Doing business in Cyprus

Your strategic investment hub
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Welcome to doing business in Cyprus
Your strategic investment hub

In order to succeed in today’s economy you need to stay ahead of the competition. Explore new opportunities. Match them with your goals. Develop and flourish. The world is constantly moving. The business world has changed dramatically and permanently, and the ground continues to shift under the feet of today’s executives. Outside forces that used to be intermittent are here to stay. Capital moving west to east, customers communicating with you and each other globally, disruptive innovation, growing regulation, a rising need for security and a greater demand for transparency. These forces must be met with strategies to enhance business performance in a proactive and structured way.

EY supports clients to find ways to respond to these forces. We help you assess and protect your businesses, grow revenues, optimize processes and exploit opportunities. And we do this through a sharp focus on leadership, alignment, execution and adoption.

Wherever you do business, we do business – and that includes Cyprus. In Cyprus, we have helped many organisations structure, commence and expand their operations on the island. Concurrently, we have worked with the local Government to shape some of the regulatory and legislative frameworks that make Cyprus the attractive destination for foreign direct investment it is today. Now, we are equipped to help you by sharing our knowledge of the Cypriot business environment. There are many reasons why investing in Cyprus makes good business sense.

Taking advantage of Cyprus’ unique and strategic position between the mature Western economies and the emerging Far East markets, you will be able to accelerate growth by fostering business across countries and ‘unlocking’ the investment potential offered by an increasingly interconnected broader Mediterranean area.

Business aside, Cyprus also offers a fantastic quality of life. A rich history, in fact one of the most historic places in the world, inhabited since the Prehistoric period dating back to the 10th millennium BC. Because of its strategic importance, the island has attracted the interest of some of the major and most-known empires that resided in the Middle East and the Mediterranean such as the Assyrians, Egyptians, Persians, Romans, Venetians and Ottoman Turks. Currently, a multi-lingual population with English as a business language and a climate offering 340 days of Mediterranean sunshine all contribute to making Cyprus an attractive FDI destination.

This publication is intended to be simply an introduction to the Cypriot business environment, regulation and legislative and tax frameworks. It aims to answer many of the questions we most frequently hear from potential investors. However, the publication does not address the issues that are specific to your company or industry. We would be delighted to address these issues through a detailed discussion regarding your plans for Cyprus. We hope that you find this document useful and look forward to providing you with any additional information or assistance that you require.

Stavros Pantzaris
Country Managing Partner
EY Cyprus
Cyprus at a glance

- **Population**: 865,900
- **Area**: 9,251 km²
- **Mediterranean climate**: Warm, dry summers and cool winters - 340 days of sunshine
- **Official languages**: Greek, English
- **EU membership**: 2004
- **Euro currency**: 2008
- **GDP growth in 2016**: 2.8%
- **GDP**: €17.9b
- **Leading industries**: Tourism, Financial services, Real estate, Shipping, Energy and education

Presidential republic
Geography

Strategic location at the crossroads of three continents. Cyprus is located in the extreme northeast corner of the Eastern Mediterranean.

Health care

Public healthcare is highly accessible and is provided either free of charge or at subsidised rates to those who contribute to Cypriot/EU social security funds. Third Country Nationals are not eligible to receive the comprehensive healthcare package for free and should obtain private medical insurance and treatment if such need arises. Nevertheless, the emergency treatment is provided for everyone. Cyprus has a highly developed private medical sector serviced by many doctors and nurses who have trained abroad and speak multiple languages.

Education

Cyprus invests heavily on education and offers a range of reputable public and private schools, which maintain high academic standards and provide an excellent level of education. Almost 50% of Cypriots aged 30 to 34 have university degrees, putting the island well above the EU average of 40%. In fact, Cyprus has more university graduates per capita than anywhere else in Europe. At present, eight universities operate in Cyprus – three public and five private – offering a wide range of courses and degree programmes in Greek and/or English.

Recreation and hospitality

The island of Cyprus is one of the more prosperous places in the EU. Not only it is safe and pleasant place to live but you will also feel welcomed no matter what part of the world you are coming from. Over the past years Cyprus has become a home to many expatriates and it offers a friendly and vibrant multicultural environment. In Cyprus you will enjoy recreational centres, restaurants, bars, theatres, exhibitions and museums, sport events and festivals. Beautiful beaches and picturesque landscapes offer yet another opportunity to relax and enjoy your stay.

