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By
FlexiGroup**

• innovation • teamwork • leadership • social impact

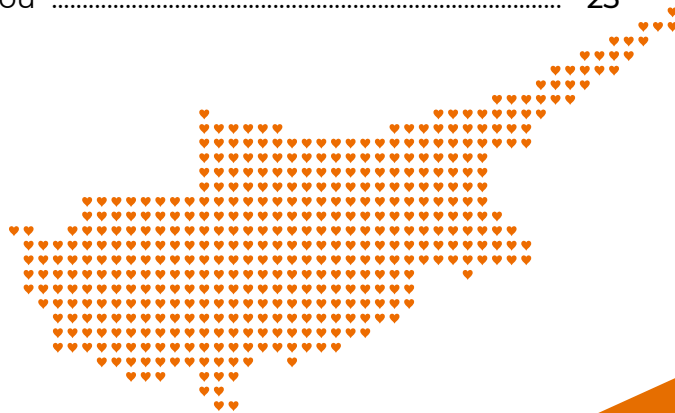
YEAR 2023

RELOCATION TO CYPRUS

**AN EXTENSIVE
GUIDE**

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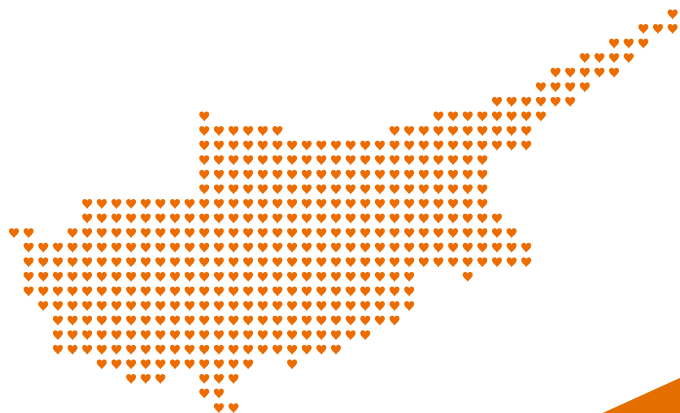
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GROW WITH US

1. INTRODUCTION TO CYPRUS

1.1. WHY CYPRUS

PRIME LOCATION

Cyprus, since antiquity, was known as the crossroad of 3 continents - Europe, Asia and Africa. Located in the East of the Mediterranean Sea, the island is well known to the business and tourism world. Due to its strategic location, and despite its small size, the island has established a strong reputation as a “centre of excellence” and a dynamic business hub.

Since 2004, Cyprus is a full EU member and in 2008 it has also adopted the Euro as the local currency. Its EU Membership promises quality, efficiency and transparency in transactions while ensuring safety and stability to investors and offering market access to the rest of the EU.

CLIMATE

The island enjoys a temperate Mediterranean climate with hot and dry summers, mild winters and over 320 days of sunshine annually. If you are looking for snow though, you won't be disappointed. During the winter, you can visit Troodos mountains in the central part of the island and enjoy the beautiful forests dressed in white.

LEISURE

Whatever you are looking for, Cyprus has it all! You can spend your day diving in Protaras, hiking in Troodos, cycling along the Pedieos river, visiting the archaeological remains of Kourion or Tombs of the Kings or relaxing with a drink at the marina. The island has also recently opened casino resorts.

If you are a foodie, the island is known for its cuisine, so make sure you visit a local tavern to enjoy the meze, a selection of mouth-watering small dishes.

QUALITY OF LIFE

Cyprus is considered one of the safest countries in the world with a very low crime rate. Furthermore, Cyprus' air and water pollution rate is significantly low due to the lack of heavy industry on the island.

The cost of living is relatively low in comparison to other European countries. This means that you can enjoy a lavish and cosmopolitan life without breaking the bank!

