

HEADQUARTERING AND BUSINESS RELOCATION TO CYPRUS

On the 10th of May 2022, the Cyprus Ministry of Finance announced a very attractive set of tax incentive measures aimed at attracting foreign companies to relocate their headquarters to Cyprus. This set of measures complements the tax incentive scheme announced back in October 2021 which includes inter alia the introduction of the Cyprus Digital Nomad Visa and the right of family members to re-unite and undertake paid employment in Cyprus.

CURRENT SCHEME

- Professionals earning an annual salary of **EUR 100.000** can benefit from 50% tax exemption on their employment income for the **first 10 years** of their employment in Cyprus.

NEW PROPOSED SCHEME

- The minimum annual salary required will be reduced from EUR 100.000 to **EUR 55.000**, while the duration of the 50% tax exemption period will be extended from 10 to **17 years** from the date of commencement of employment in Cyprus.

Grace Period for new employees: A grace period of 2 years will apply for obtaining this benefit in cases where an employee's initial remuneration starts at an amount below the minimum annual salary of EUR 55.000.

Grace Period for existing employees: This benefit will also apply to existing employees provided that they were residing abroad for 12 consecutive years prior to the commencement of their employment in Cyprus. In such circumstances, a 6-month grace period will be applied in order to meet the minimum annual salary threshold of EUR 55.000.

MORE INCENTIVES TO FOLLOW

Additional measures are expected to be implemented to incentivize highly skilled professionals to relocate to Cyprus e.g. personal tax residency for non-domiciled individuals. These measures would make it easier for spouses of foreign employees to obtain a residence permit in Cyprus and have access to the local labour market. The Cyprus Minister of Finance announced that a 'one-stop shop' will be implemented to facilitate the scheme.



The draft bill is soon to be presented to the Cyprus House of Representatives to be enacted into law.

Disclaimer

The above is intended to provide a brief guide only and does not constitute legal advice.

Please do not hesitate to contact us at info@mhadjlaw.com for further information or assistance.