

Why are Cyprus trusts gaining momentum

Cyprus trusts are recently enjoying increased popularity. Costas Mavrocordatos of Calmco Limited, Cyprus is examining why.

Cyprus is not new in the trust world. Trusts have been an integral part of the Cyprus legal system since the time the British annexed the island to the British Empire at the beginning of the 20th century.

Nowadays, Cyprus has its own statute Law in place, the Trustees Law (Cap 193) and the International Trusts Law (Law 69 (I) of 1992 as amended by Law 20 (I) of 2012) which together with the principles of Equity of the English Law make up the Cyprus legal system on trusts.

The International Trusts Law in particular has created one of the most attractive trust legal frameworks in the world. It offers the opportunity to create a trust that will suit even the most complex situations and demands and enjoys many advantages that cannot be found concentrated in any other trust jurisdiction.

Advantages enjoyed by Cyprus International Trusts (CITs)

- 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
- In the case of a CIT which is expressly governed by Cyprus Law, the provisions of the International Trusts Law of Cyprus apply without reference to other applicable rules of conflict and as a matter of public order

Uses of Cyprus International Trusts (CITs)

CITs are widely used 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 on the set up of appropriate trust structures tailored to meet our clients' circumstances. We may be appointed trustees/protectors/enforcers carrying out the wishes of the settlor in accordance with the terms of the trust. We may act as trustees, protectors, enforcers through our own trust companies or through the creation of private trustee companies.

We advise on trustee powers, beneficiary rights and distributions, changes of beneficiaries, protector's powers and other trust related matters.

Contact us

We would love to hear from you. Please contact me as shown below:



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