**CHANGE THE WORLD
BY BEING YOURSELF**

1. INTRODUCTION TO CYPRUS

1.2. KEY FACTS ABOUT CYPRUS

**CAPITAL
NICOSIA**

**AREA
9,251 SQ KM**

**TIME ZONE
+2 HOURS GMT**

**WEATHER
MEDITERRANEAN
CLIMATE**

**AIRPORTS
LARNACA INTERNATIONAL
AIRPORT (MAIN) AND PAPHOS
INTERNATIONAL AIRPORT**

**POPULATION
1.2M (JULY 2021
EST.)**

**LANGUAGES
GREEK (OFFICIAL)
TURKISH (OFFICIAL)
ENGLISH (WIDELY SPOKEN)**

**AVERAGE
TEMPERATURE
WINTER +15°C
SUMMER +35°C**

**LEGAL SYSTEM
BASED ON THE ENGLISH
COMMON LAW**

**CURRENCY
EURO**

**EUROPEAN UNION
CYPRUS IS A EU MEMBER COUNTRY
SINCE 1 MAY 2004**

**FORM OF STATE:
PRESIDENTIAL
REPUBLIC**

**RELIGION
GREEK ORTHODOX (MAJORITY)
MUSLIMS, ARMENIANS,
MARONITES, LATINS AND
OTHER RELIGIONS**

1. INTRODUCTION TO CYPRUS

HEALTHCARE AND EDUCATION

Cyprus offers excellent healthcare options, both in the public and private sector, with over 70 hospitals and clinics across the island with an abundance of specialists. In comparison to other EU countries, the cost of healthcare in Cyprus is significantly lower.

Furthermore, Cyprus offers a high level of education, from kindergarten to university. While Greek is the predominant teaching language in public schools, most private ones are English-speaking while there are a few that teach in other languages as well (such as Russian).

Cyprus also boasts a number of reputable third-degree education institutions that are globally recognized, most of which teach in English. It is no wonder that Cyprus has the highest percentage of university graduates per capita in Europe.

INFRASTRUCTURE & TELECOMMUNICATIONS

Cyprus has an advanced and modern infrastructure. With 2 main airports and over 70 airlines flying from and to Cyprus and 2 main ports, the island offers great connectivity with the rest of the world. With the extensive and robust road network and small distances, you can travel across the island in just a couple of hours.

The island's telecommunications are reliable and high-speed and you are able to enjoy fast broadband all over the island. The fibre optic cable network is currently being implemented all across the island to achieve even better speeds.

ADVANTAGEOUS TAX SYSTEM

Cyprus has a modern and efficient tax system, aligned with all EU and international regulations. Currently, Cyprus tax resident companies can enjoy a double tax treaty with over 65 countries worldwide.

The corporate tax rate is set at 12,5% but a number of exceptions apply, such as dividends from foreign sources, disposals of shares, no withholding taxes on payments made abroad, foreign exchange rates etc. It is worth to mention that Cyprus has implemented an IP tax regime that can be utilised by IP related companies, decreasing the tax rate to as low as 2,5%.

**EVERY MOMENT IS A
FRESH BEGINNING**

1. INTRODUCTION TO CYPRUS

BANKING SERVICES

Cyprus offers a diverse network of domestic banks and International Banking Units, with various foreign banks operating branches or representative offices on the island. The banking system is EU, OECD, FATF, FATCA and FSF compliant, offering security and transparency.

All banks have an extensive correspondent network across the world and thus the customer can execute transactions worldwide.

LEGAL AND REGULATORY FRAMEWORK

As Cyprus was a British Crown Colony until 1960, most of its legal and judicial system is based on the English model. Cyprus' legislation is in compliance with the EU legislation and all EU directives and regulations are transposed into national law.

HUMAN TALENT

One of the main advantages of Cyprus is the high-quality work force it enjoys. As one of the top countries in tertiary education per capita, Cyprus offers an abundance of highly educated, skilled and multilingual professionals in a multitude of fields.

SPOKEN LANGUAGE

Even though Greek is the official language of the island, English is widely spoken by the locals. Furthermore, English is the predominant business language, with most companies choosing it for their internal and external communication.



**IMPOSSIBLE IS FOR
THE UNWILLING**

2. USING CYPRUS AS A BUSINESS HEADQUARTERING BASE

2.1. WHY YOU SHOULD CHOOSE CYPRUS

Because of the numerous advantages that Cyprus provides, it is an excellent location for international companies.

In addition to its strategic geographic location and outstanding commercial infrastructure, Cyprus also benefits from several tax perks, which have all contributed to the country's development as an important international business centre.

Cyprus also has a sophisticated banking system, which is an added bonus to its already illustrious business environment.

Tax breaks for International Business Companies (IBCs), shipping companies, international trusts, and partnerships are provided by the Cyprus government in order to entice foreign investment into the country.

Despite its low-tax, Cyprus is not considered a tax haven as it enjoys the approval of EU and other jurisdictions through its compliance of international treaties.

This is important as it ensures that entities incorporated in Cyprus can enjoy both a low-tax regime and the reputation of having a company in a renowned business centre.



