

## Corporate Tax - Cyprus

### Law extends reorganisation tax exemption to partnerships

Contributed by **Andreas Neocleous & Co LLC**

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The Partnership and Business Names (Amendment) Law (54(I)/2011) introduces new provisions to the Partnership and Business Names Law (Cap 116) to facilitate the reorganisation and merger of partnerships and extend the favourable tax treatment of qualifying corporate reorganisations to partnerships.

Following the change in the law, when, in the context of a reorganisation, a partnership transfers its assets and liabilities to a company or companies registered under the Companies Law (Cap 113, as amended), Sections 198 to 201 of the Companies Law apply in the same way as they would to the reorganisation of a company. Sections 198(5) and 200(5) of the Companies Law, which restrict the application of the reorganisation provisions to companies, are explicitly excluded.

Subject to the partnership's records and financial statements being audited by an authorised independent auditor, reorganisations of partnerships are treated in the same way as qualifying reorganisations of companies. In particular, they are tax neutral and exempt from all forms of taxation, stamp duty and land transfer fees, under Sections 26 to 30 of the Income Tax Law 2002 (as amended), Section 1(h)(i) of the Capital Gains Tax Law 1980 (as amended), Section 4A of the Stamp Law 1963 (as amended) and Section 7(d) of the Department of Lands Surveys (Fees and Charges) Law (Cap 219).

*For further information on this topic please contact [Elias A Neocleous](mailto:elias@neocleous.com) at Andreas Neocleous & Co LLC by telephone (+357 25 110 000), fax (+357 25 110 001) or email ([elias@neocleous.com](mailto:elias@neocleous.com)).*

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#### Author

#### Elias A Neocleous



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