



## Cyprus Tax News | Issue 4/2026

As part of the “Brain Gain” initiative, Cyprus has introduced a new income tax incentive for attracting skilled employees and Cyprus nationals back to Cyprus

Cyprus has introduced a new personal income tax incentive under the “Minds in Cyprus” The Brain Gain Initiative, to encourage professionals/skilled employees who have built their careers abroad to return to Cyprus.

The new incentive, which was published in the Official Gazette on 6 March 2026, is codified under Article 8(21B) of the Cyprus Income Tax Law (Law 118(I)/2002). Eligible individuals may claim a 25% exemption on their remuneration from any employment in Cyprus, or on the profits from carrying on a business in Cyprus with maximum amount of the exemption the €25,000 per tax year, for up to seven years (7).

The provisions of the new **Article 8(21B)**, which are in effect **as from 1 January 2025**, apply to **an individual who**:

- (i) he/she is a tax resident in Cyprus, except for the year in which he/she commences employment or carrying on a business in Cyprus; **and**
- (ii) he/she has started employment or carrying on a business in Cyprus as from 1st January 2025 until 2030; **and**
- (iii) during the first twelve (12) months following the date of commencement of his/her employment or the exercise of a business in Cyprus, had a remuneration from employment in Cyprus or profits from the exercise of a business in Cyprus, that exceed the thirty thousand euros (€30,000); **and**

- (iv) he/she was not a Cyprus tax resident during the seven (7) tax years preceding the year of commencement of employment or carrying of a business in Cyprus; **and**
- (v) was a Cyprus tax resident in any year preceding the period of the seven (7) tax years as specified in paragraph (iv) above; **and**
- (vi) meets at least one of the following conditions:
  - a. He/she holds a recognized university degree, as recognized by the Cyprus Council for the Recognition of Degrees in terms of equivalence, and was employed on a **full-time basis outside** Cyprus, by an employer, who was not tax resident in Cyprus, for a total period of at least thirty-six (36) months, within the period of eighty-four (84) months preceding the month in which he/she started to be employed or to carry on a business in Cyprus; **or**
  - b. He/she was employed on a **full-time basis outside** Cyprus by an employer who was not tax resident in Cyprus, for a period of eighty-four (84) months preceding the month in which he/she began the employment or the carrying on of a business in Cyprus.

**It is further provided that:**

- (i) the exemption is granted in the year in which the individual commence employment or carrying on of a business in Cyprus and during the following six (6) tax years, provided that, his/her remuneration from the employment exercised in Cyprus or the profits from the carrying on of a business in Cyprus exceed the thirty thousand euros (€30,000) during each tax year.
- (ii) in case the exemption of Article 8(21B) is provided then, the exemption of Article 8(21A) shall not be provided.
- (iii) the exemption shall be granted to the eligible individuals, once in a lifetime, for the years in which the provisions of this new Article apply.

**Deloitte's View**

From a policy perspective, the introduction of the repatriation incentive under Article 8(21B) of the Cyprus Income Tax Law, represents a further step in Cyprus' efforts to enhance its attractiveness as a destination for skilled professionals/employees and nationals.

By extending tax relief to individuals who have previously worked abroad, the measure aims to facilitate the repatriation of experienced professionals/employees and support the transfer of international expertise into the local economy.

The availability of the exemption for both employment income and self-employed business profits may also broaden the potential beneficiary base, particularly among professionals who intend to establish independent practices or entrepreneurial ventures upon returning to Cyprus.

In this context, the incentive may contribute to strengthening the domestic market and fostering innovation and economic growth.

Nevertheless, individuals considering relocation should carefully assess the eligibility criteria and the interaction of the new provision with the other available attractive incentives/exemptions under Article 8 of the Income Tax Law, such as the exemption of 50% on the remuneration from employment in Cyprus as per Article 8(23A) of the Income Tax Legislation.

### How can we help?

Deloitte can assist individuals in assessing eligibility for the **Brain Gain Initiative**, interpreting the relevant provisions of the Cyprus Income Tax Legislation, and ensuring that the available tax incentives are properly applied within the broader personal tax framework.

### Get in touch

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