

Working Anywhere - Why Cyprus, Malta and Portugal are Popular Jurisdictions For Digital Nomads

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'Digital nomadism' has never been so topical.

Over recent years the concept of remote working has become an every day reality. Technology has improved and the way the workplace is structured is changing; a new culture of working from home is being adopted by a lot of companies, especially as a result of the Covid-19 pandemic and stay-at-home requirements enforced by many countries around the world.

There are numerous countries around the world offering Digital Nomad visas. Three of the most popular countries are; Cyprus, Malta, and Portugal - here is why.

CYPRUS

From January 2022, Cyprus is launching a Digital Nomad Visa for non-EU nationals wishing to work remotely for employers/clients based outside of Cyprus. Individuals who are self-employed, salaried, or on a freelance basis, can apply for the right to live and work in Cyprus.

Individuals who apply for the Cyprus Digital Nomad visa will have the right to stay in Cyprus for a period of up to 1 year. They can renew the visa for another 2 years, if required.

Cyprus is an attractive destination for individuals; it is a member of the EU, located in the eastern Mediterranean Sea and enjoys over 320 days of sunshine per year, it offers the warmest climate in Europe, has a good infrastructure and a convenient geographic location for internationally mobile individuals – it is easily accessible from in Europe, Asia, and Africa.

The population of Cyprus is approximately 1.2 million, with 180,000 foreign nationals living in Cyprus. It offers an excellent private healthcare sector, a low cost of living, and a friendly expat community.

As an incentive to attract and retain highly-skilled and highly-paid expats to Cyprus, foreign workers (for example, non-dom tax residents), do not need to pay taxes on international dividends, 'passive' interest income, or profit from the sale of securities.

In addition, individuals who were not previously resident in Cyprus, but who take up residence in Cyprus for work purposes, and earn over €100,000 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 10 years.

However, the proposal for 2022 (the relevant legislation has not yet been implemented) is to allow an income tax exemption of 50% to new resident employees with income of €55,000.

MALTA

Malta has introduced a Nomad Residence Permit which enables individuals to maintain their current job in another country whilst they legally reside in Malta. The permit is targeted at non-EU remote workers and entitles them to reside in Malta for 1 year. After this, the visa can be renewed.

Malta offers the climate, the relaxed lifestyle and rich history to make living in Malta a real pleasure. Located in the Mediterranean, just south of Sicily, Malta offers all of the advantage of being a full member of the EU and Schengen Member States, has English as one of its two official languages, and a climate many chase all year round. Malta is also very well connected with most of the international airlines, which makes travel to and from Malta easy.

Since joining the EU and due to the forward-thinking Government actively encourages new business sectors and technologies, Malta's economy has enjoyed large growth in recent years.

With a population of about 540,000 over an area of 316 square kilometres, Malta is already home to many expats and EU digital nomads. This community of 'nomads', enjoys Malta's climate and lifestyle, and have already begun to interact with people with similar ideas, to add value to the community.

The Nomad Residence Permit in Malta opens up this opportunity to third country citizens, who would usually need a visa to travel to Malta. This permit lasts for 1 year and can be renewed at the discretion of Residency Malta, as long as the individual still meets the criteria.

Applicants for the Nomad Residence Permit must prove they can:

- Work remotely using telecommunication technologies, or
- Work for an employer registered in a foreign country and have a contract for this work, or
- Perform business activities for a company registered in a foreign country (and be a partner/shareholder of that company), or
- Offer freelance or consulting services, mainly to customers whose permanent establishment is in a foreign country, or
- Earn a monthly income of €3,500 gross of tax.

One of the biggest advantages of relocating to Malta is the remittance basis of taxation. Malta non-domiciled individuals are taxed on Malta source income and certain gains arising in Malta but are not taxed on non-Malta source income not remitted to Malta. In addition, they are not taxed on capital gains, even if this income is remitted to Malta.

PORTUGAL

Portugal's temporary residence visa is particularly popular with freelancers and entrepreneurs; it is an independent workers and entrepreneurs visa available to individuals for 1 year. After this it can be renewed for up to 5 years. After 5 years, individuals have the option to apply for permanent residency in Portugal if they wish.

Portugal is located in the southwest of mainland Europe and is easily accessible in terms of travel to and from the rest of the world, which makes it very popular with international mobile individuals. The two islands of the Azores and Madeira are also autonomous regions of Portugal and, like the mainland, offers fantastic weather, a relaxed lifestyle, cosmopolitan cities, and stunning coastlines.

The Portuguese government is very aware of Portugal's reputation as an international hub for digital nomads and, in response, launched a 'Madeira Digital Nomads' project, to attract foreign professionals to the island. Those taking advantage of this initiative can live in the Digital Nomad village in Ponta do Sol which boasts both villa or hotel accommodation, free wi-fi, coworking stations and regular social events.

For individuals who wish to live and work in Portugal, for example in Lisbon, Porto, or along the coast of the Algarve, there is also a large and established community to interact with. Lisbon is teeming with digital nomads, and Porto is the second most popular spot.

Portugal is an attractive and popular location – not only for digital nomads to move to – but for a large variety of individuals, in many different circumstances. Not only is it a beautiful country, offering an attractive lifestyle, but it also offers the popular Non-Habitual Residents programme (NHR), which allows individuals moving to Portugal to enjoy tax advantages once they re-locate here.

This has proven to be a major motivator for both EU and non-EU citizens. Provided they have not been resident in Portugal for the previous 5 years, they can enjoy non-habitual status for 10 years, whereby income derived from employment or independent personal services (from a domestic source) is taxed at a special flat rate of 20% provided the income is from high value-added activities or a scientific, artistic, or technical nature. In addition, a tax exemption might also apply to income derived from a foreign source.

Summary

Digital nomad visas and temporary residence permits have made travelling the world and working, easy and enjoyable. They provide new opportunities to individuals who can work remotely and independently of their location but continue to remain legally employed by their current employer. If you would like more information on applying for

a Digital Nomad visa, please contact:

- Katrien de Poorter in our Cyprus office: advice.cyprus@dixcart.com
- Jonathan Vassallo in our Malta office: advice.malta@dixcart.com
- Catarina Sardinha in our Portugal offices (Lisbon and Madeira):
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Alternatively, please contact your usual Dixcart contact.

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