

# Cyprus as an international financial centre:

Where we are

What we aim at

What we can achieve

23 June 2009

Eftychios Eftychiou

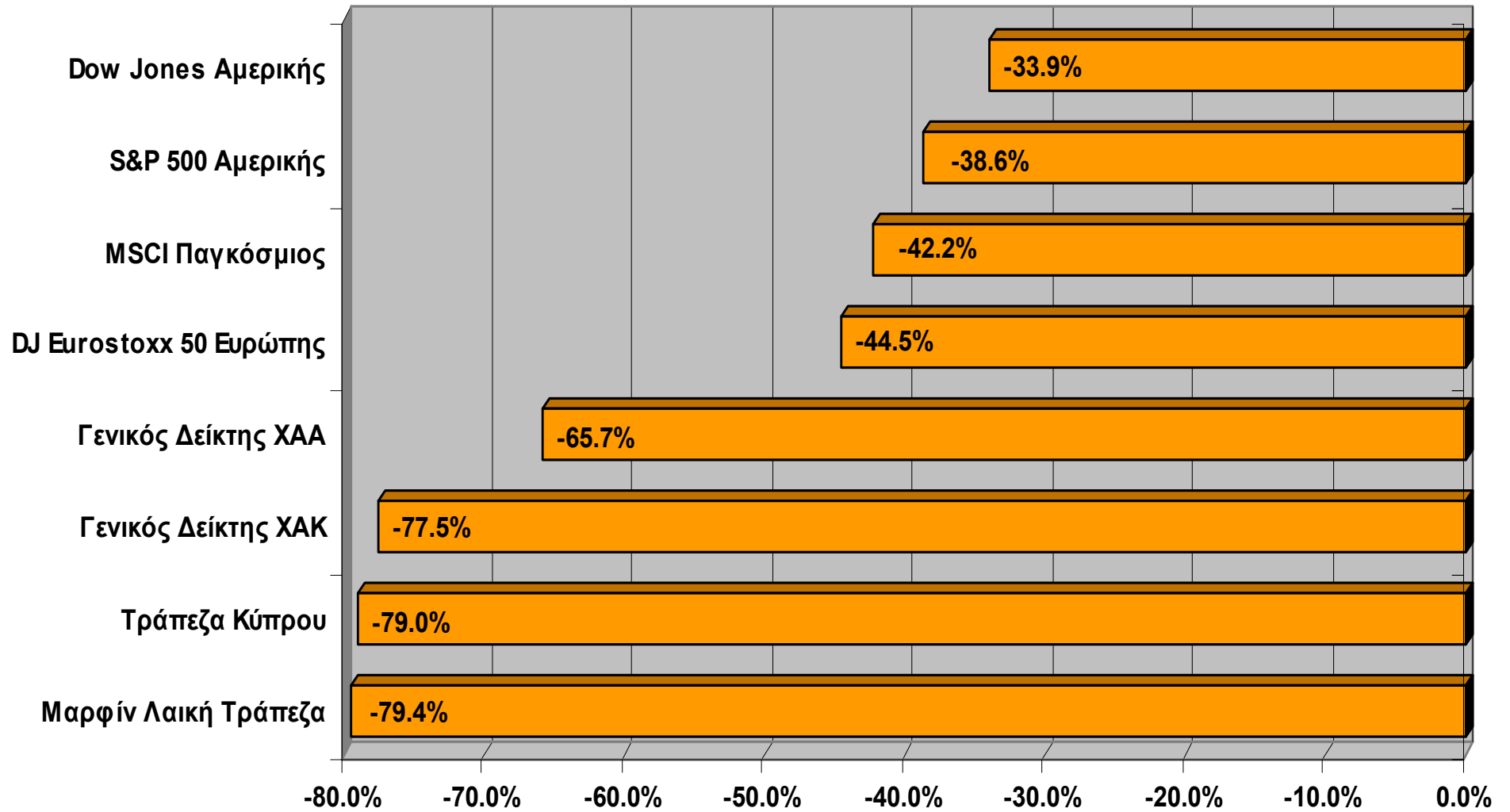
