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Guide · Northern Cyprus

Northern Cyprus Free Zone Company Guide

The definition of the company, how it differs from a local company, the tax regime, capital, the formation process, cost items and annual obligations.

Ortac Global

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01 Overview

Forming a company in Cyprus covers three separate structures: the local limited company of Northern Cyprus (TRNC), the Northern Cyprus Free Zone company, and a company in South Cyprus. These three differ in tax regime, capital requirement and field of use. This guide deals with the Free Zone company.

- A Northern Cyprus Free Zone company is a limited company registered in the Free Zone in Famagusta, and it falls under a tax regime separate from that of the local Northern Cyprus company.
- No corporate or income tax is charged on activity directed at companies outside Northern Cyprus and companies inside the Free Zone; the general tax rules apply to sales to a local company in Northern Cyprus.
- The company is formed with at least two shareholders. If one of them is not a Northern Cyprus citizen, the minimum capital is **€25,000**, and the timeline is approximately 30-40 working days.
- At Ortac Global, formation plus the first year totals **€9,920**, all items included.

You are required to be in Northern Cyprus once

The formation documents are signed in Northern Cyprus, and on the same visit the company's capital account is opened at the bank. The application, approval and registration processes are then carried out on your behalf.

02 Definition of the Free Zone Company

A Northern Cyprus Free Zone company is a limited company registered in the Free Port and Zone in Famagusta. Its legal basis is Free Port and Zone Law No. 26/1983, together with the companies law of Northern Cyprus. In practice it is also referred to as a "Cyprus free zone company" or a "Northern Cyprus free zone company"; all of these names describe the same structure.

The Free Zone is treated as lying outside the state customs line. Under the rules published by the Free Port and Zone Directorate, income from trade, production and services directed outside Northern Cyprus by a company registered here is exempt from income and corporate tax. The company is still a limited company in law; the difference comes from where it is registered and the tax regime it falls under.

Address and Legal Representation

The company must have a registered address and a legal representative in Northern Cyprus; a company that only sells services is not required to have physical operations or a warehouse in Famagusta. This requirement is met either by the company renting its own address and employing staff, or by an address and legal representation agreement. Where

an address agreement is made, a representative who is a Northern Cyprus citizen, determined by the Free Zone, is appointed and no additional staff are required. In formations carried out by Ortac Global, the address and representation service is included in the price, and the process is managed from the office in Nicosia.

03 Difference from a Local Limited Company

Both are limited companies formed in Northern Cyprus; the distinction rests on who the sale is made to. A local company is formed to operate in the Northern Cyprus domestic market and falls under the general tax regime of Northern Cyprus. A Free Zone company is formed for activity directed outside Northern Cyprus and pays no tax on that activity.

Item	Free Zone company	Local limited company
Market sold to	Outside Northern Cyprus and inside the Free Zone	Northern Cyprus domestic market
Corporate tax	Not applied to this activity	10%
Dividends	No tax in Northern Cyprus	15% income tax
VAT	The company is not a VAT taxpayer	Standard rate 16%
Sales within Northern Cyprus	General tax rules: customs, VAT, corporate tax	Ordinary activity
Approval	Free Zone administration and the Council of Ministers	The ministry responsible for the economy (for a company with a foreign shareholder)
Number of shareholders	At least 2	At least 2
Minimum capital	**€25,000**	**€25,000** or the Turkish lira equivalent
Auditor's report	Not mandatory	Required

In a local company, 10% corporate tax is applied to profit and 15% income tax to the remaining profit; together they create a tax burden of 23.5%. Ortac Global carries out the formation of both structures in Northern Cyprus. For a local company, company approval takes 5-7 working days on average; the formation fee depends on the capital, and the accounting fee on the number of employees and the transaction volume; a quotation is provided at the first meeting. The timeline and cost given in this guide relate to the Free Zone company.

