

Advantages for Non-EU Nationals of the Establishment of a Cyprus Foreign Interest Company – Including the Right of Non-EU Employees to Reside in Cyprus

A Cyprus Foreign Interest Company is an international company, which can employ non-EU national employees in Cyprus.

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What is a Foreign Interest Company?

A Foreign Interest Company is an international company, which, subject to meeting specific criteria, can employ non-EU national employees in Cyprus. This programme enables employees and their families to gain residence and work permits under favourable terms. The main objective of Cyprus Foreign Interest Companies is to attract foreign investment to Cyprus.

What are the Main Requirements Enabling an International Company to Qualify as Foreign Interest Company?

1. The third country shareholder(s) must own more than 50% of the total share capital of the company.
1. There must be a minimum Investment of €200,000 into Cyprus by the third country shareholder(s). This investment can be used at a later date to fund future expenses incurred by the company when it is established in Cyprus.

What are the Main Advantages of a Cyprus Foreign Interest Company?

- Foreign interest companies can employ third country national employees.
- Third country national employees can obtain a residence and a work permit, the precise details of which will be dependent on the employment contract. Residence and work permits can be for up to 2 years with a right of renewal.
- Directors and middle-management employees can reside in Cyprus with NO time limit (subject to holding a valid residence and work permit).
- Employees can exercise their right for their family to join them and to also reside in Cyprus.
- Companies located in Cyprus are taxed at 15% and can benefit from the double taxation treaties that are in force (currently over 60).
- Dividend income is exempt from corporation tax.
- Dividend distributions to shareholders are not subject to withholding tax.

Tax Benefits for Individuals Taking up Tax Residence in Cyprus

As a result of previous tax legislation and the exemption from the Cyprus Special Contribution for Defence Tax ("SDC"), introduced in July 2015, non-domiciliaries benefit from a zero rate of tax on the following sources of income:

- interest;
- dividends;
- capital gains (other than from the sale of immoveable property in Cyprus);
- capital sums received from pensions, provident and insurance funds.

The zero tax benefits detailed above are enjoyed even if the income has a Cyprus source and is remitted to Cyprus.

Other sources of income may also be exempt from tax however we recommend that professional advice is taken.

In addition, there are NO wealth and NO inheritance taxes in Cyprus.

Other Beneficial Features of the Cyprus Tax System for Individuals

- Income Tax Reduction for New Residents in Cyprus

Individuals who were not previously resident in Cyprus, take up residence in Cyprus for work purposes, and earn over €55,000 per annum, are entitled to the following tax benefit:

- 50% of employment income earned in Cyprus is exempt from income tax for a period of 17 years.

Cyprus' standard income tax rates are:

<i>Chargeable Annual Income</i>	<i>Marginal Tax Rate</i>
Up to €22,000	0%
€22,001 – €32,000	20%
€32,001 – €42,000	25%
€42,001 – €72,000	30%
Over €72,000	35%

Additional Information

If you require additional information regarding Cyprus Foreign Interest Companies please speak to Charalambos Pittas/ Katrien de Poorter at the Dixcart office in Cyprus: advice.cyprus@dixcart.com or to your usual Dixcart contact.