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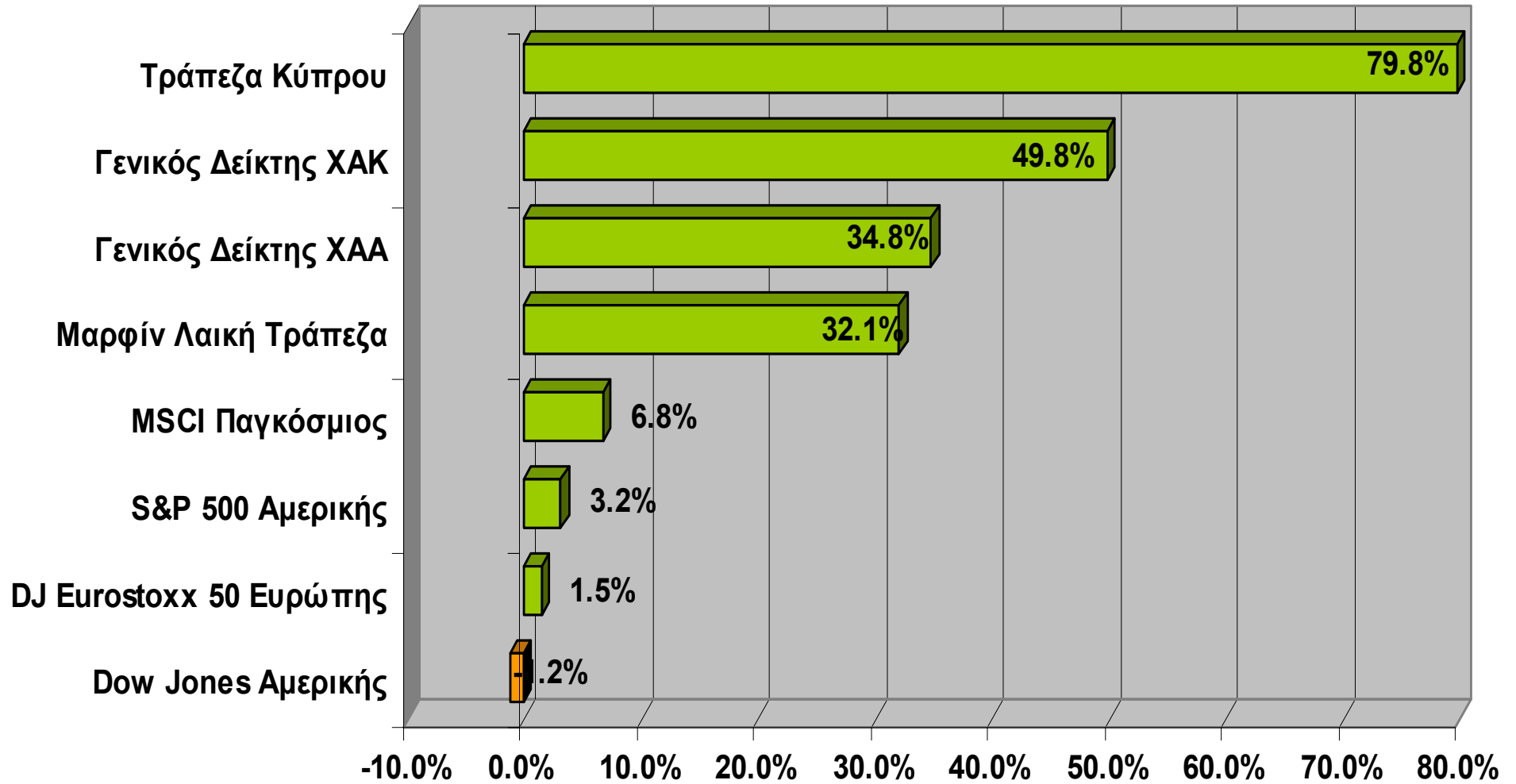
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# Αποδόσεις Μετοχών 2008