04 Distinction from a South Cyprus Company

The Republic of Cyprus in the south of the island is a separate country and a member of the European Union; its law, tax regime and company register are separate. Northern Cyprus is not an EU member. Most of the information presented under the heading "Cyprus company" relates to the south: a company registered in the EU, an EU VAT number, and the "Cyprus" line in the country lists of payment providers all refer to the Republic of Cyprus.

In practice this distinction matters in two respects. A Northern Cyprus company cannot be used in marketplace, platform or customer contracts that require a company registered in the EU. Nor is a Northern Cyprus company treated as established in the EU for registrations such as the EORI number that EU customs looks for.

05 Tax Regime

A Northern Cyprus Free Zone company pays no corporate or income tax on its activity directed at companies outside Northern Cyprus and companies inside the Free Zone, and it is not a VAT taxpayer. Transfers of profit and capital are free and are not taxed in Northern Cyprus. The condition for the exemption is the direction of the activity: two different customers of the same company lead to two different tax outcomes.

Tax by customer location

Customer location	Corporate and income tax	VAT and customs
Outside Northern Cyprus	None	None
Another company inside the Free Zone	None	None
A local company in Northern Cyprus	General rules	Applied in full

A sale to a company inside the Free Zone is treated as a sale before customs clearance and therefore remains within the exemption. The exemption is based on the Free Port and Zone Law.

The exemption depends on a condition

The exemption covers only activity directed outside Northern Cyprus and inside the Free Zone, and it concerns only the company's tax in Northern Cyprus. Sales made within Northern Cyprus are taxed. A shareholder's tax liability in their country of residence continues separately.

The absence of tax does not remove the obligation to keep records: the company prepares its accounts and files its return every year. The annual activity fee is a fixed charge, not a tax.

06 When It Is and Is Not Suitable

A Northern Cyprus Free Zone company is suitable for businesses whose customers are outside Northern Cyprus and which can collect payment by bank transfer or through a local virtual POS.

Where it is suitable

- **Transit trade and export:** Where goods are sent abroad from the Free Zone, the income is exempt from tax and the goods are exempt from customs duty.
- **Services provided abroad:** Services such as software, consultancy or design provided to customers outside Northern Cyprus.
- **A need for a Turkish lira account:** Turkish lira and foreign currency accounts can be opened with a Northern Cyprus bank; Turkish lira payments from Turkey can be accepted.

Where it is not suitable

- If card payments are to be collected through Stripe or PayPal
- If sales are planned through Amazon or Etsy
- If your customers are local companies in Northern Cyprus
- If a company registered in the EU is required
- If the company is to be formed with a single shareholder
- If you are unable to travel
- If a residence permit or visa is expected through the company

Forming a company does not by itself provide a right of residence; a foreign shareholder who will reside in Northern Cyprus and manage the company must obtain a separate permit to set up a business from the Ministry of Labour and Social Security. Ortac Global does not provide visa services in Northern Cyprus.

07 Formation Process and Timeline

The formation of a Northern Cyprus Free Zone company is subject to two approvals: first the Free Zone administration, then the Council of Ministers. Once the documents are complete, the timeline is approximately 30-40 working days.

01 **Determining the company name** — 3 working days on average

2-3 alternative names are determined for the company; name suitability is checked.

02 **Documents and signature** — 3 working days on average

The formation documents are prepared by us; you need to travel to Northern Cyprus once to sign.

03 **Opening the capital account** — on the signing day

During the same visit you open the company's capital account at the bank; the capital is sent at the stage when it is required.

04 **Free Zone approval** — 10 working days on average

The application is made by us. The Free Zone administration evaluates the application; following approval, the application is forwarded to the Council of Ministers for company registration.

05 **Council of Ministers approval and registration** — 14 working days on average

Registration is approved; the share of the capital attributable to foreign shareholders is blocked at the bank.

06 **Address and representative** — with registration

The company either rents its own address and employs staff, or an address and legal representative agreement is signed.

