

STRATEGY FOR ATTRACTING BUSINESSES AND TALENT

No.	ACTIVITY AREA	DESCRIPTION	COMPETENT AUTHORITY	ACTIONS	TIMETABLE
A. BUSINESS FACILITATION UNIT					
1.	Transform the existing Fast-Track Business Activation Mechanism into a Business Facilitation Unit for companies operating or wishing to operate in Cyprus	The existing Fast-Track Business Activation Mechanism, which has been active for a year, on the basis of a Council of Ministers Decision, shows positive results. Given that through the implementation of the Strategy set out below, it will have an enhanced role and increased workload, as it will act as the central point of contact for all companies of international interest, either operating in Cyprus or wishing to operate, as well as Cypriot companies in specific areas of economic activity, it should optimize its operation, making greater use of technology.	MECI/ MOI/ DMRID	<ul style="list-style-type: none"> - Publication of manuals / guides to inform on all issues related to the operation of companies. - Coordination of the simplification and digitization of all procedures related to the operation of international companies. 	Q1 2022
B. EMPLOYMENT LICENSES FOR STAFF FROM THIRD COUNTRIES EMPLOYED BY FOREIGN COMPANIES					
2.	Review of the existing policy for employment of staff from third countries, employed by companies / enterprises of foreign interests (concerns companies / enterprises that will join the Business Facilitation Unit)	<p>Eligible companies:</p> <ul style="list-style-type: none"> • Foreign companies / undertakings operating in the Republic of Cyprus or foreign companies / undertakings intending to operate in the Republic of Cyprus and operating independent offices in Cyprus, housed in appropriate premises, separate from any private residence or other office • Cypriot shipping companies • Cypriot high technology / innovation companies, • Cypriot pharmaceutical companies or Cypriot companies active in the sectors of biogenetics and biotechnology. 	MECI/ MLS/ MOI	The submission of applications and the issuance of licenses will take place at the Civil Registry and Migration Department (CRMD), where a separate area already exists for the receipt of applications. In order to improve the service, the necessary arrangements will be promptly implemented for the creation of a separate area for the establishment and operation of a separate Unit / Service for receiving applications and issuing permits. The objective is the provision of fast and direct services of highest quality to interested parties, in a friendly	January 2022

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		<p>Employment of third-country highly skilled nationals provided that:</p> <ul style="list-style-type: none"> - they will be paid a minimum gross monthly salary of € 2,500 - they will hold a university degree or diploma or equivalent qualification or confirmation of relevant experience in a corresponding employment position of at least 2 years duration. - submit an employment contract of not less than two years. <p>The maximum number of third-country nationals that can be employed is set at 70% of all employees over a period of 5 years, from the date of joining the Business Facilitation Unit. After the lapse of 5 years if it is not possible to employ 30% of Cypriot workers, the matter will be re-examined on a case-by-case basis</p> <p>B) Employment of third country nationals support staff (with a gross monthly salary of less than € 2500), is permitted provided that it does not exceed 30% of the total support staff and provided that there is an employment contract between the third-country national and the employer which is duly validated by the competent authority in accordance with current legislation</p> <p>Their salary is determined by the current legislation.</p> <p>Note:</p> <p>The Companies/undertakings in order to obtain the relevant staff permits for third country nationals</p>		<p>environment.</p> <p>The licenses will be issued within 1 month for a period of up to 3 years.</p> <p>Note: Gradually and 6 months after the implementation of the new policy for employment of staff from third countries in international companies operating in Cyprus, and having collected data on the number of companies that will be served and the number of licenses that will be issued, the possibility of creating a One-Stop Service will be examined both for the provision of information / support to the companies, but also for the receipt of applications and relevant licenses. The One-Stop Services will be provided through the Business Facilitation Unit (they will be co-located) and can be housed either inside a Citizens Services Centre or in another building that will be found for this purpose.</p>	

