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Cyprus
New Scheme to attract foreign professionals and
Headquartering

The Cabinet of Ministers on 10/05/2022 approved a new tax incentive scheme aimed at attracting foreign companies and high-skilled employees into relocating to Cyprus.

The scheme includes the following incentives:

- ✓ a 50% tax exemption for employees receiving more than €55,000 in annual wages.
- ✓ the time period for which the tax exemption would be applicable will be extended from 10 to 17 years.
- ✓ the time period for the tax exemption kicks in during the employee's 1st year of employment in Cyprus. Additionally, the above terms will also be applied retroactively to current eligible employees earning more than €55,000 in annual wages, provided that they resided abroad for 12 consecutive years before they started working in Cyprus.
- ✓ A grace period of 2 years will be given to new employees, as well as a grace period of 6 months to existing workers, in order for them to gain the required prerequisite criteria for the scheme. This concerns cases where an employee's initial remuneration started at an amount below the minimum annual salary.

This scheme is one of the most competitive of its kind in the EU and the attraction of such professionals to Cyprus shall inevitably increase the number of international companies who relocate their headquarters/offices to the Republic or help existing companies grow their Cyprus-based operations. It particularly concerns high-tech companies, IP companies, shipping companies, funds, fintech companies etc.

The scheme would also make it easier for the spouses of foreign workers to obtain a residence permit, and also access the labour market.

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