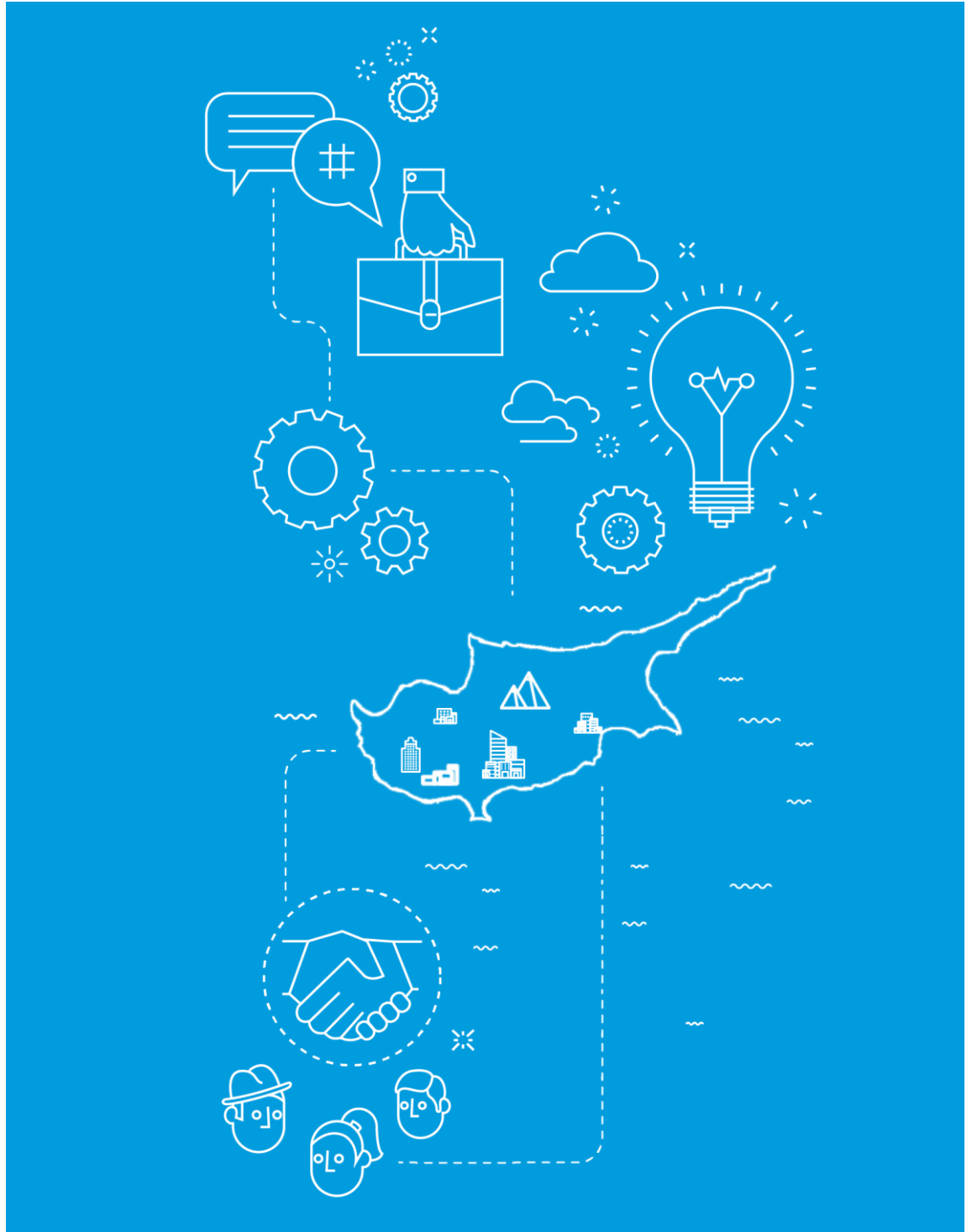


Action Plan for attracting companies to operate and/or expand their activities in Cyprus.



