap 193), which, is modelled on the English Trustee Act of 1925 and the International Trusts Law of Cyprus (Law 69(I) of 1992 as amended by Law 20(I)/2012).

The International Trusts Law of Cyprus builds on the well established English principles of equity and trusts and has created one of the most attractive trusts legal frameworks in the world. It is intended to offer to qualified persons, the opportunity to create a trust that will suit the most complex situations and demands and enjoy many advantages that cannot be found concentrated in other trusts jurisdictions. Such a trust is called a Cyprus International Trust (CIT).

The International Trusts Law of Cyprus at a glance

- The creator of a CIT i.e. the Settlor and the Beneficiaries must not be tax residents in Cyprus during the year preceeding the year of creating a CIT (they may become tax residents subsequently)
- All matters in relation to a CIT are determined in accordance with Cyprus Law and the Cyprus Courts have jurisdiction
- A CIT may be challenged only on defraud of creditor grounds with a two year limitation period
- Succession, heirship or other laws applicable in foreign jurisdictions or court judgments or orders or arbitral awards or decisions by foreign Competent Authorities do not affect the validity of a CIT or the transfer of property to the Trustee of a CIT
- The Settlor has the right to reserve many powers including, the powers to revoke or amend the trust, to instruct the Trustee, to appoint and remove trustees, the protector or the enforcer, to change the law regulating the CIT or the place of its administration and others
- A CIT may last for an indefinite period
- The income of a CIT may be accumulated without limitations
- A CIT may be created for charitable or any other purpose
- The law regulating a CIT may be changed to another foreign law
- The trustees of a CIT are bound by confidentiality and cannot disclose information or documents unless they are ordered by a Cyprus Court or are required by law in certain defined circumstances
- In the case of a CIT which is expressly governed by Cyprus Law, the provisions of the International Trusts Laws of Cyprus apply without reference to other applicable rules of conflict and as a matter of public order

Uses of Cyprus International Trusts



CITs are widely employed in what may be loosely termed 'family situations' but also in commercial and business transactions and as a vehicle for charitable and other purposes. For example a CIT may be created:

- to hold property for minors or successive generations of a family
- to protect property against spendthrift people
- to provide secretly for others
- to provide for a couple on their marriage whilst ensuring that the property so provided is 'tied up' in the event of that marriage failing
- to establish a fund for the benefit of family members according to future needs as and when they arise
- as an investment vehicle (typically via unit trusts)
- to provide pensions for employees and dependants
- to provide an incentive to the workforce: e.g. via employee trusts of various kinds
- to make provision for abstract purposes which are not charitable ('the purpose trust')
- to enable charitable objects to be carried out
- as part of commercial arrangements: e.g. to protect commercial lenders

Our services

- We advise clients about the creation of a CIT, including proposing structure ideas for creating, managing and dissolving a CIT and draft all required legal documents
- We support and assist clients in terms of logistics when setting up a CIT
- We set up private trustee companies (PTCs), corporate protectors, corporate enforcers (in Cyprus and in other jurisdictions)
- We advise clients and trustees about issues arising in relation to a CIT, trustee powers, beneficiary rights, interpretation of trust deeds and other trust related documentation
- We represent clients and trustees in court proceedings (contentious or not contentious)
- We advise clients on the potential weaknesses and deficiencies of existing trusts
- We provide trustee, administration, management and other related services

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