



ΠΡΕΣΒΕΙΑ ΤΗΣ ΚΥΠΡΟΥ
EMBASSY OF CYPRUS

KYPROKSEN SUURLÄHETYSTÖ
CYPERNS AMBASSAD

Press Release

In relation to recent publications in the Finnish media concerning allegations made towards Cyprus serving as a tax haven for money laundering, the Embassy of the Republic of Cyprus would like to inform of the following:

- Cyprus has a business friendly taxation system, characterized by low tax rates and a wide tax base. The fact that Cyprus has one of the lowest corporate tax rates in Europe (10%) does not justify the categorization as tax haven.
- The offshore regime in Cyprus has been substantially changed as part of the island's accession to the EU, and as a result of agreements with the Organisation for Economic Cooperation and Development (OECD).
- As a consequence Cyprus was excluded from the OECD's June 2000 'harmful' tax haven blacklist and in April 2009, Cyprus was placed on the OECD 'white list' of territories which have 'substantially implemented' the internationally agreed standard in tax transparency.
- Furthermore, Cyprus has double tax treaties with most of the EU and OECD countries and the treaty with Russia has been updated a year ago.
- Cyprus is fully compliant with EU legislation and has received positive assessments by the Moneyval Committee. Thus, the Anti-Money Laundering legal framework and functioning in Cyprus is robust and effective.
- Finally, the fact that there are increased Russian investors in Cypriot banks is mainly due to the attractiveness of the Cypriot systems and the comparative advantage that Cyprus has, for example, the avoidance of double taxation framework. Within this framework is also included the system of exchanging of information between Cyprus and other countries which complies fully with the international standards of the OECD.

In the following are detailed measures taken by Cyprus to counter money laundering:

- Cyprus, as a member of the European Union since 2004, applies and implements all EU Directives and regulations relevant to money laundering and terrorist financing.
- Prior to its accession to the EU, Cyprus harmonized its corporate tax laws for both residents and non-residents and abolished its “offshore status”. More specifically, the Income Tax Law, 2002 abolished the distinction between the tax status of international business companies (IBCs) and local companies and introduced a uniform tax rate (10%) for all companies registered in Cyprus. The Central Bank of Cyprus also amended the banking business licenses of branches/subsidiaries of foreign banks in order to take into account the above development as well as various legislative changes connected with Cyprus’ accession to the EU in 2004. In 2001 and 2005 Cyprus was assessed by the IMF’s staff under the Offshore Financial Centres programme. Following the 2005 IMF’s staff assessments, two reports were issued in 2006 which make reference to the changed status in Cyprus.
- Cyprus has been repeatedly evaluated by the aforementioned Moneyval committee of the Council of Europe (Committee of Experts on the Evaluation of Anti –Money Laundering Measures and the Financing of Terrorism) and the reports are very positive about the whole of Cyprus anti-money laundering system which compares very favourably with other EU and developed countries examined by Moneyval and other international bodies. The latest Moneyval report was issued in September 2011.
- The Financial Action Task Force, the leading international body established by the G-7 Summit in 1989 for the purpose of tackling money laundering and terrorist financing, publishes a list with the countries which present strategic deficiencies in their anti-money laundering systems. Cyprus has never been included in such a list.
- The International Narcotics Control Strategy Report of 2011, issued by the US Treasury, is positive towards Cyprus’s anti-money laundering system and presents in an objective manner the legal and regulatory measures taken by the Cyprus authorities.
- Companies registered in Cyprus are not anonymous. Cyprus company law requires registration of companies in a public register, shareholders registers that should be maintained at a company’s headquarters and notification/disclosure of subsequent changes in ownership.

- Banks and other financial institutions in Cyprus are required when opening accounts for any legal entity registered in Cyprus or abroad to identify the real beneficial owner(s) on the basis of appropriate documentary evidence.
- Cyprus's banking legislation provides for the lifting of banking confidentiality and the disclosure of financial and other information relating to accounts maintained by banks' customers to the courts of law, law enforcement authorities and public officials. Specifically, the Cyprus Banking Law provides that no duty of confidentiality in relation to an individual customer's account applies where, among others, the information (including information on beneficial owners) is given to the police, including the Cyprus Financial Intelligence Unit (MOKAS).
- Moreover, the Cypriot law enforcement authorities can and do apply to the courts for orders assessing information on beneficial owners held by any person in Cyprus, including banks, whenever there are reasonable suspicions that a money laundering offence has been committed.
- The law enforcement authorities of Cyprus, through the international channels of mutual legal assistance, exchange information with their foreign counterparts and provide assistance in tracing the beneficial owners of companies registered in Cyprus who are suspected of being involved in criminal activities and investigating activities suspected of being related to money laundering.
- In an article entitled "The EU reports to Berlin" in the Cypriot newspaper Phileleftheros, dated 7 November 2012, Steffan De Rynck, spokesperson for Michel Barnier, the Commissioner for the Internal Market, confirmed that Cyprus has been harmonised with European legislation to combat money laundering. Mr. Rynck made reference to the Moneyval report and also to the fact that the effective implementation of the legal and regulatory requirements in relation to the prevention of money laundering is an issue for all countries and not only for Cyprus.

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