Legal system

The Republic of Cyprus is a member of the Eurozone and a Member State of the European Union. Before 1960, Cyprus was part of the British Empire and adopted their legal and judicial system which is still very much aligned with the United Kingdom. Cyprus has since evolved into an independent, sovereign Presidential Republic with a written constitution which safeguards the rule of law, political stability and human and property rights. Cyprus’ corporate statutes are based on English company legislation and the legal system is modelled on English common law. Cyprus’ legislation, including employment law, is fully aligned and compliant with European Union legislation. European Union Directives are fully implemented into local legislation and European Union Regulations have direct effect and application in Cyprus.
Cyprus is an attractive location for the development of entrepreneurship and a distribution hub and gateway to investment in the European Union, Eastern Europe, Asia and Africa.

- European Union and European Monetary Union member state
- Enviable quality of life
- Highly educated, qualified and multilingual personnel
- Extensive range of excellent legal and accounting services
- Cost-effective setting-up and on-going operational services
- Favourable EU and OECD-approved tax regime
- Access to an extensive network of double tax treaties allowing for tax efficient structuring of investments
- Efficient and up-to-date regulation, fully harmonised with related EU Directives

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- Collective investments can be listed on the Cyprus Stock Exchange and other recognised EU stock exchanges
- Cyprus-based funds and asset managers benefit from low tax burdens levied on Cyprus-based corporations
- Incentives and tax benefits for high-earning managers and high-net-worth individuals
- Modern and efficient legal, accounting and banking services based on English practices
- Sophisticated road, air and sea transport solutions and services
- Two multi-purpose deep sea ports are located in Limassol and Larnaca
- Worldwide connectivity through two modern international airports in Larnaca and Paphos
- Advanced telecommunications network and easy access by air and sea
Tax overview and benefits

**Corporate taxation**

Incorporation of a private Cypriot company is a relatively easy process which typically takes up to two weeks. Alternatively, shelf companies can be purchased easily. The ease of setting up a company in combination with one of the lowest corporation tax rates in the EU, an extensive Double Tax Treaties network and the availability of special taxation regimes makes the operation of a business through a company a very popular option.

**Corporate income tax**

Companies which are considered to be tax resident in Cyprus are subject to Corporate Income Tax at 12.5% on their worldwide income. A company is considered to be tax resident in Cyprus if it is managed and controlled from Cyprus.

The legislation prescribes a number of deductions and allowances, the most notable of which are:

- exemption of dividend income regardless of holding period or percentage of ownership (provided the dividend distribution is not treated as tax deductible in the country of the dividend-paying company);

- unconditional exemption of gains on the sale of securities;

- conditional exemption of profits attributable to a permanent establishment outside Cyprus.

**Capital gains tax**

The Capital Gains Tax at the rate of 20% after indexation allowance is imposed on the profits from disposal of immovable property situated in Cyprus or shares in companies which directly or indirectly hold immovable property in Cyprus, provided that at least 50% of the market value of the shares sold is derived from property situated in Cyprus or a sale agreement of immovable property situated in Cyprus.

**Special defense contribution**

All Cyprus tax resident companies are subject to SDC on the following types of income:

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend income from a non-Cyprus tax resident company (exemptions available)</td>
<td>17%</td>
</tr>
<tr>
<td>Interest income not generated in the ordinary carrying on of a business</td>
<td>30%</td>
</tr>
<tr>
<td>Interest income from saving certificates and development stock issued by Cypriot Government</td>
<td>3%</td>
</tr>
<tr>
<td>Rental Income (gross)</td>
<td>3%       (reduced by 25%)</td>
</tr>
</tbody>
</table>

Dividends received by a Cyprus tax resident company from a non-Cyprus tax resident company are exempt from special contribution if either:

- The dividend paying company derives at least 50% of its income directly or indirectly from activities which do not lead to investment income (“active versus passive investment income” test is met); or

- The foreign tax burden on the profit to be distributed as dividend has not been substantially lower than the Cypriot CIT rate (i.e. lower than 6.25%) at the level of the dividend paying company (“effective minimum foreign tax” test is met).
Personal taxation

Arguably Cyprus has one of the most favourable tax systems in Europe due to generous Personal Income Tax (PIT) tax rates as well as the allowances and deductions it provides to highly paid individuals who wish to live and work on the island.

