

text
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RE-STARTING

economic growth

As the government and the private sector join forces to pull Cyprus back from the brink of recession, the island's financial services providers are playing a crucial role in regaining investor confidence.

Any reasonable person would agree that from 2008 onwards, the economic recession was a fact in most countries of the world, even in countries that were considered as "too rich to die" (e.g. the United Arab Emirates and specifically Dubai). Consequently, the governments of many countries had to take drastic measures in order to tackle the endless difficulties, uncertainties and instabilities that may reasonably be expected to appear, and find a way to re-start economic growth and reduce unemployment rates.

Obviously, Cyprus could not withstand the domino effect, and the situation got much worse after the Troika's decision to impose a 'bail-in' on Cyprus's largest bank – the Bank of Cyprus – and force the closure of the second largest bank – Laiki Bank – in March 2013. Whether or not these extreme measures will indeed help Cyprus recover and get back on the right track remains to be seen.

SERIOUS INCENTIVES

Many colleagues in law firms, accounting firms and corporate services firms confirm that investors and clients were, naturally, concerned about the situation in Cyprus, especially during the first three or four months after the radical measures imposed in March. Today, nine months later, confidence is gradually being restored, as investors and clients recognize the great advantages and benefits that Cyprus registered companies still offer: very low corporate tax of 12.5%; the large number of Double Taxation Treaties which currently exist between Cyprus and more than 40 other countries; and the high level of professionalism and experience that service providers in Cyprus can offer.

Also important is the recent Fiduciary, Trust and other Administrative Business under the Law Regulating Companies Providing Administrative Services and Related Matters. The main aim of this law is to further regulate the professional services

sector, which will ultimately benefit clients and investors who invest in Cyprus or through Cyprus. A better legal framework is now in place, making it compulsory for companies offering professional services to obtain a license either from the Cyprus Securities and Exchange Commission (CySec) or the Cyprus Bar Association. Clients and investors are strongly advised to request the relevant license number of the professional services company they are dealing with, before engaging them in their business operations.

POSITIVE PROSPECTS

Furthermore, the recent discovery of offshore natural gas and oil reserves in Cyprus waters and the expected increase in tourist arrivals will definitely contribute significantly to the economy. Following the Open Skies agreement between Cyprus and Russia, the tourist influx from Russia alone is expected to reach 800,000 in 2014. Healthy figures are also projected for visitors coming from Israel, Germany, China and other European and non-European countries.

Apart from tourism, the professional services industry in Cyprus has a significant role to play in restoring clients' and investors' confidence, as each and every investment in Cyprus or through Cyprus starts and ends in cooperation with a professional services provider. Cyprus always was, is and will be a strong, trustworthy and loyal partner with proven strengths and capabilities that have been tested over the years. As such, it is safe to say that the future of Cyprus's professional services is healthy and bright.

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