CONTENT

- 1 Transformation of the fast – track Business Activation Mechanism (BUSINESS FACILITATION UNIT)
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- 7 Extension of tax exemption for investment in innovative companies
- 8 Increased (relative to the real) tax deduction for research and development costs
- 9 Naturalization

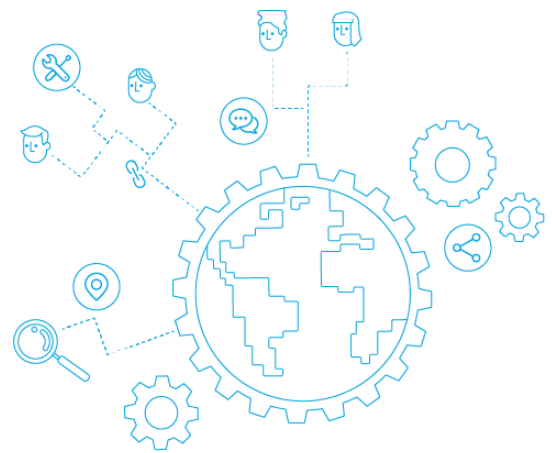


1. Transformation of the fast – track Business Activation Mechanism (BUSINESS FACILITATION UNIT)

Transformation of the existing Mechanism for fast-track activity of international companies into the *Business Facilitation Unit* operating or having the intention to operate in Cyprus.

Responsibilities

- Provision of services for company incorporation:
 - Company registration, name approval.
 - Social Insurance registration.
 - Registration in the VAT and Income Tax authorities.
- Guidance for relevant permits for activation in Cyprus.
- Acceleration in the issuance and renewal of residence and employment permits.



2. New policy for employing third country nationals in companies/businesses of foreign interests operating in the Republic of Cyprus or companies / businesses of foreign interests that intend to operate in Cyprus

- **Eligible companies:**
 - Companies/businesses of foreign interests operating in the Republic of Cyprus or companies/businesses of foreign interests that intend to operate in Cyprus and are operating through independent offices in Cyprus, based in suitable spaces, separate from any private home or other office.
 - Cyprus shipping companies.
 - Cypriot high technology/innovation companies.
 - Cypriot pharmaceutical companies or Cypriot companies active in the sectors of biogenetics and biotechnology.

2. Employment of third country nationals with a minimum gross monthly salary of €2500.

▪ Criteria

- Possession of a university diploma or degree or equivalent qualification or certificate of relevant experience in a corresponding employment position of a 2-year period.
- Submission of an employment contract of not less than two years.

▪ **Conditions**

- Maximum number of third country nationals allowed:

70% of all employees in a period of 5 years, from the date of entry into the Business Facilitation Unit.

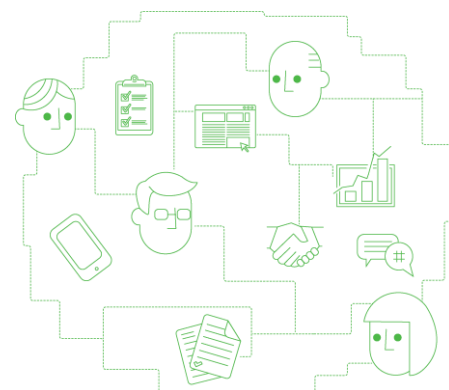
- If 5 years have passed from the date of entry into the Business Facilitation Unit and the company does not manage to employ Cypriot employees that will comprise the 30% of the personnel, the application will be subject to re-examination.

▪ **Employment of auxiliary staff (with gross salary less than €2500)**

The employment of third-country nationals is allowed, provided that it does not exceed 30% of the total number of auxiliary staff and noting that the third country nationals and the employer have entered into an employment contract duly ratified by the competent authority in accordance with the current legislation. The amount of pay is determined based on the current legislation.

▪ **Duration of residency and work permits**

The permits will be issued within 1 month and be in force for up to 3 years.



3. Family reunification right for third country nationals that are part of the Business Facilitation Unit

The spouses of the individuals who obtained work and residence permits in the Republic, through the Business Facilitation Unit, and receive a minimum monthly salary of €2,500 (except from the auxiliary staff) can have free and direct access to the labour market with salaried employment.

4. Simplification and acceleration of the process of granting work permits (Category E – Long-term resident status).

5. Issuance of (~~DIGITAL-NOMAD-VISA~~ Digital Nomad Visa (maximum initial cap of 100 beneficiaries).

▪ **Beneficiaries**

Third – country nationals who are self-employed / freelancers or employees working remotely using information and communication technologies with employers/clients outside Cyprus for a period of 12 months.