An individual is considered to be a tax resident of Cyprus if he/she is present in Cyprus for more than 183 days in any calendar year. Cypriot tax resident individuals are subject to tax on their worldwide income, i.e. on any income accruing or arising from Cyprus or non-Cyprus sources (e.g. employment income, investments, dividends, etc.) Non-resident individuals are taxed only on the income arising from Cyprus sources.

The PIT rates applicable to an individual's income are as follows:

<table>
<thead>
<tr>
<th>Annual Taxable Income (€)</th>
<th>Tax Rate (%)</th>
<th>Cumulative Tax (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 19,500</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>19,501 - 28,000</td>
<td>20</td>
<td>1,700</td>
</tr>
<tr>
<td>28,001 - 36,300</td>
<td>25</td>
<td>3,775</td>
</tr>
<tr>
<td>36,301 - 60,000</td>
<td>30</td>
<td>10,885</td>
</tr>
<tr>
<td>60,001 and above</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>

Exemptions / deductions from PIT

The most lucrative incentive that Cyprus offers to individuals who have not been Cyprus tax residents before the commencement of their employment in the island is the exemption from PIT of 50% of their remuneration from any employment exercised in Cyprus which commenced as of 1 January 2015. This exemption is available for ten years and relates to remuneration in excess of €100,000 per annum.

The 50% exemption is not available to:

- individuals who were Cyprus tax residents for a period of 3 out of 5 years preceding the year of employment; or
- individuals who were Cyprus tax residents in the year preceding the year of commencement of employment.

In cases where the remuneration is below €100,000, then 20% of the remuneration or €8,550 (whichever is lower) can be claimed as a deduction for a period of 5 years starting from 1 January following the year of commencement of the employment (provided the employment started during or after 2012). This exemption applies up to year 2020.

Other important exemptions include, inter alia:

- Interest income (taxed under Special Contribution to the Defence Fund);
- Dividend income (taxed under Special Contribution to the Defence Fund);
- Any profit arising from the sale of securities (e.g. shares, bonds, etc.);
- Remuneration for the rendering outside Cyprus salaried services for a total aggregate period in the year of assessment of more than 90 days (but less than 183 days) to a non-Cyprus resident employer;
- Any lump sum payment on retirement or commutation of pension, or a gratuity on death;
- Income from scholarships or other educational endowments;
- Emoluments of foreign diplomatic and consular representatives.

Special contribution to the defence fund

All Cyprus tax resident and domiciled individuals are subject to the Special Defence Contribution (“SDC”) on the following types of income. An exemption is granted for individuals not domiciled in Cyprus.

In the cases of:

<table>
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<tr>
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<td>3% (reduced by 25%)</td>
</tr>
<tr>
<td>Rental Income (gross)</td>
<td></td>
</tr>
</tbody>
</table>

*Non-resident individuals are not subject to the SDC.
In addition, the Government has recently introduced the “non-domicile” (“non-dom”) rules which state that a Cyprus tax resident individual who is not domiciled in Cyprus will effectively not be subject to SDC in Cyprus on any interest, rents or dividends (whether actual or deemed) regardless of whether such income is derived from sources within Cyprus and regardless of whether such income is remitted to a bank account or economically used in Cyprus.

**Domicile**

An individual who has a domicile of origin outside of Cyprus is nevertheless considered to be domiciled in Cyprus for SDC purposes if such individual has been a tax resident of Cyprus for at least 17 years out of 20 years prior to the year of assessment.

**Social insurance**

The Cypriot Social Insurance Scheme provides, amongst others, for coverage for old-age pension, sickness, maternity, work injury and unemployment benefits. Social Insurance contributions are compulsory for every person gainfully occupied in Cyprus either as an employed person or as a self-employed person.

In general, an employee is subject to the Cypriot Social Insurance system if he/she carries out work in Cyprus for a Cypriot employer.

Employees must contribute 7.8% of their gross salary income to the Social Insurance Fund. The maximum level of income on which Social Insurance contributions are paid (“the insurable earnings”) is revised every year. For 2017, Social Insurance contributions, are capped at the 1/6 of taxable income (before the deduction of these allowances).

**Immovable property tax**

As of 2017, the immovable property tax is abolished.
Indirect tax - value-added tax

In spite of EU harmonisation, Cyprus has numerous indirect tax and VAT incentives to offer to current and prospective investors ranging from simplified procedures to favourable rates to user-friendly policy practice.

Customs - VAT opportunities

There are remarkable inducements for investors to consider Cyprus offerings for its indirect tax attractiveness as follows:

• A Cyprus Holding Company is a corporate vehicle widely used since alongside its direct tax efficiency, VAT savings can be achieved on associated financing transactions involving re-investment of dividends and loan granting. Input Tax Recovery might be feasible for active holding companies.

• Customs Duty Exemption on aircraft importation to Cyprus can be utilised alongside the favourable VAT Leasing Schemes (see below).

• Reduced 5% VAT rate on the purchase of a residential dwelling in Cyprus for the first $200m²

• Efficient structuring of flows and transactions involving agency and agreements enhancing VAT savings.
Financial reporting and auditing

Requirement to prepare financial statements

Under the Cyprus Companies Law, Cap.113, the directors of every company are responsible to maintain proper books of account and to ensure that the company prepares a full set of financial statements that gives a true and fair view in accordance with IFRSs as adopted by the European Union and the requirements of the said Law. The financial statements are accompanied by the Management Report, the contents of which are specified in the said law and whose preparation is the responsibility of the Directors.

The financial statements are to be presented to the shareholders at the Annual General Meeting (AGM) held in each year. A company's first AGM can take place within 18 months from the Company's incorporation. Subsequently, the AGM must take place within 15 months from the time of the previous AGM.

Requirement for consolidated financial statements

Companies which have subsidiary companies are required to prepare consolidated financial statements in accordance with IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113.

A non-listed parent company can utilize the following exemptions not to prepare consolidated financial statements:

Under IFRSs: if the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use that comply with IFRSs.

Under the Cyprus Companies Law: if its parent or ultimate parent publishes consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles accepted by the members of the International Organisation of Securities Commissions (IOSCO) or if the group is regarded as small/medium sized group (i.e. fulfilling two of the three criteria: total assets <€20m, net turnover <€40m, average number of employees < 250).

Along with consolidated financial statements, the Cypriot tax authorities require a (non-dormant) company to also prepare its stand-alone financial statements, which form the basis for the company's income tax return.

In such cases, both consolidated and stand-alone financial statements should be presented at the AGM.

Requirement for audit

Under the Cyprus Companies Law, all companies must have their financial statements audited and signed by a Cyprus registered auditor.

The law requires that the audit is conducted in accordance with International Standards on Auditing (ISAs).

Submission of annual return and financial statements to the registrar of companies

All Cyprus registered companies are required to file an annual return accompanied with their annual audited financial statements (together with the auditor’s report) to the Registrar of Companies. The annual return includes details of registered office, shareholders, directors, company secretary, etc.
Setting up in Cyprus

The procedures for registering a company with the relevant authorities in Cyprus can be completed within approximately two weeks (this includes drafting Memorandums and registering the organization).

Introduction of notional interest deduction (NID) on equity

Corporate entities (including permanent establishments of foreign companies) are entitled to NID on equity as of 1st of January, 2015.

The NID equals the product of the reference interest rate and the new equity held and used by a company in the carrying on of its business activities.

“Reference interest rate” means the yield of the 10-year government bond issued by the country in which the new equity is invested increased by 3%. The reference interest rate cannot be lower than the yield of the 10-year government bond issued by the Republic of Cyprus increased by 3%.

“New equity” means any equity introduced into the business on or after 1 January 2015 in the form of issued share capital and share premium (provided it is fully paid).

The NID granted on new equity cannot exceed 80% of the taxable profit before allowing for NID.

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IP box regime Cyprus

The Income Tax Law in Cyprus provides for an intellectual property (IP) rights box regime.

The new IP box regime is effective as of 1 July 2016. The provisions of the new regime link the benefits of the regime with Research and Development expenditure incurred by the taxpayer. As per the new IP box regime, qualifying taxpayers will be eligible to claim a tax deduction equaling 80% of qualifying profits resulting from the business use of the qualifying assets. A taxpayer may elect not to claim the deduction or only claim a part of it.