**DREAM WITHOUT FEAR.
LOVE WITHOUT LIMITS**

2. USING CYPRUS AS A BUSINESS HEADQUARTERING BASE

2.2. HOW WE CAN ASSIST YOU

STEP A: AT BUSINESS SET-UP STAGE

Planning

- Assist in selecting the most appropriate corporate structure, depending on the business needs
- Advise on the most suitable entity vehicle
- Advise on the application of advantageous tax & legal regimes of the local legislation
- Advise on financing options & cost forecast for the business operations
- Support services for set-up requirements
- Provision of fiduciary services

Forming and Registering the Company

- Assist with the formation of an appropriate corporate entity / trust / fund
- Assist with the opening of bank accounts with local banks
- Registration & Ensure compliance of requirements for Tax, VAT etc.
- Assistance and registration of entity with local authorities where necessary

Office premises and infrastructure

- Finding the most appropriate business location, office space
- Assist in drafting purchase/lease agreement for the office
- Advice on issues regarding security, infrastructure, internal controls and statutory requirements including operational licenses.

People

- Assist with interviewing suitable staff and local directors along with the remuneration structure
- Assist in drafting employment contracts and registering the employees with local authorities
- Assist with work permits for overseas staff and relocation of the family



**EVERYTHING YOU CAN
IMAGINE IS REAL**

2. USING CYPRUS AS A BUSINESS HEADQUARTERING BASE

2.2. HOW WE CAN ASSIST YOU

STEP B: AT THE OPERATIONAL STAGE

Regulatory Compliance

- Support & Management of bank accounts and banking issues in general
- Ensure compliance with local authorities (TAX/VAT/REGISTRAR OF COMPANIES/ SOCIAL INSURANCE) & other reporting requirements
- Assistance with filling requirements of local authorities
- Fund administration services
- Accounting services (outsource or co-source)

Advisory and Fiduciary

- Asset & liquidity management services
- Drafting of corporate documents (preparation of minutes, register books, share certificates) fully compliant with local legal requirements. Assistance in holding board meetings and annual general meetings
- Drafting of legal documents and review of agreements. Provision of Power of Attorneys & other legal advice
- Identification of new investment opportunities based on the business industry and needs.

Reporting

- Accounting services & maintenance of proper accounting records
- Preparation of financial statements (out-source) and/or management accounts in line with IFRS
- Assistance & Advice on financial obligation and necessary reporting.

Human Resources and Personnel

- Payroll services
- Assistance of personnel with their taxable income requirements
- Ensure compliance with GDPR regulations and advice on employment law issues

For more information, please refer to our article [Using Cyprus as a Business Headquartering Base](#)

**SIMPLICITY IS THE
ULTIMATE
SOPHISTICATION**

3. IMMIGRATION REQUIREMENTS

3.1. PRE-ARRIVAL

Even though Cyprus is not a member of the Schengen Area, those who have valid double or multiple-entry Schengen visas are permitted to enter Cyprus without needing a separate short-stay visa and are allowed to stay in Cyprus for a period of 90 days in a 180-day window.

Third Country Nationals (TCNs) from other countries who are residents of Cyprus and have valid visas for the country can apply for a Schengen visa through the appropriate embassy.

The relevant embassies will decide whether to approve the application, and if they do, the applicants will be issued a Schengen visa.

The Cyprus Embassy also accepts visa applications from TCN nationals. The mentioned visa is only valid for entry into Cyprus.

An entry permit for employment can be issued in the absence of a valid visa or a Schengen visa.



3. IMMIGRATION REQUIREMENTS

3.2. RESIDENCE & EMPLOYMENT

Third Country National relocating for employment in Cyprus

After successfully completing a one-time "Company eligibility process," a Cyprus registered company that has the majority of its shares owned by TCN Ultimate Beneficial Owner (UBO/s) or is a listed company, is regarded as a Company of Foreign Interest and is eligible to employ TCNs.

Employees of TCN who are moving to Cyprus may arrive with the appropriate visa and take the necessary steps to submit an application for a temporary work and residence permit.