Residence status

- They are allowed to stay in the country until one year, with the right to renew for two ~~years~~ more years.
- They can be accompanied by their family members, to whom a residence permit is granted, upon request ending at the same time as the main beneficiary. During the stay in Cyprus, the spouse/partner (concerns persons who have entered into a cohabitation agreement) and the minor members of the dependent's family, are not allowed to provide dependent work or engage in any form of economic activity in the country
- If they reside in the Republic for one or more periods totalling more than 183 days within the same tax year, then they are considered tax residents of Cyprus, implying that they are not tax residents in any other State

Prerequisites:

The residence permit is issued to the person concerned, provided that he/she presents:

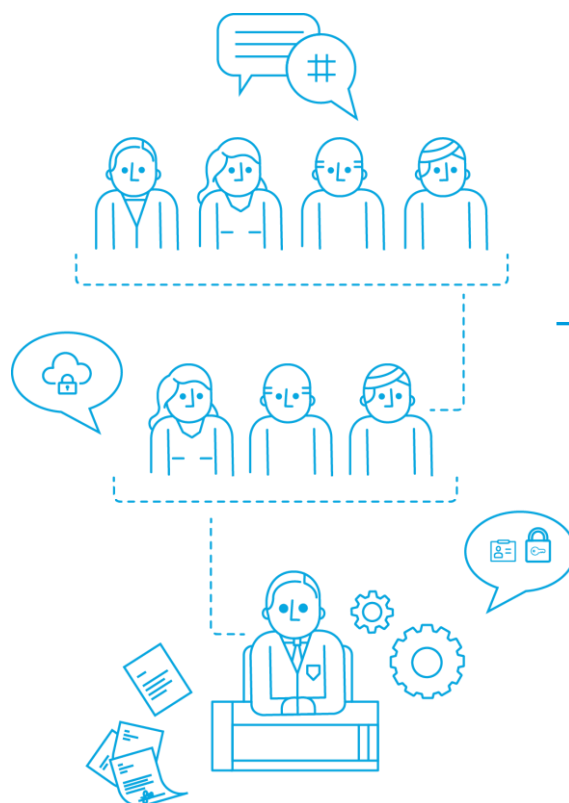
- responsible declaration, stating his/her intention to reside in the country with a residence permit for the provision of distance work and his/her commitment not to provide any work or services or work to an employer – based in Cyprus,
- employment or project contract or proof of employment with an employer, a natural or legal person, who is established outside the Republic of Cyprus, for an indefinite period or in the case of a fixed-term contract with a residual duration covering the period of the residence permit granted, or
- employment or project contracts of indefinite duration or, in the case of a fixed-term employment contract, with a residual duration covering the period of validity of the residence permit granted, if the third-country national is self-employed/freelancer with more than one employer established outside the Republic of Cyprus, or



- Information on the status of the applicant in the business, as well as information on the name, registered office, the field of activity and business purpose in case the third-country national is self-employed, which is located outside the Republic of Cyprus.
- Evidence that he/she has sufficient resources, in the form of fixed income, to cover expenses during his/her stay in the country, without burdening the national social welfare system. The amount of sufficient resources is set at three and a half thousand (3,500) euros per month and can be proved:
 - i. from the employment or project contract or proof of employment, in the case of dependent employment, services or project
 - ii. from a bank account. If sufficient resources come from paid employment services, services or project, the above minimum amount refers to net income after payment of the required taxes in the country of employment

The above amount is increased by twenty percent (20%) for the spouse or cohabitant and by fifteen percent (15%) for each child.