07 **Registration documents and bank account** — after registration

The company's registration documents are issued, the block is lifted and the bank account is opened for use.

The steps add up to at least 30 working days and may extend to 40 working days depending on the calendars of the approving authorities. The durations given are average durations, not commitments.

Required Documents

Documents requested from you

- Copy of your passport and identity card
- Utility bill or proof of legal address
- Criminal record certificate
- Address lease agreement

Steps completed during the process

- Name suitability check
- Company formation documents
- Capital account at the bank (in Northern Cyprus, with your participation)
- Free Zone application and approval
- Council of Ministers approval
- Registration and company address

Documents are not signed by courier; the signature must be given in Northern Cyprus.

08 Is the capital blocked, or can it be withdrawn?

The capital belongs to your company; it is not paid to any party. It is blocked at the bank only until registration, after which it is released in the company account.

If even one of the shareholders is not a Northern Cyprus citizen, the minimum capital is **€25,000**. Anyone who is not a Northern Cyprus citizen counts as a foreign shareholder. The portion of the capital corresponding to the foreign shareholder's share is blocked at a bank in Northern Cyprus during registration.

01 **Account opening**
At the signing visit you open the company's capital account at the bank; the capital is sent at the stage when it is required.

02 **Registration**
Registration is approved; the foreign shareholder's share of the capital is blocked at the bank.

03 **Released**
The bank is approached with the company's registration documents and the block is lifted; the amount is available in the company account.

Example: if both shareholders are foreign, the whole of **€25,000** is blocked. If one shareholder is a Northern Cyprus citizen and the shares are equal, the blocked amount is **€12,500**.

09 Cost Items

At Ortac Global, formation plus the first year of a Northern Cyprus Free Zone company totals **€9,920**, all items included. This is Ortac Global's own price and does not represent a market average. All items are mandatory; the application fee (USD 2,000) and the registration fee (USD 2,500) paid to the Free Zone, as well as minor official costs such as stamp duty and forms, are included in this amount.

Formation and first year

Item	Amount	Frequency
Company formation (application and registration fees included)	€4,900	Once
Free Zone activity fee	€2,700	Every year
Registered address and legal representation	€2,000 + VAT	Every year
Total · VAT and all items included	€9,920	**Formation and first year**

The total includes the VAT on the address and representation fee. Accounting and capital are not included in this total. Capital is not an expense but the company's own asset.

Recurring annual items

Item	Amount	Note
Free Zone activity fee	€2,700	Paid every year by the end of January
Address and legal representation	€2,320	€2,000 plus 16% VAT
Accounting · active company	€270 / month	From the month the bank account is opened
Accounting · dormant company	€900 / year	Annual accounts and return

Accounting is not included in the formation fee. Until the bank account is opened, the company is treated as dormant; the month in which the account is opened is the first month of monthly accounting.

Scope of the formation service

- Name suitability check
- Preparation of company formation documents
- Free Zone application and follow-up
- Registration and capital account follow-up
- Document follow-up and client portal access

Not included

- Stripe and similar global payment collection
- Accounting service
- Capital
- Permit to set up a business

10 Annual Obligations After Formation

Even though a Northern Cyprus Free Zone company pays no tax, it fulfils three obligations every year: it pays the activity fee, it maintains its registered address and legal representative, and it prepares its annual accounts and files its return.

- The activity fee is paid every year by the end of January. The Free Zone operating licence is of unlimited duration; only the fee is annual.
- The activity fee and the address and representation fee are paid at the same amounts from the second year.
- The annual accounts and return are filed in April; this obligation continues even if the company is dormant.
- An auditor's report is not mandatory; if requested, it is prepared for an additional fee.
- After formation, the company's accounting records are kept by the accounting team at our Nicosia office.

