

## **Cyprus: A Headquartering Hub for Tech Companies**

Over the past two decades, Cyprus has been developed as a headquartering hub, with global organizations choosing Cyprus as the home for their major operations. Companies from the U.S., Russia, Ukraine, and Israel have already relocated their headquarters in Cyprus, taking advantage of the regulatory regime, tax benefits as well as the highly skilled workforce.

Cyprus has been also attracting the attention of major Information Technology Communication companies (ICT), with software development, infrastructure, and telecommunications gaining both traction and popularity.

### **Why choose Cyprus as a headquartering base?**

An increasing number of foreign investors are choosing to set up their businesses in Cyprus. From tax benefits to the lifestyle and language, Cyprus is considered a key jurisdiction in establishing headquarters within the European Union.

#### Strategic location

Strategically located at the crossroads of Europe, the Middle East, and Africa, Cyprus has historically served as a stepping stone to other markets. As an EU member state since 2004, Cyprus offers access to European markets and EU trade agreements.

#### Highly skilled workforce

The post-pandemic economy highlights the need to deliver a more resilient workforce. Amid hiring volatility, talent shortages, and the need to reduce recruitment costs, successful talent acquisition planning is more important than ever. In response, Cyprus offers high availability of educated and multilingual professionals suited to various business sectors, from finance to technology.

#### Advantageous tax regime

Cyprus offers a modern and efficient tax system with a solid double tax treaty network with 67 countries. Dividends, profits from trading, and royalty payments abroad are exempt from withholding tax, while the corporate tax rate in Cyprus is as low as 12.5%.

#### Language

English is widely spoken in Cyprus, which means most of the population is fluent in English. At the same time, all legislation and governmental information are available in both Greek and English language.

#### Lifestyle

With over 300 days of sunshine and more than 60 blue flag beaches, Cyprus is the sunniest country in Europe. The Mediterranean lifestyle, the warm climate, and the welcoming people living on the island classified Cyprus as an exceptional experience.

**The list of major foreign multinational corporations that already have regional and global headquarters in Cyprus are the following:**

- **NCR** - a world leader in consumer transaction solutions
- **Amdocs** – a leading multinational software and service providers
- **Wargaming** – a world renowned video game developer
- **IBM** – US multinational technology corporation
- **SYKES** – US multinational business process outsourcing provider
- **Thomson Reuters** – provider of business information services
- **Nielsen** – global marketing research company
- **3CX** – business communication solutions
- **Revolut** – financial technology company that offers banking services
- **eToro** – trading and investment platform
- **MUFG** – First tier 1 Bank in Cyprus



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## **What is the regulatory framework for Cyprus headquartering from 1<sup>st</sup> January 2022?**

### The Business Facilitation Unit

From the 1<sup>st</sup> of January 2022, the current “Fast Track Business Activation Mechanism” transforms into the “Business Facilitation Unit (BFU)”. The BFU serves as a single point of contact for foreign entities looking to expand their operations in Cyprus.

### Who is eligible?

- Public companies registered on any recognised stock exchange
- The majority of the company’s shares are owned by third-country nationals

It is noted that if the percentage of the foreign participation in the share capital of the Company is equal to or below 50% of the total share capital, the Company is eligible when this percentage of the share capital represents an amount equal to or greater than the amount of €200,000

- Companies of international activities (formerly offshore), which operated before the change of regime, whose data are held by the Central Bank
- Cypriot shipping companies
- Cypriot high-tech/innovation companies
- Cypriot pharmaceutical companies or Cypriot companies active in the fields of biogenetics and biotechnology
- Companies of whom the majority of the total share capital is owned by persons who have acquired Cypriot citizenship by naturalization based on economic criteria.

### Launch of a new policy for employing third-country nationals

The revised policy for the issuance of temporary residence and work permits to third-country nationals allows eligible companies to employ third country highly skilled workforce if the following criteria are met:

- They are paid a minimum gross monthly salary of at least €2.500
- They hold a university degree or equivalent qualification or have a minimum of 2 years of relevant experience
- They have an employment contract of a minimum 2 year duration
- Only 70% of the total number of employees may be employed under this policy in five (5) years from the date of joining the BFU.

The permits are issued immediately within one (1) month and last up to three (3) years. Additionally, spouses of eligible individuals will have direct and free access to employment as paid employees.

Companies can also employ third-country nationals as support staff, with a gross monthly salary of less than €2500. Third-country nationals should not exceed 30% of the total support staff and an employment contract approved by the relevant authority must be in place.

### Family reunification rights

The spouses of highly skilled personnel have immediate and free access to the labour market through the BFU in Cyprus. However, this option is not available for support staff with a gross monthly salary of less than €2500.

### Cyprus digital nomad visa

The Cyprus Digital Nomad Visa allows nationals from non-EU and non-EEA countries who can perform their work remotely using telecommunications technology to reside temporarily in Cyprus. This is a residence permit, not a work permit, valid for one (1) year with a right for renewal for a further two (2) years.

If the successful applicant resides in the Cyprus for one or more periods which cumulatively exceed 183 days in the same tax year, then he is considered as tax resident of Cyprus provided, he is not tax resident in any other country.

### Who can benefit from the scheme?

The scheme applies to third country nationals who:

- Can perform work remotely through telecommunications technology
- Are employed in a company registered abroad, for which they can work remotely, or are self-employed, offering services to clients abroad
- Show evidence that they have a stable and sufficient monthly net income of at least €3500 (after the deduction of contributions and taxes). The amount is increased by 20% if they have a spouse and another 10% per dependant

### Naturalization

As part of the new action plan, the government is also proposing the amendment of the Civil Registry Legislation regarding the criteria for naturalization of high skilled third country nationals.

The amendment will include the right to apply for naturalization after 5 years of residence and work in Cyprus instead of the current 7-year time period. In the case of fluency in Greek language, the timeframe will be reduced to 4 years.