

BUSINESS FACILITATION UNIT – RELOCATION AND REGISTRATION OF COMPANIES OF FOREIGN INTERESTS

1. INTRODUCTION

The Council of Ministers approved on October 15th 2021, the “Strategy for Attracting Businesses for Activities or/and Expansion of their Activities in Cyprus” and the new action plan has been implemented from January 1st 2022.

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 careful and thorough planning ensures that the benefits derived from the successful implementation of the Strategy will significantly contribute to redefining the Cyprus growth model.

As of January 1st 2022 the current “Fast Track Business Activation Mechanism” was evolved into the “Business Facilitation Unit (BFU)”. The Unit is the single point of contact for foreign companies.

The purpose of the new unit is 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 from abroad.

2. ELIGIBILITY CRITERIA

Eligible businesses must meet the following criteria:

- The majority of the company’s shares are owned by third-country nationals.
 - It is noted that in the event that the percentage of the foreign participation in the share capital of the Company is equal to or below

50% of the total share capital, the Company is eligible when this percentage of the share capital represents an amount equal to or greater than the amount of €200,000.

- Public companies registered on any recognised stock exchange.
- Companies of international activities (formerly off-shore), which operated before the change of regime, whose data are held by the Central Bank.
- Cypriot shipping companies.
- Cypriot high-tech/innovation companies*
- Cypriot pharmaceutical companies or Cypriot companies active in the fields of biogenetics and biotechnology.
- 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.

* 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:
 - I. products related to aviation and space industry,
 - II. computers,
 - III. electronic and telecommunication products,
 - IV. pharmaceuticals,
 - V. biomedical,
 - VI. research and development equipment,
 - VII. electrical machinery,
 - VIII. chemicals,
 - IX. non-electrical machinery.

3. SERVICES OF THE BUSINESS FACILITATION UNIT

- **Provision of services relating to the establishment of businesses:**

Ability to complete all registrations for the establishment of a business at the One-Stop Shop Section of the Business Facilitation Unit:

- Approval of company name and registration (in collaboration with the Department of Registrar of Companies and Intellectual Property)
- Registration in the Employers' Register (Social Insurance Services)
- Entry in the Tax Register for Indirect Taxation (VAT) and Direct Taxation (Tax Department)

- **Guidance regarding the necessary permits for the activation and establishment of businesses in Cyprus:**

Guidance throughout the business's life cycle, from the development of a business plan, the guidance on necessary licensing, the placement of the business in the market, the registration of the business entity and / or the trade mark of the business, the recruitment of employees and many other related issues.

- **Registration of companies in the Register of companies of foreign interests**

Evaluation by the Unit whether companies wishing to employ nationals from third countries fall under the criteria of companies of foreign interests. In case of eligibility, these companies will be registered in the above-mentioned Register, which will be notified to the Civil Registry and Migration Department (CRMD).

4. BENEFITS AND INCENTIVES (Amongst Others)

- **Broadening Tax Incentives (Amongst others)**
 - Tax exemption of 50% to new non domicile employees with employment remuneration of €55,000 and above – period 10 years
 - Tax exemption of 50% for existing non domicile employees with employment remuneration of €100,000 and above – extended period 17 years.
 - Tax exemption of 50% for existing non domicile employees with employment remuneration between €55,000 & 100,000 - period 10 years.

- **Tax Exemption extension for investments in innovative companies**
 - Examine the possibility of extending the 50% tax exemption for investment in certified innovative companies to corporate investors.

- **Increased (compared to the real) tax deduction for research and development expenditure**
 - Granting an increased discount on research and development expenditure (e.g. by 20%). Eligible research and development expenses will be deducted from taxable income at 120% of actual expenses.

- **Naturalization**
 - Right to apply for Cyprus citizenship after 5 years of residence and work in the Republic of Cyprus, instead of 7 years.

*For more information, please send us an email to info@yiallourosllc.com