

Strategy for attracting Businesses and Talent

October 2021
Updated June 2023

Ministry of Finance



1. ***BUSINESS FACILITATION UNIT***

Transformation of the existing Fast Track Business Activation Mechanism into a **Business Facilitation Unit**.



Ministry of Finance

BUSINESS FACILITATION UNIT

Main responsibilities

- Provision of Services for setting up businesses:
 - Company registration, name approval
 - Registration in the Social Insurance Register
 - Registration in the Tax/VAT Register
- Guidance/information on the necessary licenses to operate in Cyprus
- Accelerate the issuance and renewal of residence and employment permits

✓ **Central Contact Point for business – direct and streamlined assistance**

✓ **Digitization of procedures**

✓ **Online Platform**



Ministry of Finance

2. *New policy for the employment of third Country nationals*

Review, broadening and simplification of existing policy



Ministry of Finance

New policy for the employment of third country highly skilled nationals

Eligible Companies:

- Foreign companies/undertakings operating in the Republic of Cyprus or foreign companies/undertakings intending to operate in the Republic of Cyprus, that operate independent offices in Cyprus, housed in appropriate independent offices, separate from residences or other offices
- Cypriot shipping companies
- Cypriot high-tech/ innovative companies
- Cypriot pharmaceutical companies or companies active in the sectors of biogenetics and biotechnology



New policy for the employment of third country highly skilled nationals

Criteria

- Minimum gross monthly salary of at least €2,500
- University diploma or degree or equivalent qualification or confirmation of relevant experience in a corresponding job of at least 2 years duration.
- Employment contract of not less than two years duration.

Duration of residence and employment permits

Up to 3 years

Issuance of residence and employment permits

Within 1 month

Number of employees allowed

Maximum number of third-country nationals is set at 70% of all employees over a period of 5 years, from the date of joining the Business Facilitation Unit. Re-assessment after 5 years, on a case by case basis, if criterion of 30% Cypriot employees is not met.



Ministry of Finance

Employment of support staff

Employment of third-country nationals is permitted, provided that it does not exceed 30% of all support staff and provided that the third-country national and the employer have entered into an employment contract duly ratified by the competent authority in accordance with the existing applicable law.

The salary level is determined on the basis of the existing applicable legislation.

Duration of residence and employment permits

Up to 3 years



Ministry of Finance

3. Right to family reunification of third-country nationals included in third-country employment policy

Immediate and free access to the labour market for spouses whose financial supporter has obtained a residence and work permit in the Republic, and who receive a minimum gross monthly salary of € 2,500 (excluding support staff).

4. Simplify and speed up the process of Granting Category E work permit (Long Term Resident Status)



5. Social Insurance

- Securing the right to a pension through the Social Insurance Fund by intensifying the efforts for concluding Bilateral Agreements with third countries by the Ministry of Labour and Social Insurance, so that when a third-country national who has paid social security contributions in Cyprus returns for permanent residence in his/her country, he/she will be able to transfer the contributions paid, on the condition that with these contributions he/she did not acquire any right to an old age pension, disability, etc.



Ministry of Finance

6. *DIGITAL NOMAD VISA*

Introduction



DIGITAL NOMAD VISA ISSUANCE

Beneficiaries

Third-country nationals that are self-employed or salaried employees, working remotely with employers / clients outside Cyprus, through the use of information and communication technologies.

Residence Status

- They have the right to stay in Cyprus for up to one year, with the right to renew for another two years
- They can be accompanied by their family members, who are granted, upon request, a residence permit that expires at the same time as that of the financial supporter. During the stay in Cyprus, the spouse or partner and the minor members of the family of the financial supporter are not allowed to engage in any form of economic activity in the country
- If they reside in Cyprus for one or more periods totaling more than 183 days within the same tax year, they are considered tax residents of Cyprus, provided that they are not tax residents in any other Country.



DIGITAL NOMAD VISA ISSUANCE

Main preconditions

- Evidence that he/she has sufficient funds - a stable income to cover living expenses during the stay in the country, without recourse to the national social welfare system. The amount of sufficient funds is set at three and a half thousand (3.500) Euros per month and can be proven by:
 - i the employment or works contract or proof of employment, in the case of dependent work, services or works
 - ii a bank account. If sufficient funds come from paid employment services, services or works, 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/partner and by fifteen percent (15%) for each child.

- Medical Insurance
- Clear criminal record from the country of residence



Ministry of Finance

7. TAX INCENTIVES



Ministry of Finance

Broadening Tax Incentives

- Tax exemption of 50%, for the first employment, to new and existing employees relocating/relocated to Cyprus (with the requirement that they were not Cyprus residents during the previous 15 years) with yearly employment remuneration of €55,000 and above.
- For a period of **17 years** from the year of employment.

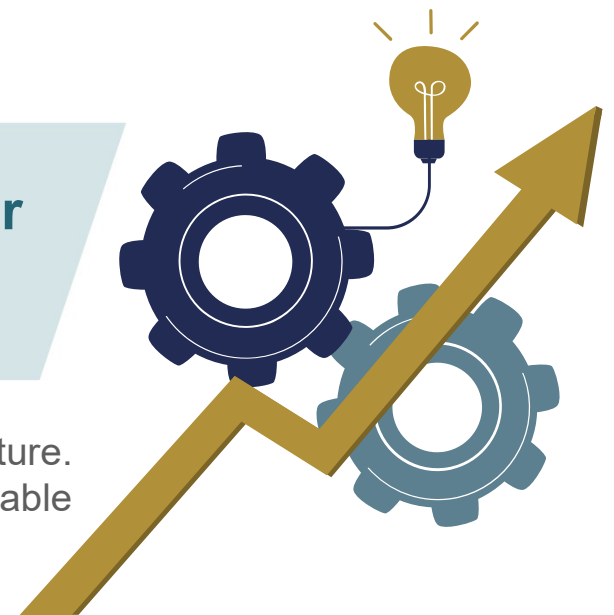


Tax exemption extension for investments in innovative companies

- Expansion of the tax exemption for equity investment in certified innovative companies to corporate investors.

Increased (compared to the real) tax deduction for research and development expenditure

- Granting an increased discount on research and development expenditure. Eligible research and development expenses will be deducted from taxable income at 120% of actual expenses.



8. *Naturalization*



Ministry of Finance

Naturalization

Right to apply for naturalization:

- After 5 years of residence and work in the Republic, instead of 7 that is valid today
- Further reduction to 4 years if the criterion of holding a recognized certificate of very good knowledge of the Greek language is met.



9. Promotion Actions

- Promotion/Awareness Campaign of the Strategy abroad
- Information campaign to attract qualified Cypriots working abroad as well as foreign talent



Thank you

Ministry of Finance

