

Programmes to Move to or Become Tax Resident in Cyprus

Individuals can move to Cyprus, to take advantage of the tax efficiencies available, by spending at least 183 days in Cyprus.

By **Katrien de Poorter**, 21st August 2023

Background

Numerous tax advantages exist in Cyprus, for companies and previously non-Cypriot resident individuals. Please see article: [Tax Efficiencies Available in Cyprus: Individuals and Corporates](#).

Individuals

Individuals can move to Cyprus, to take advantage of the tax efficiencies available, by spending at least 183 days in Cyprus without additional conditions.

For individuals with closer ties to Cyprus such as running/operating a business in Cyprus and/or being a director of a company which is tax resident in Cyprus, the '60 Day Tax Residency Rule' might be of interest

1. The "60 Day" Tax Residency Rule

Since the implementation of the 60-day tax residency rule, a number of individuals have relocated to Cyprus to take advantage of the various tax benefits that are available.

Criteria to Meet the "60 Day" Tax Residency Rule

The "60 day" tax residency rule applies to individuals who in the relevant tax year:

- reside in Cyprus for at least 60 days.

- operate/run a business in Cyprus and/or are employed in Cyprus and/or are a director of a company which is tax resident in Cyprus. Individuals must also have a residential property in Cyprus which they own or rent.

- are not tax resident in any other country.

- do not reside in any other single country for a period exceeding 183 days in aggregate.

Days Spent In and Out of Cyprus

For the purpose of the rule, days "in" and "out" of Cyprus are defined as:

- the day of departure from Cyprus counts as a day out of Cyprus.

- the day of arrival in Cyprus counts as a day in Cyprus.

- arrival in Cyprus and departure on the same day counts as a day in Cyprus.

- departure from Cyprus followed by a return on the same day counts as a day out of Cyprus.

Please note that for the majority of jurisdictions you do not become tax resident if you reside there for less than 183 days a year. In certain jurisdictions, however, the number of days to be considered tax resident, is fewer than this. Professional advice should be taken.

2. Starting a Business in Cyprus as a Means of Relocation for Non-EU Nationals

Cyprus is an attractive jurisdiction for trading and holding companies, with access to all EU directives and an extensive network of double tax treaties.

To encourage new business to the island, Cyprus offers two temporary visa routes as a means for individuals to live and work in Cyprus:

- *Establishing a Cyprus Foreign Investment Company (FIC)*

Individuals can establish an international company which can employ non-EU nationals in Cyprus. Such a company can obtain work permits for relevant employees, and residence permits for them and their family members. After seven years, non-EU nationals can apply for Cyprus Citizenship.

- *Establishment of a Small/Medium Size Innovative Enterprise (Start-up Visa)*

This scheme allows entrepreneurs, individuals and/or teams of people, from countries outside the EU and outside the EEA, to enter, reside and work in Cyprus. They must establish, operate, and develop a start-up business, in Cyprus. This visa is available for one year, with the option to renew for another year.

3. The Permanent Residence Permit

Individuals wishing to move to Cyprus can apply for a Permanent Residence Permit which is useful as a means to ease travel to EU countries and organise business activities in Europe.

Applicants must make an investment of at least €300,000 in one of the investment categories required, and prove they have an annual income of at least 50,000 (which can be from pensions, overseas employment, interest on fixed deposits, or rental income from abroad). If the holder of a Permanent Residence Permit resides in Cyprus, this may make them eligible for Cyprus citizenship by naturalisation.

4. Digital Nomad visa: non-EU nationals who are self-employed, salaried, or working on a freelance basis can apply for the right to live and work from Cyprus remotely.

Applicants must work remotely using information technology and communicate remotely with clients and employers outside Cyprus.

A Digital Nomad has the right to stay in Cyprus for a period of up to one year, with the right to renew for another two years. During the stay in Cyprus the spouse or partner and any minor family members, cannot provide independent work or engage in any kind of employment activity in the country. If they reside in Cyprus for over 183 days in the same tax year, then they are considered to be tax residents of Cyprus.

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

It is worth noting that each year the government only issues a set number of visas. This number is at the discretion of the government and each year the scheme has been in place the cap has been reached.

Application for Cypriot Citizenship

The option is available to apply for Cypriot citizenship after a period of five years of residence and work within the Republic of Cyprus.

Additional Information

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