- Health Coverage (GESY)
- Clean criminal record from the country of residence



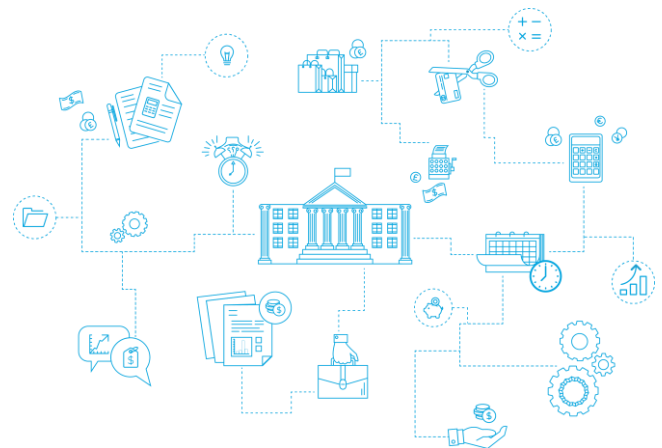
6. Expansion of the tax exemption applicable to employees in the Republic

(assuming that they were non-residents in the Republic before starting their employment for a period of 17 years)

- 50% tax exemption for new residents–employees with an employment salary of €55,000.
- Existing beneficiaries with salaried earnings of between €55k and €100k have the possibility to extend the benefit from 10 to 17 years. In this respect, they can benefit from this measure for the remaining period up until the 17th year of their stay.

7. Extension of tax exemption for investment in innovative companies

Examination of the possibility of extending the 50% tax exemption for investment in certified innovative companies by corporate investors as well. The regime in force until the end of June 2021 allowed the tax exemption only to natural persons.



8. Increased (relative to the actual) tax deduction for research and development costs

Provision of an increased discount for research expenses and development (e.g. by 20%). Eligible research and development costs will be deducted from taxable income in an amount equal to 120% of actual.

9. Naturalization

Right to apply for naturalization after 5 years of residence and work in the Republic or after 4 years if they meet the criteria of holding a recognized certificate of very good knowledge of the Greek language.

RSM Cyprus

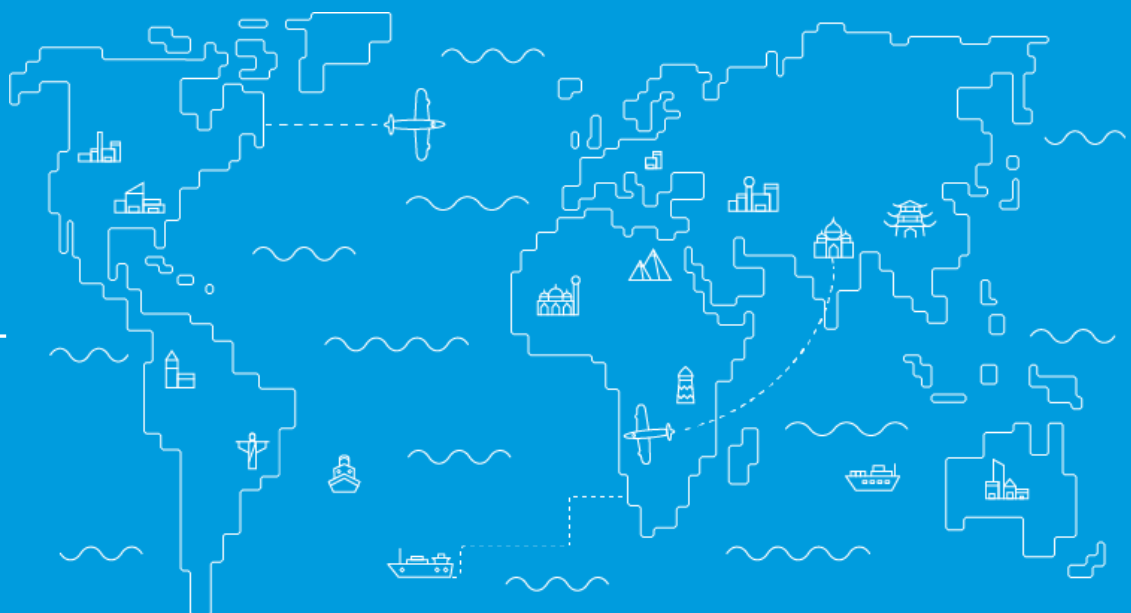
RSM in Cyprus is amongst the leading providers of professional services with experience of more than 25 years, offering a comprehensive range of audit, tax and consulting services with a presence in Limassol, Paphos and Nicosia.

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For more information about the tax system of Cyprus, the benefits and incentives it provides to legal entities and individuals, [contact us](#) directly or book your meeting at one of [our offices](#) in Limassol, Paphos and Nicosia.



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