Temporary Work and Residence Permits

- The Company is able to hire highly qualified TCN workers with a monthly gross compensation of over €2,500.
- Additionally, with pre-approval, the Company may hire support TCN employees who make less than €2,500 gross per month
- TCNs may make up to 70% of the Company's total workforce (over the course of five years)
- The TCN employment permit may be issued with a maximum 3-year validity period and may be renewed upon expiration
- As soon as the Migration Authorities accept their permit application and issue the pertinent receipt, the TCN personnel are able to work legally in Cyprus. Should the TCN have an entry permit, they can start working legally as soon as they arrive in Cyprus;
- The Company shall demonstrate substance in Cyprus by owning or renting office space in the Republic
- There must be an employment agreement between the TCN/EU employees and the Cyprus company;
- If the TCN holder is absent from Cyprus for more than three consecutive months, the Permit becomes void;
- During the application submission the applicants must be present, as biometric elements, finger prints, electronic signatures, and photographs will be collected;
- Family reunification allows TCN employees' family to move to Cyprus. Ordinarily, the application comes after the primary applicant's approval.

Permits for EU Nationals

EU citizens who wish to reside in Cyprus must get an EU Registration Certificate within four months of their last entry into Cyprus.

3. IMMIGRATION REQUIREMENTS

3.3. LONG TERM & PERMANENT RESIDENCE PERMIT

- Individuals who have lived lawfully and consistently in Cyprus for at least five years are eligible for a long-term residency permit
- Applicants must have a work permit in Cyprus, sufficient income from employment, and suitable accommodation for themselves and their families;
- An open duration or at least 18-month employment contract is required
- Applicants must possess a Greek language proficiency certificate;
- A Long-Term Residence Permit is valid for five years and can be renewed.
- Cyprus also offers a Permanent Residence Permit for Employment (Category E), which is linked to a specific employer and position. The application processing typically takes 12 to 24 months, and applicants are informed of the outcome in writing. It is given to TCN personnel who hold senior management positions or highly specialized positions.

3.4. CYPRUS CITIZENSHIP

Cyprus Citizenship by naturalization

In order for a TCN to obtain a Cypriot citizenship by naturalization, the following conditions must be met:

- TCN who have completed seven years of legal residence in Cyprus are eligible for naturalization. According to a government declaration made in October 2021, the aforementioned regulations may be altered to 5 years for those who reside and work in Cyprus and 4 years for those who can also demonstrate a certificate of good knowledge of the Greek language (this change is subject to final approval by regulators)
- EU citizens may apply for Cypriot citizenship after completing five years of residency in the country.
- In addition to meeting the residency requirement, one must also meet the required conditions.

Cyprus Citizenship as a spouse of Cypriot citizen

Cyprus citizenship may be granted to spouses of Cypriot citizens in the following cases:

- Foreign spouses of Cypriot Nationals who have been married for three years and have lived in Cyprus for two years prior to the application date
- Foreign spouses of Cypriot Nationals living abroad who have completed three years of marriage and have the option to submit the application at a Cyprus Consulate or Embassy abroad.

**WHATEVER YOU DO,
DO IT WELL**

3. IMMIGRATION REQUIREMENTS

3.5. HOW WE CAN ASSIST YOU

Flexi offers tailored solutions to both businesses and individuals wishing to relocate in Cyprus. We are here to guide you through this journey and our experienced professionals are here to address all your needs from A to Z.

Pre-arrival

- Preparation of a strategic plan with a step-by-step relocation process.
- Tax planning
- Consultation on visa requirements for the individuals, their families and employees
- Offer options for temporary accommodation
- Offer advice on local schools

Immigration Procedure

- Advice on immigration matters and residence/work permits and business/travel visas
- Collection of required documents for all applications

For more information, please refer to our article [Cyprus Work and Residence Permits and Cyprus Visas and Residence Permits](#)



**WHAT WE THINK, WE
BECOME**

4. OBLIGATIONS OF A CYPRUS COMPANY

Setting up a Cyprus company is a relatively easy procedure but bureaucracy comes with its own hustles. In order for any Cyprus company to be in good standing, it must comply with certain statutory and tax obligations.

4.1. STATUTORY OBLIGATIONS

Company Incorporation and Appointment of Officials

As a first step, you need to decide the name of your company and apply for the reservation of the said name with the Department of Registrar of Companies and Intellectual Property. Once, approved, you may proceed with the incorporation of your company and file the relevant forms to the Registrar. The following need to be submitted & declared:

- Memorandum and Articles of the Association
- Directors & Secretary
- Shareholders
- Registered office

Register of Ultimate Beneficial Owners

As from the 12th of March 2021, Cyprus has established a register of ultimate beneficial owners (UBOs) for all Cyprus companies and legal entities. Therefore, the details of the UBOs of all companies, including the name, address, date of birth, ID/passport number etc., must be submitted to the online portal of the Registrar. UBO is considered any natural person who, directly or indirectly, owns or controls the company.