The qualifying profits shall be calculated by using the following ratio:

\[
\frac{(\text{Qualifying expenditure} + \text{Uplift expenditure})}{\text{Overall expenditure}} \times \text{Overall IP income}
\]

It should be noted that any R&D expenditure being outsourced to related parties will not be treated as a “qualifying expenditure” for the purposes of the IP box regime.

Overall expenditure

The cost of the acquisition or development of intangible assets of a capital nature is amortized in a reasonable manner over its useful economic life based on accounting standards with a maximum period of 20 years.

Qualifying IP assets

It should be mentioned that the provisions of the new IP box regime apply only to patents and patent equivalents, copyrighted software, utility models and other IP assets that are non-obvious, useful and novel (subject to de minimis criteria). This means that any marketing related IP assets such as trademarks will not be treated as qualifying assets.
Energy

Cyprus is surrounded by substantial hydrocarbon resources, a significant part of which falls within the Cyprus Exclusive Economic Zone. So far Cyprus has successfully conducted 3 licensing rounds for Cyprus offshore blocks. Cyprus’ excellent infrastructure and business environment, coupled with a favourable tax and legal framework, establishes it as a competitive and efficient location for multinationals. The developing oil and gas sector and the still relatively untapped potential in renewable energy offer tremendous opportunities.

Cyprus tax system for oil and gas

There are currently no specific tax laws on hydrocarbon exploration and exploitation activities in Cyprus and the general (corporate) tax laws in force are applicable. Upstream O & G exploration and exploitation activities are to be undertaken under a production sharing contract (PSC). Under PSC the applicable CIT shall be deemed to be included in the Republic’s share of profit oil and profit gas, and therefore the portion of the available hydrocarbons that the operator or contractor is entitled to shall be net of CIT.

The definition of the terms “Cyprus Republic” and “permanent establishment” include all activities relating to the exploration and exploitation within Cyprus territorial sea as well as within any area outside the territorial sea, including the contiguous zone, the exclusive economic zone and the continental shelf.

In addition, there is 5% withholding tax on the gross income derived by a non-resident person (having no permanent establishment in Cyprus) in relation to services performed in Cyprus in respect of activities connected with the exploration or exploitation of the seabed or subsoil or their natural resources, as well as in connection with activities relating to the installation and exploitation of pipelines and other installations on the soil, seabed or on the sea surface.
Cyprus investment funds

In the last three years, Cyprus has reformed its legislation system governing investment funds and fund managers. Cyprus now has efficient and up-to-date regulation, fully harmonized with related EU Directives.

Cyprus as an investment fund jurisdiction has a number of advantages:

- Choice between fully regulated investment fund/fund manager regime and regime with milder regulation
- Wide range of investment fund products offered within the new regulation
- No restrictions on types of investments
- EU member state with easy access to European investors through EU passporting
- Mature business centre with highly qualified professionals and sophisticated infrastructure
- Most types of income earned by investment funds are not subject to tax in Cyprus
- Low tax rates levied on Cyprus-based corporations; tax incentives and benefits for high-earning managers and high-net-worth individuals
- Access to extensive network of double tax treaties
- Cost-effective setting-up and ongoing operational services
- Strategic geographical location between Europe, Middle East, Asia and Africa

The recent changes in the legislation and regulations have already proven to attract fund managers to use Cyprus as the jurisdiction for investment funds and the managers. The assets under management have grown to EUR3bln. There are 17 licensed and 22 registered asset managers, over 80 licensed investment funds, and many more managers and funds are underway of registration with the regulator.

Shipping

Shipping has been one of the driving forces of the Cyprus economy, with the sector contributing around €1 billion to the island’s GDP per annum. In recent years, Cyprus has become one of the leading ship management centres and currently hosts the 10th largest merchant fleet in the world and 3rd largest in Europe. The country is most certainly at the forefront of world shipping and, as such, offers sound maritime infrastructure, a business friendly tax regime, competitive ship registration and annual tonnage tax rates. At a time when the shipping industry is experiencing a considerably large supply of tonnage and uncertainties from sovereign debt, Cyprus offers competitive advantages to shipping sector participants and continues to play a prominent role as a leader in shipping and as a ship management hub.

