

# BEING A DIGITAL NOMAD IN CYPRUS

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# The Cyprus Digital Nomad Visa

## The rise of Digital Nomads

The outspread of the covid-19 pandemic left people worldwide with no other choice but to find ways to adjust to the new normal. While two years ago the concept of being a digital nomad could sound to most of us, more like a concept coming out from a science fiction film, it is not implausible to say that covid-19 has put “flesh on the bones” of this concept. But what does the term “digital nomad” mean?

Digital nomads, as the term implies, are people who are location-independent and use technology to perform their job, living a nomadic lifestyle. They embrace remote work and telecommunication rather than being physically present at a company's headquarters or office. The unprecedented technological innovation of the last decades enabled a lot of people to quickly adjust to the new realities introduced along the outspread of the pandemic and it is observed that many people have embraced this nomadic way of living as their new normal. Many governments around the world immediately saw the rise in the number of digital nomads and took actions to fit this new reality in their legislative framework by introducing digital nomad visa schemes.

The Cyprus government has recently announced its new strategy to attract business, expected to take effect on 1/1/2022, which could not ignore digital nomads. Third-country (non-EU) citizens who are self-employed, freelancers or employees working remotely for employers/clients based outside of Cyprus by making use of technological means and telecommunication would be eligible to apply for a Digital Nomad Visa. The persons to whom the Digital Nomad Visa would be granted would be entitled to remain in Cyprus for one year, with the right of renewal for two more years. They would also be able to be accompanied by their family members, to whom, a residence permit would be granted, following a relevant application made by them, and which would expire upon the expiration of the Digital Nomad Visa. During their stay in Cyprus, the spouse or the civil partner of the person who is granted a Digital Nomad Visa, and the minors of their family are not permitted to provide any dependent work or perform any form of economic activity in Cyprus.

In order to qualify for a Digital Nomad Visa, the interested person shall satisfy, inter alia, the below necessary requirements:

- be able to prove that he/she has sufficient funds, in the form of fixed income, to cover his/her living expenses for the whole duration of his/her stay in Cyprus.

Sufficient funds have been set to the amount of EUR 3.500 (Euro, three thousand five hundred) per month and shall be proved by the employment agreement or other relevant proof, as the case may be, and a bank account. This said amount shall be increased by 20% (twenty per cent) if there is a spouse/civil partner and by 15% (fifteen per cent) for each child;

- shall have healthcare coverage (General Healthcare System – GHS); and
- shall have a clean criminal record by the country of his/her residence.



# Why Cyprus?

Other than enjoying the shimmering Mediterranean horizon in front of the working desk and nine months of sunshine, there are many more reasons why digital nomads could, undeniably, find their safe haven in Cyprus. Cyprus is a member state of the European Union and one of the safest countries to live in around the world. The quality of life and the cost of living are also important factors to be considered. However, the two most important reasons to relocate to Cyprus are the ease of setting up a business and the taxation in Cyprus.

Cyprus has been characterized as a new upcoming and promising technological and innovation hub. Apart from offering a very easy and efficient way to set up a business, the government has been incentivizing start-ups. The infrastructure is very well accommodating business growth and there is high level of professionalism in all sectors. Furthermore, it is important to note that the new Investment Program that has been announced by the Cyprus government, provides also for a business facilitation unit which would be responsible to provide services for the setting up of a business by undertaking the registration of a company with the Cyprus Registrar of Companies and the approval of the name of the company, the registration with the Social Insurance Service and the tax authorities, the guidance in relation to the necessary licences and permits for operation in Cyprus and the expediting of the issuance of any residence or work permits, if necessary.

As far as it concerns the tax treatment of the digital nomads, the “60-day rule” could perfectly work for them. This rule entitles a person who stays in Cyprus for at least 60 days in the tax year (the 60 days do not need to be consecutive), exercises a business here and maintains (by owning or leasing) a permanent home in Cyprus, and provided that he/she is not physically present in any other country, for one or more periods exceeding in aggregate 183 days in the same tax year and is not a tax resident in any other country for the same year, to be deemed as a Cyprus tax resident in that year. In any case a person can become a Cyprus tax resident pursuant to a numerical day test (be spending 183 days in the tax year, on the island). A Cyprus tax resident is taxed on his/her worldwide income, while credit is being granted for any foreign taxes paid. Given the low tax rates, applicable to individuals and to corporations, the numerous tax incentives, deductions and exemptions offered and the extensive network of double tax treaties to which Cyprus is a party, Cyprus is aptly considered an attractive jurisdiction for keeping the financial burden of being self-employed to manageable and competitive levels.

With the above considerations in mind, while being in Cyprus as a digital nomad, any businessman and/or entrepreneur may decide to cast anchor on the island and enjoy the benefits offered to develop business sustainability and growth.



Our firm, being one of the largest law firms in Cyprus, highly recommended for its professional legal services and exceptional client service can help. With nearly 60 years of experience in the local and international legal market, the team is highly qualified in offering specialized legal expertise in every field, while the corporate and M&A department maintains a leading position in Cyprus for its expertise in advising multinational corporations, banks, financial institutions and HNWI's on their high-profile and complex matters. Furthermore, our team of experts offers a full spectrum legal and licensing services in the fund services sector. The firm's international profile comprises of strong alliances with reputable law firms, particularly in Europe, Russia, USA and Asia, memberships in various organizations globally and a loyal clientele worldwide. Through Pagecorp Group, a group of companies associated through common ownership, Patrikios Pavlou & Associates LLC offers comprehensive corporate and accounting services and advice on International Tax Planning and Cyprus International Trusts.



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