Tax & Corporate Services

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Removal of controlled Capital Movement

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This is considered to be a positive development for the Cyprus economy as evidence that is being recovered and the banking sector in now stable with no need of any protective capital controls.

Even though Cyprus banking sector still deals with the issue of non-performing loans since political parties refuse to lift the suspension of the foreclosures law the financial sector has returned to normalcy.

This action aims to boost public confidence as the government also intends to enter into measures to stimulate financial activity and bring unemployment rates under control, according to the news conference given by President Anastasiades on the 3rd April 2015.

Based on such development, Cyprus may soon be in position to return back the international markets and be eventually detached from the financial support granted by the Troika.

In 2013 Cyprus became the first and until today the first and only euro zone country to impose capital control measures, when the country's banking system collapsed and depositors had to deal with "haircut".

Cyprus was forced to close Laiki Popular Bank and seize deposits in another recapitalized system which was badly exposed to Greece's debt crisis. Cyprus is following the Troikas' directions for the past two years and gradually has reformed its legal framework in terms of Anti Money Laundering and Financial Trafficking, recapitalized its banking sector non being exposed to and directed by foreign benefits, minimized macroeconomic risks and in process of implementing new legal frame for non-performing loans.

Gradually, Cyprus is following the Ireland's example which has finalized its economic adjustment program successfully and managed to exit the Troikas' adjustment progress enjoying now prosperity.