

Operate in Cyprus

For the purposes of attracting international investors, the Council of Ministers approved in October 2021 the “Strategy for Attracting Businesses for Activities or/and Expansion of their Activities in Cyprus”. Through this strategy, the Business Facilitation Unit (BFU) became operational on January 1st, 2022 with the main goal to be the establishment of a single point of contact for help and to expedite relevant procedures.

A) Foreign companies eligible to apply to the Business Facilitation Unit
All companies are eligible to request for assistance as long as they qualify as “foreign company”. The companies eligible to register to the BFU are categorized as follows:

1. majority of the foreign company’s shares owned by third-country shareholders; or
2. the share percentage of foreign participation is equal to or less than 50% of the total share capital and an amount equal to or greater than €200.000 is represented as nominal capital; or
3. where the company is:

(i) public registered in any recognised stock exchange; or

(ii) former offshore company; or

(iii) Cypriot shipping company; or

(iv) Cypriot company of high technology/innovation but to qualify for this category a company must prove the following:

- it is already established and has a presence in the market, and
- it has a high level or experimental Research and development intensity, and
- it developed product/s that fall into one of the following categories: products related to aviation and space industry, computers, electronic and telecommunication products, pharmaceuticals, biomedical, research and development equipment, electrical machinery, chemicals, non-electrical machinery.

(v) Cypriot pharmaceutical company; or

(vi) owned by person s (the majority of the total share capital) who have acquired Cypriot citizenship by naturalization based on economic criteria.

It is important to note that physical presence is required, through establishment/operation of independent offices in Cyprus.

B) Work Permits for Third-Country Nationals:

The new scheme also introduced new criteria regarding the employees of foreign interest companies. As of January 2022, there is no categorization of the personnel of the company. Employees of foreign interest companies are now called “high skilled employees” and they are entitled to apply for residence permit for up to 3 years, provided that:

- their Minimum gross monthly salary is € 2.500.
- they hold University diploma or degree or equivalent qualification or confirmation of relevant experience in a corresponding job of at least 2 years duration.
- they have Employment contract of not less than two years duration.

Notes:

During the period of 5 years, from the date a company joins BFU, the maximum number of third country nationals that can be employed in a foreign interest company is set at 70% of all employees, while the 30% consist Cypriot workers. However, this will be examined on a case-by-case basis, in cases where it is impractical to employ 30% of Cypriot workers. Moreover, the company can also employ third country nationals as support staff (with a gross monthly salary of less than €2500), given that the percentage of this staff will not exceed 30% of the total support staff.

C) Digital Nomad Scheme:

The "Cyprus Digital Nomad Visa Scheme" introduction forms a part of the Strategy for Attracting Businesses for Activities or/and Expansion of their Activities in Cyprus. The "Cyprus Digital Nomad Visa" scheme allows non-EU and third-country citizens (non-EEA nationals) to work location-independently using telecommunication technology. It permits them to provisionally reside in Cyprus and work for an abroad registered employer or carry out work for companies or clients situated abroad using telecommunications technology. The scheme aims to reinforce Cyprus positioning as a digital service hub, which in combination with the other benefits offered by Cyprus, will contribute to the development of the country's business and economic growth.

➤ Beneficiaries are the non – EU citizens or non-EEA nationals who:

- Work remotely with the use of information technology.
- Are employed in a firm registered abroad, for which they can work location – independently, or are self-employed providing remote services for clients located abroad.
- They have a fixed and adequate net income of a minimum €3500 per month (after contributions and tax deductions)

➤ Benefits of the Scheme:

The persons who are granted the Digital Nomad residence permit will have the following benefits:

- Right to reside in Cyprus for a year, with the possibility of extending their residence for another two years.
- Family members of the Digital Nomad have the right to reside in Cyprus for the same period as the Digital Nomad - without the right to be employed if performing any economic activity in Cyprus.
- Remain in Cyprus for one or more periods exceeding 183 days within the same tax year; in that case, the Digital Nomad is considered a tax resident of Cyprus, provided that he is not a tax resident in any other country.

Citizenship / Naturalization

An amendment to the Aliens and Migration Law will be introduced in 2022 (this is still under review and pending approval/finalisation), with respect to a proposal for the period of eligibility for submission of an application for citizenship to be reduced from 7 to 5 years of residence and employment in Cyprus or 4 years if the applicant is also a holder of certification for good knowledge of the Greek language.

The article is for information purposes only and for each case a professional advice should be requested. Our Firm does not accept any responsibility for any loss or damage occurring by acting on the basis of this information.

If you are interested in relocating and/or establishing your business in Cyprus, please contact us at info@xlenceservices.com to find more about our tailored made solutions based on your needs.