

Strategy for Attracting Businesses for Activities or/and Expansion of their Activities in Cyprus

Since the beginning of 2023 is in effect the new policy for the Registration of Companies in the Register of Foreign Interest Companies approved by the Council of Ministers with the “Strategy for Attracting Businesses for Activities or/and Expansion of their Activities in Cyprus”.

General Information

The Strategy is a very important initiative towards attracting both international investments and talent. The existing investment policy has been radically reviewed, broadened and simplified to include a series of actions and reforms in several areas of intervention, aiming to enhance Cyprus’ position as an international high-growth business centre.

The purpose of the new unit will be the fast and efficient processing of requests received from foreign companies for the establishment of a company in Cyprus or the expansion of activities of existing companies.

The Decision modifies the eligibility criteria of foreign interest companies and specifically includes the criterion of a company’s obligation to prove an initial investment in the Republic of at least €200,000, which should be proven by presenting the appropriate certificates.

Eligibility criteria

Eligible businesses must meet one of the following criteria:

- 1) The majority of the company’s shares are owned by third-country nationals.
- 2) In case that, the percentage, of the company’s shares, owned by a third-country national is equal or less than 50%, the company is eligible if that foreign participation has a value of at least €200.000.
In both cases above (1&2), the ultimate beneficial owner (UBO) must deposit an amount of €200,000 in an account held by the company in a credit institution licensed by the Central Bank (payment institutions are not included). Alternatively, the company can submit evidence of an investment amounting to €200,000, for the purposes of operating its business in Cyprus (e.g. office purchase, office equipment purchase, etc.).

If more UBOs exist, then this amount can be deposited or invested by a single UBO or collectively.

- 3) Public companies registered on any recognised stock exchange.
- 4) Companies of international activities (formerly off-shore), which operated before the change of regime, whose data are held by the Central Bank.
- 5) Cypriot shipping companies.
- 6) Cypriot high-tech/innovation companies*
- 7) Cypriot pharmaceutical companies or Cypriot companies active in the fields of biogenetics and biotechnology.
- 8) 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, provided that they prove that the conditions under which they were naturalized continue to be met.

For cases 3-8, the investment criterion is also applicable and the company's initial investment in the Republic of at least €200,000, must be proven by presenting the appropriate certificates (e.g. bank statement at the time of deposit of the amount or proof of investment (purchase of office space and/or office equipment)).

* An enterprise qualifies as **'High Technology Company'** if:

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

In order for a third-party national to be employed in a company of foreign interests in the Republic, he must be a holder of a temporary residence and employment permit for this purpose, in accordance with the applicable immigration legislation.

According to the New Strategy:

- (a) Maximum quotas for foreign staff are cancelled. Companies can freely employ any number of highly paid third-country nationals without going through a labour market check.

The existing categories of Directors, Key Personnel and Specialists are maintained for reasons of administrative structure/ statistics.

Specialists are not limited to specific professions or skills.

However, all companies commit to invest 30% of their total staff in Cypriots/EU citizens over a period of five years. In five years, that is after 2.1.2027, the ratio for new hires will be checked. If a company does not adhere to the 70:30 ratio,

the case will be evaluated on its own merits and put before the management for an administrative decision.

The examination time of applications for residence and employment is set at one month.

Criteria for a third-country national

For the employment of a third-country national in a company of foreign interests, the conditions set out in the Legislation for the single permit as well as the requirements of the Strategy must be met. According to the Strategy, employees in companies of foreign interests are divided into the following categories:

(a) Highly paid employment

Receiving a minimum gross monthly salary of €2500. It is noted that third-country nationals who already hold residence and employment permits at the BCS Key Personnel level of companies of foreign interests, with a monthly gross salary of €2000 or more, will continue, for the next 5 years - until 31.12.2026, to renew their residence permit at the same employer without an increasing their payroll.

- (b) Possession of **relevant academic qualifications** or at least two years of relevant experience to the position to be filled.
- (c) Possession of an **employment contract of at least two years' duration**. Even if the application is submitted for a one-year permit, the contract must have a duration and corresponding stamp duties for 2 years.

Family Members

Third country nationals employed in companies of foreign interests as Directors or Key Personnel executives are able to exercise their right to family reunification. In such a case, third country nationals who are family members (spouse and minor children) can enter and reside in Cyprus after the sponsor has followed the procedure for family reunification.

For the spouse and dependent children who temporarily do not meet the conditions for family reunification (e.g. due to the period of validity of passports or the duration of the marriage), temporary residence permits for Dependent Visitors may be issued.