

Private Mergers and Acquisitions in Cyprus: Overview

by George Polemidiotis, Advocate, Partner, PLLAW (Polemidiotis Law)

Country Q&A | Law stated as at 01-Dec-2025 | Cyprus

Q&A guide to private mergers and acquisitions law in Cyprus.

The Q&A gives a high-level overview of key issues including corporate entities and acquisition methods, preliminary agreements, due diligence, acquisition agreements and main documents, warranties and indemnities, acquisition financing, signing and closing, tax, employees, pensions, regulatory approvals, and environmental issues.

Corporate Entities

1. What are the main corporate entities commonly involved in private acquisitions?

The main type of entity involved in private acquisitions is the Cyprus private limited liability company limited by shares. In such companies:

- The shareholders' liability is limited to the unpaid subscription amount for their shares.
- The company has separate legal personality, and can own assets and contract as a distinct legal person.
- The company is managed by its board of directors (board) (or a sole director), and must have a company secretary and its registered office address in Cyprus.

Further information on Cyprus companies is available at the [Companies Section](#) of the Department of Registrar of Companies and Intellectual Property.

Ways to Acquire a Private Company

2. How are private acquisitions commonly structured and what factors apply to the choice of structure?

The most common way to acquire a Cyprus company is by a share sale. On acquisition of the target company's shares, the buyer takes ownership of the target company with all of its assets, obligations, and liabilities (except any agreed to be spun off).

Another common way to acquire a Cyprus company is a merger of a Cyprus target company with another company (usually absorption of the target by an acquiring company in the buyer's group, which can generally be a Cyprus or an EU company).

In an asset sale, the buyer selects the assets and liabilities it wants to acquire from the seller. In certain cases, the transaction documentation may be more complex than in a share sale, since it should expressly provide in detail for each asset sold.

Factors which may be relevant to assess whether an asset sale is suitable include:

- The nature of:
 - the business
 - the assets; and
 - their location.
- Existing commitments and relationships.
- Any existing licences.
- Regulatory requirements.

The type of the consideration depends on the negotiating positions of the parties, the nature of the transaction, and the preferences of the buyer and seller (see [Question 21](#)).

For considerations that may apply when comparing a share sale and an asset sale, see [Question 3](#).

For an overview of cross-border acquisition structures, see [Acquisition Structures Toolkit \(International\)](#).

Share Purchases and Asset Purchases

3. What are the main advantages and disadvantages of a share purchase (compared to an asset purchase)?

Transfer of Assets /Liabilities

Share sale. In a share sale, the buyer becomes the owner of the target company which has its own assets and has liabilities. The buyer must conduct due diligence on the target company. This is to safeguard against risks that may exist or arise in future, as the buyer becomes the owner of the target company (for example, tax liabilities or third-party claims that may decrease the value of the target company and therefore the buyer's investment).

If the target company is not newly incorporated or is an operational company (not simply a holding company), due diligence can be time-consuming and costly. Due diligence normally covers corporate, legal, tax, and financial areas. If the target company's history or operations are substantial, due diligence involves significant work, especially if the target company has existed for a long time with a high volume of complex transactions.

Asset sale. In an asset sale, the buyer only acquires those assets specified in the asset purchase agreement. The buyer can therefore choose which assets it wants to acquire and only acquires those liabilities it expressly agrees to take on.

In an asset sale, the buyer typically examines the selling company's right to sell and title to the assets. The buyer is generally not concerned about the selling company's other liabilities or obligations.

However, where the business of a company is sold or transferred, the Preservation and Safeguard of Employees Rights during the Transfer of Businesses, Facilities, or Business Departments Law (104(I)/2000) (Transfer Rights Law) (Greek version only) will apply.

Under this law, employees are transferred together with the company or business sold (see [Question 30](#)).

Complexity of the Transaction

Share sale. In a share sale, the transfer of title to the shares is relatively straightforward and can be completed quickly. Title passes when the buyer is entered as holder of the shares in the target company's register of members kept by the company secretary.

Asset sale. Title in assets does not transfer automatically by entering into an asset purchase agreement. Each asset being acquired must be specifically identified and transferred separately by way of assignment, novation, transfer, delivery, or registration, in accordance with the requirements and formalities of the applicable law of the country in which the assets are located.

If assets are located in different jurisdictions, time, cost, and complexity usually increase, as local counsel must be involved and local law requirements must be met.

Tax Considerations

A share sale may give rise to fewer taxes and lower registration costs (see [Question 25](#) to [Question 29](#)). The company's assets do not have to be individually transferred to the buyer. This usually simplifies the transaction and may provide tax or transfer/ registration cost advantages.

In an asset sale, transfer and, if applicable, registration requirements or taxes for the sale of each separate asset may increase the overall transaction costs.

In an asset purchase, tax advantages may arise where significant allowances are available, for example where:

- The value of the asset is purely defined by the purchase price and not the accounting value as reported in the company's financial statements.
- Capital allowances and depreciation relief are available for the cost of assets purchased.

Other Factors

The choice of transaction structure, whether a share sale or an asset sale, will depend on various factors, including legal, financial, and strategic considerations. These can include the following:

- **Liability:** in a share sale, the buyer purchases the target company with all liabilities and obligations, including any potential hidden or contingent liabilities. In an asset sale, the buyer can selectively choose which assets and liabilities it wants to acquire, minimising the risk associated with unknown or undesirable liabilities.
- **Tax implications:** tax considerations play a significant role in the choice of transaction structure. The tax treatment of a share sale and an asset sale can vary depending on the type of the target company's business, underlying assets, and other circumstances.
- **Employees:** in an asset sale, the buyer may have more flexibility in selecting which employee contracts, benefits, and obligations it wants to assume.
- **Regulatory approvals:** some industries may require regulatory approvals or clearances for certain transactions. For example, a share sale may require consent from existing shareholders or regulatory authorities. That may not be the case in an asset sale.
- **Intellectual property and licences:** depending on the nature of the business, the transfer and assignment of intellectual property rights and licences may be easier in an asset sale compared to a share sale. In other instances, it may not be possible for specific IP to be transferred separately from other IP, and the acquisition of the target company may be preferable.
- **Client relationships and goodwill:** if the value of the transaction is tied to the existing client relationships or goodwill of the business, a share sale may be preferred as it can allow for a smooth transition, as the company and its relationships remain intact. Further, an asset sale may require customer consents or notifications, which could potentially impact business continuity.
- **Costs and complexities:** the transaction costs, including legal fees, due diligence expenses, and administrative efforts, can differ between a share sale and an asset sale. Buyers and sellers should evaluate the costs and complexities associated with each structure to determine the most efficient and cost-effective option.

Auctions