Key benefits of Cyprus’ shipping:

- 10th largest fleet worldwide
- 1st third party ship management centre in the whole EU
- ~25% of the whole EU fleet
- Liberal Foreign Direct Investment Regime allowing up to 100% foreign participation in most sectors of the economy
- No exchange control and freedom of movement of foreign currency
- Favourable tonnage tax scheme approved by the EU
- Bilateral Agreements of Cooperation in Merchant Shipping with 23 countries including major labour supplying countries
Tonnage tax regime

As of 2010 and until 31 December 2019 (with a possible extension for another 10 years) qualifying ship owners, ship charterers and ship managers of qualifying ships engaged in qualifying activities can choose, subject to fulfilling certain conditions, to be taxed under a Tonnage Tax Regime and not under Corporation Income Tax rules. The qualifying ship owners, managers and charterers who have opted into the Tonnage Tax Regime are exempt from Corporate Income Tax on their shipping activities such as:

- Exploitation of a qualifying (chartered) ship in a qualifying shipping activity or rendering crewing and/or ship management services to any qualifying ship
- Disposal of a qualifying ship or interest or share in the qualifying ship
- Disposal of shares in a ship owning company
- Dividends paid (directly or indirectly) out of the profits described above.

Yacht and aircraft leasing scheme

In an effort to encourage the use of Cyprus as a host jurisdiction for yachts and aircrafts and to make Cyprus an even more attractive destination for yacht and private aircraft owners, Cyprus has introduced the “yacht leasing scheme” and the “aircraft leasing scheme”. The aim of the yacht and aircraft leasing schemes is to assist yacht and aircraft owners in deferring payment of VAT and paying a reduced VAT rate on their yachts and aircrafts calculated as a percentage of the time that the asset is deemed to sail/fly in EU waters/airspace.
Cyprus citizenship for investors

Cyprus citizenship may be granted to foreign investors and entrepreneurs through naturalisation by exception under certain criteria and conditions. The process is an expedited procedure (around 6 months) and citizenship is also granted to the investor’s spouse, under age children and adult financially dependent children up to 28 years old. The investor and his/her family obtain a Cyprus Passport with full rights of an EU citizen (i.e., free travel, residence and investment in any EU country). The scheme requires, inter alia, the following from the applicant:

- Clean criminal record
- Ownership of a permanent private residence in Cyprus with a purchase price of at least €500,000 (plus VAT)
- Investment of at least €2m (plus VAT where applicable) in one of the qualifying categories (see below)
- Residence permit in the Republic of Cyprus application can be in parallel with the citizenship application (in the case that the applicant is not a holder).

Qualifying Investments for satisfying the €2m (plus VAT) in one of the below categories:

- Real estate, land development projects (residential or commercial developments, developments in the tourism sector) and other Infrastructure projects
- Purchase, creation, or participation in Cyprus based businesses/companies with a ‘tangible’ presence in Cyprus and employing at least 5 EU Citizens per applying investor
- Financial instruments of Cypriot companies or organisations that are licensed by CySEC (includes corporate bonds, debentures, participation in AIFs, etc.)
- Or a combination of the above mentioned criteria amounting to at least €2m, in which case an investment of up to €500k in Republic of Cyprus Government bonds is also permitted as part of the portfolio (provided they are obtained directly from the Public Debt Management Office of the Ministry of Finance)
- A high-ranking senior manager in a company that satisfies the investment criteria above may also apply for citizenship, provided that he/she receives such a remuneration that generates for the Republic tax revenue
Companies of foreign interests who assign their employees to locations within the Republic of Cyprus will need to register them with the Civil Registry and Migration Department (CRMD). Such registrations may be in the form of entry/work permits. Business Clients with employees assigned to locations other than their home country may want to manage their regulatory risks by engaging firms to provide immigration services to their assignees.

All companies of foreign interests, including international companies (ex-IBCs), in order to be eligible to employ third country nationals in Cyprus, should fulfil the following:

(a) The majority of the company’s shareholders should be foreign shareholders and in the case of shareholders whose ultimate owners are foreign companies, they should be declared in order to be approved by the CRMD.

(b) For new companies it should be proved by banking and other documents that the direct foreign capital investment amounts at least €171,000 and it was brought in Cyprus legally from abroad.