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		they must submit certificates of registration issued by the Registrar of Companies and the Tax Department.			
3.	Right for Family reunification of third-country nationals working for companies joining the Business Facilitation Unit	- Immediate and free access to the labour market, with remunerated employment for spouses whose family member has obtained a residence and work permit in the Republic, and who receive a minimum gross monthly salary of € 2,500 (excluding support staff).	MOI/MLSI	<p>A stamped Contract from the Department of Labour will not be required; the terms of the permit will fulfill the terms and conditions of the regarding the issuance of a single permit, such as:</p> <ul style="list-style-type: none"> a) Valid passport for at least 2 years (b) legal residence in the Republic (c) An employment contract duly ratified where required (d) qualifications to practice the profession (e) suitable accommodation (f) Health Insurance (g) does not pose a threat to law and order or public security (clear criminal record certificate) (h) does not pose a threat to public health (medical tests) (j) a personal declaration undertaking responsibility for the costs of repatriation 	January 2022

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4.	Simplification and speeding up of the procedure for granting work permits (Category E)	Today the procedure is time consuming. The Ministry of Interior is already working on an amendment to the "Aliens and Immigration" Law to simplify the procedure and determine the criteria on the basis of which the permits will be granted.	MOI/MLSI		Q1 2022
C. DIGITAL NOMAD VISA					
5.	Digital Nomad Visa (With a maximum initial ceiling of 100 beneficiaries) It concerns a residence permit in the Republic and not a work permit. Globally there is the shift to remote working. This creates prospects for Cyprus whereby it can attract people who will live in Cyprus but still work in companies	Eligibility Third-country nationals that are self-employed professionals or salaried employees, working remotely with the use of information and communication technologies with employers / clients outside Cyprus for a duration of at least 12 months. Residence status - They have the right to stay in the country for up to one year, with the right of renewal 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 of the family. During the stay in Cyprus, the spouse or partner (concerns persons who have entered into a civil partnership agreement) and the minor	MOI		January 2022

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	<p>operating abroad. The program was prepared on the basis of the respective Plans implemented in other European countries (Portugal, Croatia, Estonia, Germany, Czech Republic, Norway and Greece) for third-country nationals under the Digital Nomad Visa regime.</p>	<p>members of the family are not allowed to engage in any form of economic activity in the country.</p> <p>- If they reside in the Republic 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 State.</p> <p>Necessary preconditions: The residence permit is issued to the person concerned, provided that he / she submits:</p> <ul style="list-style-type: none"> • a declaration, stating his intention to reside in the country with a residence permit for the purposes of carrying out work remotely and his commitment that he will not in any way provide work or services to an employer based in Cyprus, • an employment or works • contract or proof of an employment relationship with an employer, natural or legal person, who is established outside the Republic of Cyprus, of an indefinite period or in the case of a fixed-term contract with the remaining duration covering the period of the residence permit granted, or • employment or works contracts of indefinite duration or, in the case of a fixed-term employment contract, with the remaining duration covering the period of validity of the residence permit granted, if the third-country national is self-employed 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 business 			

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		<p>name, place of business, field of activity and corporate purpose of the business in case the third-country national is self-employed running his own business, which is located outside the Republic of Cyprus</p> <ul style="list-style-type: none"> • evidence that he/she has sufficient funds, in terms of a a stable income level to cover his/her living expenses during his/her 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 is proven by: <ul style="list-style-type: none"> i. the employment or works contract or proof of employment, in the case of dependent work ofservices or works or ii. a bank account. If sufficient funds come from paid services of dependent work, services or works, the above minimum level refers to net income after payment of required taxes in the country of employment. iii. The above amount is increased by twenty percent (20%) for the spouse or civil partner and by fifteen percent (15%) for each child. • Medical Insurance • Clear criminal record from the country of residence 			

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D. TAX INCENTIVES					
6.	Extension and expansion of tax exemption for investment in innovative companies	<p>Extend by 31/12/2023 the existing regime of 50% exemption for investments in an approved innovative company by an individual directly or through an investment fund or through an alternative trading platform. The existing regime was terminated on 30/6/2021.</p> <p>Examination of the possibility to expand further the tax exemption to corporate investors.</p>	MOF	<p>Updated 19/07/2022</p> <p>The existing regime for private investors has been extended until 30/6/2024.</p> <p>The House of Representatives has also approved a new bill of Representatives on 14/7/2022 to expand the 50% tax exemption to investments by corporate investors to certified innovative companies (equity investment only applied – capped at €150.000 provided no more than 30% of the amount invested would be claimed) DG COMP has approved the regime. It is in force from 14/2/2022 until 31/12/2023.</p>	Q1 2022
7.	Expand the existing tax benefit applicable to non domicile employees	<p>Expand the existing tax exemption of 50% for 10 years from the year of employment, to cover new entrance in the Republic who are non-domicile employees with income from employment of €55,000 and above.</p> <p>Existing non domicile employees (that are in Cyprus), with income above €100K, have the opportunity to take advantage of the tax benefit for an extended period of 17 years.</p>	MOF	<p>Updated 22/06/2023</p> <p>The tax regime on 50% exemption has been amended by the Plenary of the House of Representatives on 22/6/2023, effective from 1/1/2022.</p> <p>The approved bill continues to provide for an extended period of 17 years of tax relief for all</p>	Q1 2022

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		<p>For existing beneficiaries with income between €55K and €100 K, the tax benefit will be provided for 10 years, from the year of employment in Cyprus.</p> <p>At the same time, the abolition of the existing tax exemption of 20% from employment in the Republic or € 8,550 (whichever is less), as incomes over €55K will receive incremental tax exemption of 50% for an incremental period of 10 years.</p>		<p>eligible employees, provided they earn more than €55K per year.</p> <p>Eligibility criteria include being non-Cyprus residents for 15 consecutive years before employment in the Republic. <i>In this regard, eligible employees can change employment within Cyprus without losing the tax benefit.</i></p>	
8.	Incremental (compared to the actual) tax deduction for research and development expenditure	Incremental tax allowance on research and development expenditure (e.g., by 20%). Eligible research and development expenditure will be deducted from taxable income at 120% of the actual expenditure.	MOF	<p>Updated 19/07/2022</p> <p>The House of Representatives approved the bill on 7/7/2022.</p> <p>The approved bill provides an incremental deduction of 20% on research and development expenditure, as recognized by the relevant accounting standard for 2022, 2023 and 2024.</p> <p>Taxpayers can claim the relevant deduction for both revenue and capital expenditure.</p>	Q1 2022
<i>E. NATURALIZATION</i>					
9.	Right to submit an application for		MOI	- Political decision for the examination of applications as a	Q1 2022

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	<p>naturalization after 5 years of residence and work in the Republic or after 4 years if they fulfill the criteria for holding a recognized certificate of Success in very good knowledge of Greek language</p>			<p>priority, after completing 7 years of residence and work in the Republic (immediate implementation)</p> <p>- Amendment of the Aliens and Immigration Law so as to reduce the required years from 7 to 5 and under certain conditions to 4.</p> <p>In addition, examination of the possibility to introduce provisions in the amending so that when someone is out of Cyprus for work purposes, this should be taken into account in the calculation of the time spent in the Republic.</p>	
<i>F. SOCIAL INSURANCE</i>					
9.	Securing the right to social security	<p>Securing the transfer of social insurance contributions, by intensifying the efforts for concluding Bilateral Agreements with third countries that will be determined by the Ministry of Labour and Social Insurance, so that when a third country national who has paid social security contributions in Cyprus, returns to his/her country for permanent residence, he/she will be allowed to transfer the contributions paid, on the condition that with these contributions</p>			Q1 2022

