



# Tax Incentives for relocation to Cyprus

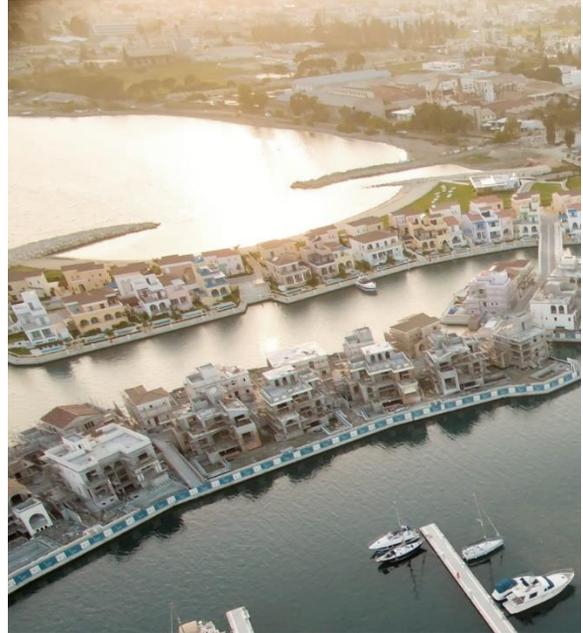


PATRIKIOS PAVLOU  
& ASSOCIATES LLC

ADVOCATES - LEGAL CONSULTANTS

As of 10 May 2022, a new tax incentive scheme was approved by the Council of Ministers of the Republic of Cyprus, in an attempt to attract talented professionals from all over the world, in Cyprus. This new scheme has been introduced as facilitating the headquartering of foreign businesses to Cyprus and the relocation of talented, high-skilled employees and their families to Cyprus, seeking also to facilitate the repatriation of Cypriot professionals currently living and working abroad, by offering them the same benefits as their foreign counterparts.

More specifically, based on the current tax system, people who work in Cyprus but are non-residents of Cyprus and earn more than EUR 100,000 per year can benefit from 50% tax exemption on their employment income for the first 10 years of employment.



Under the proposed new scheme, the minimum wage entitling a person to the tax exemption would be reduced from EUR 100,000 to EUR 55,000 annually. In addition to the reduction of the minimum wage, the tax exemption would extend from 10 years, to the first 17 years from the first year of the commencement of a person's employment in Cyprus. A grace period of 2 years will be given to such new employees in cases where their initial annual salary is below the minimum annual wage of €55,000, so that they would be able to meet the required criteria, in order to benefit from the scheme.

It is worth mentioning that this new system will also apply retrospectively to current employees, provided that they were residents abroad for 12 consecutive years before the commencement of their employment in Cyprus. In such circumstances, a six-month grace period will be implemented to meet the minimum annual wage requirement of €55,000.

It has also been announced that another bill shall be expected providing for the facilitation of granting visas and work permits to spouses of professionals who opt to relocate to Cyprus and regarding the creation of a 'one-stop-shop' to facilitate this scheme. The Cyprus Government, through the Minister of Finance, expressed its faith and confidence in this very competitive scheme to make the island a business hub. It now only remains to see when this new tax scheme would be enacted into law and take effect. With all the above in mind, and considering all the benefits that Cyprus offers, thinking of relocating and headquartering here should be a top-ranking option for anyone.

Our law firm provides services in relation to company formation and any other legal assistance and advice might be needed.

NIKOLETA CHRISTOFIDI | ASSOCIATE



PATRIKIOS PAVLOU  
& ASSOCIATES LLC

ADVOCATES - LEGAL CONSULTANTS

Patrician Chambers  
332 Agiou Andreou str.,3035 Limassol,  
Cyprus  
P.O.Box 54543, 3725 Limassol, Cyprus

T +357 25871599 | F +357 25344548  
info@pavlaw.com

---

[www.pavlaw.com](http://www.pavlaw.com)

Follow us:

