

The Ministry of Finance announces new measures to attract foreign investment and enhance business activity in Cyprus

Commencing in Q1 of 2022, new policies will be implemented facilitating:

1. Employment of third-country nationals who are employed by foreign interest companies/businesses, as well as for Cyprus companies who add value to the Cyprus economy

Eligible companies will be:

- Foreign businesses/companies operating in Cyprus or foreign business/companies intending to operate in Cyprus and who operate independent offices in Cyprus, which are separate from any private residence or other office
- Cyprus shipping companies
- Cyprus companies relating to high-end technology and innovation
- Cyprus pharmaceutical companies or Cyprus companies who are engaged in the fields of biogenetics and biotechnology

2. Employment of third-country nationals with either

- A minimum gross monthly salary of €2,500
- A maximum gross monthly salary of €2,500

In the first case, certain criteria would apply, such as, *inter alia*, a university degree, and a minimum two-year employment contract, while for the second case, employment of third-country nationals as support staff will be permitted provided that it does not exceed 30 per cent of the total support staff.

The permits will be issued immediately within one month and will have a duration of up to three years.

3. Family re-unification rights of third-country nationals belonging to the Business Facilitation Unit

Immediate and free access to the labour market to the spouses of the persons who have obtained residency and work permit in Cyprus through the Business Facilitation Unit under point two above (but only for those who receive a minimum gross monthly salary of €2,500, ie not for the support staff).

4. Simplifying and fast-tracking the process of granting work permits

Acknowledging that the current process is time-consuming, the Ministry of Interior is working on amending the applicable regulations in order to simplify the procedure and the criteria on the basis of which the residency permits are granted.

5. Digital Nomad Visas

In line with other European countries introducing similar arrangements for professionals who would like to work remotely, Cyprus will be facilitating the residency requirements for third-country nationals who are self-employed/freelancers or employees who work remotely with employers/clients outside of Cyprus for a period of 12 months

Residency status would cover:

- Right to stay in the country for a period of up to one year with the right to renew their residency for another two years
- Digital nomads can be accompanied by family members, for whom the residency permit will expire at the same time as the one of the digital nomad who will be acting as their sponsor. During their stay in Cyprus, the spouse/partner and the sponsor's dependents are not allowed to work or engage in any kind of economic activity in the country

If the beneficiaries of this programme reside in Cyprus for one or more periods which in total exceed 183 days within the same tax year, then they are considered tax residents of Cyprus, provided that they are not tax residence in any other country.

Initially, there will be a maximum limit of 100 beneficiaries and the applicants will need to satisfy certain requirements.

6. Tax incentives for employees

Expansion of the tax exemption applicable to employees in Cyprus (provided that they were non-residents in Cyprus prior to the start of their employment) for a period of 17 years. The new measures will result in:

- 50 per cent tax exemption to new residents-employees with employment remuneration of more than €55,000
- Current beneficiaries having the right to extend the benefit from 10 to 17 years

7. Other tax incentives

Additional tax incentives for corporate entities are being considered such as:

- Extension of the tax exemption for investment in innovative companies, whereby the Ministry of Finance is considering the possibility of extending the 50 per cent tax exemption for investment in certified innovative companies to corporate investors (currently, this is only applicable to natural persons)
- Grant of a further discount on R&D expenses (eg by 20 per cent) so that eligible R&D expenses may be deductible from taxable income in an amount equal to 12 per cent of the actual taxable income

8. Citizenship

Finally, an employee that completes five years of residency and employment in Cyprus (or, in case the employee has obtained a Greek language certification, four years) can apply for citizenship.



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