



## Cyprus, your home away from home

The concept of an organisation operating in multiple jurisdictions is one that has been around for centuries. Merchants in the middle ages were moving from city to city and country to country to promote and sell their goods, broaden their market reach and client base. Cyprus was no stranger to this model and is today a prominent financial and business center with a unique advantage – it is constantly adapting to international trends while keeping its local identity.

Setting up your headquarters in a country other than the one you are accustomed to, is not an easy choice, as a number of variables need to be carefully considered.

Cyprus has most, if not all, the components of an attractive jurisdiction and has the track record to prove it. Numerous multinationals and start-ups have chosen Cyprus as their corporate base, either to service the region or the world. By setting up their corporate headquarters in Cyprus, these companies have managed to bring together talent, skills and decision-making under one roof. Cyprus' ability to adapt and evolve has attracted a large number of high tech/IT companies and entrepreneurs in the last few years. The tech community is becoming one of the fastest growing communities in Cyprus, bringing together local and international talent when establishing their headquarters on the island.

### What makes Cyprus an attractive jurisdiction?



Availability of skilled human resources



Low cost and ease of doing business



High quality of life

## Cyprus Action Plan for attracting companies to operate or expand their activities in Cyprus

The Cyprus government, in an attempt to enhance the country's vision of being a sustainable business and trade centre for Europe and the broader region, has recently announced a series of incentives. With these new incentives it clearly shows its commitment once again to support the local and international market. These incentives were presented in the Action Plan for attracting companies to operate or expand their activities in Cyprus.

The new strategy is in line with the guidelines of the European Commission and the EU Recovery and Resilience Facility. Its implementation aims to create added value to the economy and also redefine our country's development model.

### Key points for new and existing market players



#### 1. Transformation of the existing Fast Track Business Activation Mechanism into a Business Facilitation Unit

The Unit will function as the focal point of contact for all companies of international interest, either already operating in Cyprus or wishing to operate in the country, as well as for Cyprus companies in specific areas of economic activity (as explained below).



#### 2. Revised policy for the issuance of temporary residence and work permits to third country nationals

A minimum gross monthly salary of €2,500 is introduced for employees who have the required academic skills or at least two years of relevant experience. The duration may be up to three years and will be issued within one month.

Eligible companies:

- Foreign companies operating in Cyprus or foreign companies wishing to establish presence in Cyprus that have a physical presence in Cyprus.
- Cyprus shipping companies.
- Cyprus high-tech/innovation companies.
- Cyprus pharmaceutical companies or companies operating in the fields of biogenetics and biotechnology.



#### 3. Right to employment for family members of third country nationals who are part of the third country employment policy



#### 4. Simplification of the process for granting work permits



**5. Digital nomad visa**

A new type of residence permit will be introduced, for people who wish to live in Cyprus but work in companies operating abroad.

- Beneficiaries: Third country nationals who are self-employed or employees who work remotely using information and communication technologies, with employers/clients outside Cyprus and a quota of a maximum initial limit of 100 applications.
- Residence status: Right to stay in the country for up to one year, with the right to renew for another two years and may be accompanied by their family members.



**6. Tax incentives**

- The existing income tax exemption of 50% for non-residents taking up employment in Cyprus will be expanded to cover new Cyprus tax residents-employees, with salaried income of €55,000. The existing beneficiaries will be able to extend their scheme from 10 to 17 years.
- Extension of the tax exemption for investment in innovative companies.
- Increased tax deductions for Research & Development (R&D) expenses.



**7. Application for Cypriot Citizenship**

The period of eligibility for applying for citizenship will be reduced from seven years of residence and work in the Republic, to five years. A further reduction of four years applies for holders of certification of very good knowledge of the Greek language.



**8. Promotion of the action plan internationally, including a specific campaign for attracting qualified workforce**

The Action Plan will be implemented as of 1 January 2022, with the exception of actions 6 and 7 for which legislative regulations are required. The aim is for the relevant legislation to be approved by Parliament in the first quarter of 2022.

Cyprus was, is and will continue to be a jurisdiction that will promote new ideas and give incentives to businesses and young entrepreneurs to set up their corporate base on the island. The pro-business mentality and the talent pool (both local and international), in combination with all the incentives provided by the Government and the EU, compose the formula of an ideal location for existing companies to enhance their business and for new high-tech/innovative companies to make their vision a reality.

## Author



### Andreas Yiouseli

Director, Business Process Solutions

Tel: + 357 25 868644

Email: [ayiouselli@deloitte.com](mailto:ayiouselli@deloitte.com)

[www.deloitte.com/cy/tax](http://www.deloitte.com/cy/tax)

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