11 Bank Account and Payment Channels

The company account is opened at a local bank in Northern Cyprus, in Turkish lira and in foreign currency. After registration, the account is generally opened within 2-4 weeks. The bank reviews the company's activity, its customers and suppliers, its contracts and invoices, and the source of funds. The application documents are prepared by Ortac Global; the decision on account opening rests with the bank concerned, and account opening cannot be guaranteed.

Channels available to a Northern Cyprus company

Channel	Status	Note
Northern Cyprus bank	Yes	Corporate account; Turkish lira and foreign currency. Payments from abroad reach it through the correspondent bank in Turkey.
Local virtual POS	Yes	Card payment collection; payment is transferred to the company account in Northern Cyprus.
Stripe	No	Northern Cyprus is not on the country list.
PayPal	No	Northern Cyprus is not on the country list.
Payoneer	No	It could be opened in the past; today it cannot be opened with a Northern Cyprus company.
Shopify Payments	No	Northern Cyprus is not among the supported countries.
Amazon and Etsy	No	Northern Cyprus is not on the seller country lists.

The "Cyprus" in these lists refers to the Republic of Cyprus in the south; a Northern Cyprus company does not take its place.

12 Taxation in Your Country of Residence

The exemption in Northern Cyprus concerns the company's tax in Northern Cyprus; it does not affect a shareholder's personal tax liability in their country of residence. As long as profit stays in the company and is used for company activities, no tax arises in Northern Cyprus. Whether and when tax arises in your country of residence depends on its rules, in particular when profit passes to you as personal income.

- **Dividends:** If you are tax resident in another country, profit distributed to you by the company may need to be declared in that country.
- **Passive income:** Depending on the rules of your country of residence, where the company's income consists mainly of passive income such as interest, rent or royalties, undistributed profit may also be treated as the shareholder's income.
- **Place of management:** A company whose activities are actually concentrated in and managed from your country of residence may be treated as a corporate taxpayer there.

Whether a double taxation agreement applies between Northern Cyprus and your country of residence should be checked. These points vary from person to person, and we do not provide personal tax opinions. Before formation, it is advisable to assess your situation with your own tax adviser in your country of residence.

13 Frequently Asked Questions

Can one person form a Northern Cyprus Free Zone company?

No. The company is formed with at least two shareholders. There is no restriction on shareholders' nationality; anyone who is not a Northern Cyprus citizen counts as a foreign shareholder.

Can a Northern Cyprus Free Zone company sell within Northern Cyprus?

It can; however, these sales fall outside the exemption, and the rules on customs, VAT and corporate tax apply. If most of the activity is within Northern Cyprus, a Free Zone company is not a suitable structure.

Is it mandatory to rent an office and employ staff?

It is not mandatory. If an address agreement is made with an accounting office, a representative who is a Northern Cyprus citizen, determined by the Free Zone, is appointed and no additional staff are required. If you rent your own office, you must employ at least one Northern Cyprus citizen.

Does the "Mersin 10, Turkey" address cause problems?

Because the international postal connection of Northern Cyprus is routed through Turkey, addresses carry the wording "Mersin 10, Turkey". Some foreign platforms may treat this address as Turkey; the platforms to be used are assessed together before formation.

Is this structure lawful, or is it regarded as a shell company?

The exemption is based on the Free Port and Zone Law and is lawful. Its condition is genuine activity directed outside Northern Cyprus and records kept regularly; declaring the income in your country of residence remains your own obligation.

How is a company closed?

Through voluntary liquidation. First, all balance sheets and annual reports must have been submitted to the Tax Office and the Registrar; the liquidation decision is announced in the Official Gazette.

14 About This Document

This guide is for general information and does not constitute personal tax or legal advice. Fees, the capital requirement in practice and prices may change; prices are Ortac Global prices, durations are average durations and not commitments. Official approvals and bank account opening decisions are subject to the assessment of the institutions concerned.

This document was prepared in October 2026. For current information and a written quotation, please contact the Ortac Global office in Nicosia.

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