(c) The companies should operate from their self-contained offices in Cyprus, which should be located in suitable distinct premises, not part of private residence or another office, except from cases of companies that share lodging.

Permanent residence

Non-Cypriot investors, who purchase property in Cyprus of at least €300,000 (plus VAT where applicable) and have secured annual income are entitled to apply for Permanent Residence. The relevant Permit grants investors and their families visa free travel to Cyprus and the right of residence granted for life.

Employee classification

Eligible companies which fulfil the above conditions may employ third country nationals in the following positions.

- **Executive Directors**

Each Entity Registered as a Company of foreign interests can employ a maximum number of 5 executives unless the CRMD is persuaded that a greater number is justified. The main prerequisite for an individual to be designed as an Executive Director by the CRMD is that their monthly salary should be above €3,872 per month.

- **Middle-management staff, executive staff and any other key personnel**

  - The abovementioned staff includes Directors who are not considered to be Executive Directors as well as other Executive/Middle-management staff or other managerial, clerical or technical personnel with a monthly salary ranging from €1,936–€3,871.
  
  - The maximum number of these employees permitted in this category is 10. The CRMD has the discrete authority to decide on the employment of more than 10 people in justified, depending on each company’s operation data.

- **Supporting Staff**

  - All third country nationals employed in other professional, managerial, technical, clerical etc. positions in Cyprus and do not fall under the abovementioned categories (a) and (b), are classified in the remaining supporting staff.

  - Companies are expected to employ Cypriots or European citizens for this category. In case that there are not available or suitable Cypriots or European citizens with the required qualifications, a company may employ third country nationals in positions of this category, following the procedure and submitting all the certificates/supporting documents to the Labour Department.

EY Cyprus can assist any Company of foreign interests with any migration related work required for the registration of the Company with the CRMD as well as for the Registration of employees for the issuance of a temporary residency permit.
Globalization is shaping our world: it is expanding horizons as trade, technology and investment increasingly connect countries and companies around the globe; and it’s compressing time and distance as people and products move – and ideas spread – faster than ever before.

At EY, we have long thought that globalization is one of the defining issues of our time. Our response has been to transform our organization so that we keep in step with the changing needs of our clients and our people.

Our clients need integrated, cross-border service and the same high quality wherever they do business around the world. Our people want to build careers in an organization that’s global in its outlook and inclusive in its approach.

EY in Cyprus has its origins dating back to the 1930s. Today the Cyprus practice is a leader in assurance, tax, transactions and advisory services. We operate through our offices in Nicosia and Limassol and we are part of EY’s Europe, Middle East, India and Africa Area and one of the 22 countries that comprise the Central and Southeast Europe Region.

Within this structure, we are able to tap into our skilled global experts to provide fast and exceptional service enabling our clients to make the right decisions. We are closely linked with EY’s dedicated global industry centers, for sharing industry-focused knowledge and experience. In this way we anticipate market trends, identify implications and develop clear points of view on relevant industry issues.

We serve as a trusted business advisor and auditor to a broad range of clients, from private individuals and entrepreneurial businesses to major public companies and large multinationals. We recognize that all our clients are on a unique journey and we work with them to create a tailored client experience that helps them achieve meaningful results.
Our service offerings:

**Assurance services**
- Audit and other attestation reports
- Financial accounting advisory services
- Fraud investigation & dispute services
- Climate change & sustainability services

**Global compliance and reporting**
- Establishment and set up of legal entities
- Corporate secretarial support services
- Administration services
- Accounting services
- Payroll administration and personnel related services
- Temporary staff secondment
- Immigration and work permit assistance

**Taxation services**
- Business tax services
- Indirect tax
- People advisory services
- International tax
- Transaction tax

**Advisory services**
- Risk services (e.g. internal audit, AML, controls transformation, risk remediation, etc)
- Information technology services
- Performance improvement services, including supply chain and operations
- Actuarial services

**Transaction advisory services**
- Transaction support services (e.g. business reviews, due diligence, etc)
- M&A advisory services, including IPOs
- Restructuring services
- Project finance services

**EY Law**
- Commercial law
- Corporate and MBA
- Employment
- Travel & holiday
- Immigration and citizenship
- Intellectual property
- Real estate
- Public procurement
- Shipping

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