

Cyprus' New Strategies for Attracting Business – What has Changed During 2022?

This Article reviews the extensive tax incentives and new programmes implemented during 2022, which have made Cyprus...

19th January 2023

In October 2021, the Cyprus Government announced that they were implementing an Action Plan to attract investment into Cyprus.

This Article reviews the extensive tax incentives and new routes implemented during 2022, which have made Cyprus an even more attractive place to relocate to.

Business Facilitation Unit

The Ministry of Finance promotes the Business Facilitation Unit that processes the acquisition of work permits for highly skilled third country employees, with a minimum gross salary of €2,500 per month. It is a requirement to have a university degree or equivalent qualifications or certifications.

The maximum number of work permits for third country nationals per company is set at 70% of all employees over a period of 5 years. The permits are issued within 1 month and last up to 3 years, and employees' spouses can also access the labour market in Cyprus.

Digital Nomad Visa

Eligibility

Via the Digital Nomad Visa, non-EU nationals, active as self-employed, salaried or on a freelance basis can apply for the right to live and work in Cyprus. The applicants must work remotely using information technology and communicate remotely with clients and employers outside Cyprus.

Residence status

A Digital Nomad has the right to stay in Cyprus for a period of up to 1 year, with the right to renew for another 2 years. During the stay in Cyprus the spouse or partner and any minor family members, cannot provide dependent work or engage in any kind of employment activity in the country. If they reside in the Republic for a time period that exceeds 183 days within the same tax year, then they are considered as tax residents of Cyprus.

Each digital nomad must have a salary of at least €3,500 euros per month, medical coverage and a clean criminal record from their country of residence.

Extension of the Tax Exemption that Applies to Employees in the Republic

As specified in the strategy, tax exemptions that apply to foreign highly skilled employees in the Republic are extended up to a period of 17 years.

The existing tax exemption has also been extended to cover new resident employees with an annual salary from employment of €55,000 or more. They are entitled to a tax exemption of 50%.

Increased Tax Deduction (Compared to the Actual net) for Research and Development Expenses

Research and development expenses are subject to an increased discount. Eligible research and development expenses can be deducted from taxable income equal to 120% of the actual spend.

Application for Acquisition of Cypriot Citizenship

There is now the option to apply for the Cypriot citizenship after a period of 5 years of residence and work in the Republic of Cyprus, instead of the 7 years that was applicable before.

Additional Information

For further information about the attractive tax regime for individuals in Cyprus, please contact Katrien de Poorter at the Dixcart office in Cyprus: advice.cyprus@dixcart.com.