Company Levy

It is compulsory for all companies registered in Cyprus to pay an annual fee in order to remain in good standing. The settlement of the annual fee in a timely manner is vital to avoid further charges and penalties.

Annual General Meeting

General Meetings of the officials of the company must be held on a yearly basis. For newly incorporated companies, the first Annual General Meeting can take place within 18 months from the incorporation of the company.

**ALL LIMITATIONS ARE
SELF-IMPOSED**

4. OBLIGATIONS OF A CYPRUS COMPANY

Annual Returns (HE 32)

A company is obligated to submit an Annual Return to the Registrar accompanied with the audited Financial Statements of the previous year and a declaration of the directors and secretary of the company stating that the Financial Statements are the ones that the shareholders approved at the Annual General meeting.

For a newly incorporated company, the Annual Return should be submitted within 18 months from the incorporation of the company. The Annual Return should be filed within 42 days from the Annual General Meeting.

Audited Financial Statements

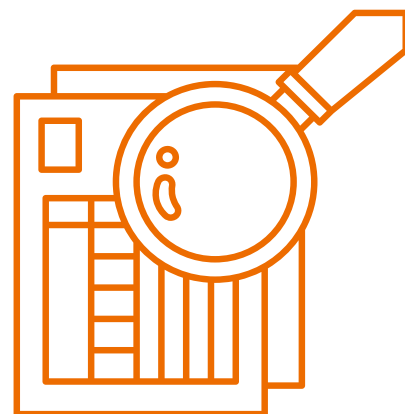
All companies must prepare annual audited financial statements in accordance with the International Financial Reporting Standards (IFRS). As per the Companies Law, Cap. 113 the financial statements must reflect the true and fair view of the company's activities.

The financial statements must be audited by an independent auditor with a Cyprus registration. All audits shall be completed according to the International Standards of Auditing (ISA).

Record Keeping

Any changes within the company must be duly recorded and a register of the company's officials and charges shall be maintained and be up to date at all times and kept at the company's registered office. Furthermore, minutes of all meetings shall be recorded by the company's secretary and kept in file.

If the company would like to proceed with any structural changes, including the change of officials & share capital or amendments to the Memorandum & Articles of the Association, it must submit all the relevant changes to the Registrar in a timely manner by filing the relevant forms.



**PROBLEMS ARE NOT
STOP SIGNS, THEY ARE
GUIDELINES**

4. OBLIGATIONS OF A CYPRUS COMPANY

4.2. TAX OBLIGATIONS

Tax Registration

All Cyprus companies and foreign companies that are considered to be a Cyprus tax resident are obliged to have a tax identification code (TIC). In order to obtain the TIC, they must register with the tax department within 60 days from their date of incorporation or from the date the company is considered a Cyprus tax resident.

Any changes that may affect the records of the tax authorities, must be submitted to the Commissioner of Taxation within 60 days from the said change.

Tax Returns

All companies must file their Corporate Annual Tax Returns Declaration (T.D.4) with the Tax Department in a timely manner. Failure to meet the deadline will result in additional penalties for late submission.

Tax payments

Companies in Cyprus calculate their corporation tax based on a self-assessment system for the current year's taxable profit. The tax is payable in two equal instalments in July and December. The companies may revise their provisional tax assessment at any time prior to the end of the current tax year and any underpayments can be corrected by the 1st of August of the following year. Failure to meet the said deadline will result to additional interest being charged.

The particulars of the tax obligations of **Cyprus companies and individuals** are explained in the next Section: **Tax Facts**.

**IF YOU TELL THE
TRUTH YOU DON'T
HAVE TO REMEMBER
ANYTHING**

4. OBLIGATIONS OF A CYPRUS COMPANY

4.3. HOW WE CAN ASSIST YOU

Flexi is a one-stop-shop for all your business needs. We can assist with the preparation and submission of all the required forms and documents to the Registrar and tax authorities and the compliance with all local laws and regulations.

From incorporating your business, appointing nominee officials, providing a registered address for your company to tax planning and corporate structuring we got you covered. Our team comprises by a number of experts in the fields of tax, accounting, legal and administration and we are ready to serve you and your company in a cost and time effective manner.

Contact us to discuss your options.