## Αποδόσεις Μετοχών 2009 (μέχρι 3/6/2009)



# “Random” movements on the Stock Exchanges?

- Do we find ourselves frequently asking:
  - Why has this stock dropped now?
  - When is it going to rise?
- Do we find ourselves frequently despairing:
  - They are playing with us!
  - The big players are moving this stock!
  - What the hell is going on!
  - IT IS ALL RANDOM!

# Is it “random”?: Fibonacci

- Fibonacci was the son of an Italian merchant and lived in Pisa from 1170 to 1250 AD
- Mathematician and a clergyman

# Fibonacci: The Sequence

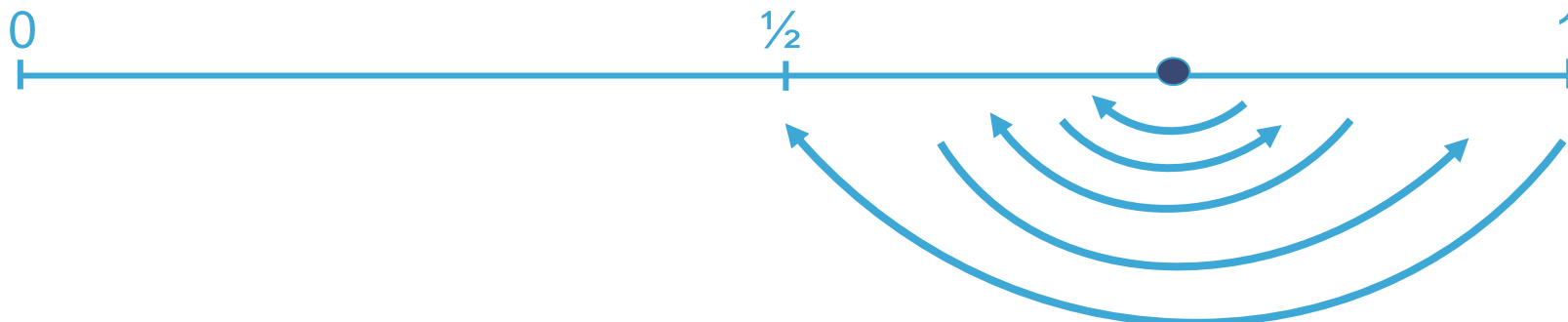
- In his free time he came up with this number sequence:

1   1   2   3   5   8   13   21   34    $\longrightarrow$

- Then he created fractions:

$1/1$ ,    $1/2$ ,    $2/3$ ,    $3/5$ ,    $5/8$ ,    $8/13$     $\longrightarrow$

- As the sequence of fractions progresses, converges on a single number



# Fibonacci: The Golden Ratio

- This number is 0.618!
- Or  $1/0.618 = 1.618$
- The Golden Ratio
- The Natural Frequency of the planet

# The Golden Ratio: Everyday life

- Parthenon
- Human face
- Cochlias
- Flowers
- Natural disasters

# The Golden Ratio: Stock Exchanges

- Can it be used on the “random” movements of the Stock Exchanges?
- For example, to guesstimate retracements of prior market movements?
- $1/1.618 = 0.618 \implies 61.8\%$
- $1/1.618^2 = 0.382 \implies 38.2\%$
- $1/1.618^3 = 0.236 \implies 23.6\%$
- Plus, the natural  $\implies 50.0\%$

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Index GPO

At DELAYED Op 1344.46 Hi 1420.95 Lo 1327.06

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GPC - Candle Chart

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Range 09/03/04 - 06/18/09 Upper Candle Chart Mov. Avgs Currency EUR

Period Weekly Lower None Mov. Avg Events

Last	1420.85
High on	11/02/07 5574.91
Average	2579.71
Low on	03/06/09 684.52



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
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Range 09/03/04 - 06/18/09 Upper Candle Chart Mov. Avgs Currency EUR  
Period Weekly Lower None Mov. Avg Events



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 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
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# Cyprus as an International Financial Centre

## The Tax Perspective

- Corporate tax rate 10% - Still lowest in EU

However, effective tax rate even lower due to:

- No tax on disposal of titles
- Exemption system on dividends / profits from abroad
- No thin capitalisation rules
- Thin spread of income possible
- No WHTs on any payments
- Tax free exit
- No CFC rules
- Extensive treaty network



# Cyprus as an International Financial Centre

## The Tax Perspective

- EU tax directives apply – Reorganisations, Parent / Subsidiary, Interest & Royalties
- Most international transactions free of VAT
- Favourable shipping law
- Tax free trust structures

# Recent Developments

## Clean bill of health for Cyprus tax system

- OECD approved (“white list”)

## Removal from black lists:

- Russia
- Italy
- Spain (under negotiation)

# Cyprus Russia Double Taxation Treaty

- New protocol initialed on 16 April 2009
- New Treaty expected as of 1 January 2010
- Cyprus should be removed from Black List as of 1 January 2010
- New Treaty as competitive as old one
- Initial caution dispersed once clarified

# PwC Involvement

- ICPAC
- CIPA (Cyprus Investment Promotion Agency)
- Ad hoc committee liaising with the Minister of Finance
- Chamber of Commerce initiatives:
  - Russia
  - India
  - Libya

# Trends & Developments, New Markets

- USA, UK, rest of W. Europe
- Poland
- Singapore being explored
- India
- China, ME increased contacts

# Proposals for development of Cyprus tax system

- Dividends Exemption from taxation without any limitations
- Interest Taxation only under income tax
- Titles Expansion of definition
- Margins Rulings
- Expenses Clarity on what is deductible
- CGT Reduction in rate
- DDD Simplification

Thank you

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