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		he/she did not acquire any right to a pension for old age, disability, etc.			
G. OTHER ACTIONS					
10.	Upgrading of the infrastructure for information and communication technologies and broadband connectivity	Important for the attraction of international technology-intensive companies that use massive data and "cloud" services, and depend on high and reliable internet speeds.	DMRID /MOF / OCECPR (Office of Electronic Communications & Postal Regulations)	Relevant actions are included in Section 4.1 of the Recovery and Resilience Plan.	2024
11.	Awareness campaign for attracting qualified Cypriots working abroad and a targeted campaign for qualified work force employed in other countries (e.g., Belarus, Lebanon and Armenia)	In addition to the awareness campaign, an online platform could be created that will provide all the necessary information to prospective employees (cost of living, public services, employment incentives, etc.).	MECI/ DMRID MFA/Invest Cyprus	The recommendation is included in the EY report prepared on behalf of Invest Cyprus.	Q1 2022
12.	Promotion of a complete and right branding	Take the necessary actions for the implementation of the selected measures, assign the project to a company that will promote a complete and appropriate branding that will be adopted by all the bodies that promote the country as an attractive destination for investments (e.g., CIPA, CCCI, OEB, Diplomatic Missions).	MECI/MFA /MOF		Q1 2022

OTHER REFORMS AND ACTIONS AIMING TO IMPROVE BUSINESS ENVIRONMENT

No.	ACTIVITY AREA	DESCRIPTION	COMPETENT AUTHORITY	ACTIONS	TIMETABLE
<i>ACCELERATE THE IMPLEMENTATION OF PROPOSED REFORMS</i>					
1.	Completion of the courts reform		MJPO/HIGH COURT	Relevant projects and reforms are included in Section 3.4 of the Recovery and Resilience Plan.	2023-2024
2.	Modernization and reform of the "Companies Law"	Provides for the complete modernization of the Companies Law based on best practices from other countries with similar characteristics. The duration of the contract is 30 months.	MOF/MECI	The relevant reform is included in Section 3.3 of the Recovery and Resilience Plan. A relevant tender was announced in July 2021.	2023-2024
3.	Adoption of a bill to facilitate strategic investments	The bill, which is pending in the House of Representatives, provides for the creation of a new branch in the Department of Town Planning and Housing that will facilitate the licensing of strategic investments.	MOI	The relevant reform is included in Section 3.3 of the Recovery and Resilience Plan. The correlation with the Express Activation Mechanism should also be considered in the implementation plan.	Q1 2022
4.	Creation of an online platform for start-ups, innovative and high-tech companies	Included in the Recovery and Resilience Plan	DMRID		Q1 2022
5.	Amendment of legislation for technology transfer (especially spin offs) from public universities. Review of the framework for spin offs to make it more attractive		MOF		Q1 2022

HUMAN RESOURCES / UPGRADE OF LABOR FORCE

6.	Upgrading of employees' skills to align them with market needs (cross-sectoral skills, specialized programmes and professional certifications)	Market implementation in collaboration with AnAD, taking into account the ever-increasing trend for digitization and automation.	MLSI/HRDA /DMIRD	The relevant reform is included in Section 5.1 of the Recovery and Resilience Plan Plan.	2023-2024
7.	New school programmes that will further promote sciences and related vocational guidance		MOEC/MLSI /HRDA	Relevant reforms in Section 5.1 of the Recovery and Resilience Plan that include the digital transformation of schools for the promotion of science and the preparation of a national strategy to address the phenomenon of skills mismatch between educational programmes and the market needs.	2023-2024
8.	Aligning the curriculum of university programmes with market needs, especially in the fields of information technology and communications	In cooperation with the market, in order to ensure an even greater employability of higher education graduates, increasing their effectiveness and earnings.	MOEC/Higher Education Institutions /DMRID	Included in Section 5.1 of the Recovery and Resilience Plan	2022-2023