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Action plan introduced by the Cypriot Government to attract businesses to operate through Cyprus.



On 15th of October, Cyprus' Finance Minister has presented a new strategic plan that aims to attract new businesses to operate or expand their activities in Cyprus through various benefits that will be offered starting from January 1st 2022. The Cypriot government has set out to strengthen Cyprus' position in the broader region and Europe by attracting businesses engaged in innovation, research and development, high tech, shipping, biotechnology and biogenetics. The various incentives introduced are intended to establish a beneficial business environment for businesses to relocate and set up their operations in Cyprus.

The main points of the plan are listed below:

- 1. Transformation of the existing Fast Track Business Activation Mechanism into a Business Facilitation Unit.**
- 2. Revised policy for the issuance of temporary residence and work permits to third country nationals (up to 70% of the staff employed can be third country nationals).**
- 3. Family members of third country national who are part of the third country employment policy will have the right to employment during the stay in Cyprus.**
- 4. Simplification of the process for granting work permits.**
- 5. A new type of visa is introduced the so called Digital Nomad visa. This visa targets people who wish to live in Cyprus but work remotely for companies operating abroad.**

6. **Tax incentives for individuals employed in Cyprus (personal income tax exemption of 50% for 17 years).**
7. **Increased tax deduction of R&D expenses by 20%.**
8. **Individuals under the new plan can apply for the Cypriot citizenship after 5 years of stay and possibly after 4 years(if they can prove that they speak Greek) instead of 7 years that currently applies.**

The action plan will be implemented by 1st of January 2022. Parts 6 to 8 that require parliamentary approval are expected to be implemented within the 1st quarter of 2022.

Our experts are ready to assist you explore the benefits in more details and how this plan can benefit your business. Feel free to contact us for an individualised consultation based on the needs of your business.

This information has been prepared as general guidance only and is not intended to be relied upon as accounting/tax or other professional advice.

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