



The Art
of Making
Business

Cyprus Incentive Program

October 2021

Table of Contents

1. Business Facilitation Unit	3
2. Residence and Employment Permits	
3. Employment of support staff	3
4. Family reunification	3
5. Simplification of the process of granting work permits	3
6. Introduction of Digital Nomad Visa	4
7. Tax Exemptions	4
8. Naturalization of non-EU nationals working in Cyprus (Cyprus Passport)	5
9. Other measures	5

Cyprus government presented the pillars of the strategy for attracting innovation including various tech, research, and innovation companies, which is expected to start from January 2022.

The emphasis is placed on domains related to High Technology, Shipping, Innovation, Research and Development, Biogenetics and Biotechnology, without excluding any other companies that choose Cyprus as their place of business and in particular:

1. Business Facilitation Unit

Business Facilitation Unit is established, that will function as the focal point of contact for all companies of international interest, either operating in Cyprus or wishing to operate in the country, as well as for Cyprus business in specific areas of economic activity. *This Unit will also facilitate issuance of working permits.*

2. Residence and Employment Permits

Residence and Employment Permits can be issued for high skilled third countries employees, with a minimum gross monthly salary of €2,500 under the following conditions:

- University diploma, degree or equivalent qualification or certificates of relevant experience in a corresponding position lasting not less than 2 years
- Presentation of employment contract of not less than 2 years

3. Employment of support staff (with gross monthly salary less than €2,500)

- It is permitted to employ individuals from third countries as a support staff. Third country individuals employed as support staff should not exceed 30% of all support staff
- Proper employment contract required

4. Family reunification

Direct and free access to the labour market as paid employees to the spouses of those who obtained a residence or work permit and gross monthly salary of €2,500

5. Simplification of the process of granting work permits

Relevant Ministry will amend the regulations to simplify the process, expedite the examination of applications for immigration permits and long-term residency permits

6. Introduction of Digital Nomad Visa

- Beneficiaries will be third-country nationals (self-employed or employees), who work remotely using information and communication technologies for employers/ clients outside Cyprus.
- Visa will be granted for a period of twelve months, with the right to renew it for another two years.
- Visa holders can be accompanied by their family members (residence permit will be granted to family members). During their stay in Cyprus, the spouses cannot work or engage in any kind of economic activity.
- If they live in Cyprus for one or more periods that in total exceed 183 days within the same tax year, then they are considered tax residents of Cyprus (meaning they are not tax residents in any other State).

- Pre-requisites
 - ❖ Evidence that the individual has sufficient resources, in the form of fixed income, to cover his/her living expenses for the whole duration of his/her stay in Cyprus.
 - ❖ The amount of 'sufficient resources' is set at €3.500 per month and it can be supported:
 - from the employment/work contract or proof of employment, in the case of dependent work, services or work or
 - from a bank account

If sufficient resources come from paid employment, services or work, the above minimum amount refers to net income after payment of the required taxes in the country of employment.

The above amount is increased by twenty percent (20%) if the applicant is accompanied by a spouse or cohabitant and by fifteen percent (15%) for each child.

- ❖ Healthcare coverage (General Healthcare System – GHS) should be obtained
- ❖ Clean criminal record certificate from the country of residence is required

7. Tax exemptions

- Tax exemption of 50% to the new residents-employees with remuneration from employment of €55.000 - €100.000 for 17 years
- Existing beneficiaries of the tax exemption have possibility to extend the benefit from 10 years to 17 years.

8. Naturalization of non-EU nationals working in Cyprus – Cyprus passport

Third country nationals, holding employment permits, will have the right to submit an application for naturalisation after 5 years of residence and work in Cyprus (or after 4 years if they have a recognised certificate of very good knowledge of the Greek language).

9. Other measures

- Possibility for extension of tax exemption to 50% for investment in certified innovative enterprises and by corporate investors
- Increased tax deductions for R&D expenses

Notes:

Action plan required for implementation of the strategic goals will be put in place from 01.01.2022, with the exemption of actions stipulated in points 7-8-9, for which legislative regulations are required. The aim of the House of Representatives is to ensure that all necessary approvals are in place during the first quarter of 2022.

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