**HAVE ENOUGH
COURAGE TO START
AND ENOUGH HEART
TO FINISH**

5. TAX FACTS

5.1. TAX RESIDENCE

An individual is considered a tax resident in Cyprus if they satisfy one of the 2 tax residency tests described below:

The 183-days rule

This one applies to individuals who reside in the Republic of Cyprus for at least 183 days in one calendar year.

The 60-days rule

This rule applies to individuals who:

- Reside in Cyprus for at least 60 days in one calendar year;
- Do not reside in any other single state for a period of over 183 days in over one calendar year in aggregate;
- Are not considered tax residents in any other state; and
- Have other defined Cyprus ties*

* The individual must fulfil any of the following criteria:

- Conduct business in Cyprus;
- Be employed in Cyprus;
- Hold an office/be a director of Cyprus tax resident company at any time during the tax year with the condition that such position was not terminated during the tax year

AND

Own or rent a permanent residence in Cyprus.

To calculate the days in the Republic, the following should be taken into account:

- The departure day from Cyprus is considered as a day out of Cyprus
- The arrival day to Cyprus is considered as a day in Cyprus
- In the case of arriving and departing from Cyprus on the same day, it is considered as a day of residence in Cyprus
- In the case of departing and arriving in Cyprus on the same day, it is considered as a day of residence out of Cyprus.

**DETERMINE YOUR
PRIORITIES AND
FOCUS ON THEM**

5. TAX FACTS

5.2. PERSONAL INCOME TAX

The following tax rates apply to all individuals taxed in Cyprus and apply to their accumulated income:

INCOME TAX	
ANNUAL INCOME	RATE
0 - €19.500,00	0%
€19.501,00 - €28.000,00	20%
€28.001,00 - €36.300,00	25%
€36.301,00 - €60.000,00	30%
60.001,00 and over	35%

**BE SO GOOD THEY
CAN'T IGNORE YOU**

5. TAX FACTS

Exemptions

Type of Income	Exemption
Interest, except for interest arising from the ordinary business activities or closely related to the ordinary business activities of an individual	The whole amount
Dividends	The whole amount (this applies to non-domiciled individuals)
Annual remuneration from employment exercised in Cyprus exceeding €55.000 for individuals who relocated to Cyprus and have not been Cyprus residents prior to the commencement of employment	50% for a period of up to 17 years (certain conditions apply)
Annual remuneration from employment exercised in Cyprus under €55.000 for individuals who relocated to Cyprus and have not been Cyprus residents prior to the commencement of employment	20% or €8.550 (whichever is lower) for a period of up to 5 years (certain conditions apply)
Profits from foreign permanent establishment	The whole amount (certain conditions apply)
Capital sums accruing to individuals from any payments to approved funds	The whole amount
Lump sum received by way of retiring gratuity, commutation of pension or compensation for death or injuries	The whole amount
Profit from sale of securities	The whole amount

**THERE IS NO
SUBSTITUTE FOR HARD
WORK**

5. TAX FACTS

5.3. TAX DEDUCTIONS

Type of Income	Deductions
Loss of current year and previous years	The whole amount (or individuals required to prepare audited financial statements, current year losses and losses of the previous five years only may be deducted)
Contributions to trade unions or professional bodies	The whole amount
Donations to approved charities	The whole amount (receipts must be presented)
Expenditure incurred for the maintenance of a building in respect of which there is in force a Preservation Order	Up to €1.200, €1.100 or €700 per sq.m.
Rental Income	20% of gross income
Eligible infrastructure and technological equipment expenditure in the audiovisual industry	20%
Amount invested each tax year in approved innovative small and medium-sized enterprises either directly or indirectly	Up to 50% of the taxable income as calculated prior to this deduction (maximum of €150.000 per year). Unused deduction can be carried forward and claimed in the following 5 years subject to the above maximum.
Social Insurance, National Health System medical fund, private medical fund insurance contributions (maximum 1,5% of remuneration), pension and provident fund contributions (maximum 10% of remuneration) and life insurance premiums (maximum 7% of the insured amount)	Up to 1/5 of the chargeable income
Costs incurred for research and development	A higher deduction amounting to 120% of the expense is expected to be available soon.

**STRIVE FOR
GREATNESS**

5. TAX FACTS

5.4. SPECIAL DEFENSE CONTRIBUTION

Special Defence Contribution ("SDC") is imposed on dividend income, "passive" interest income (except for interest arising from the ordinary business activities or closely related to the ordinary business activities of an individual) and rental income earned by individuals who are both tax resident of Cyprus and domiciled in Cyprus.

A person is domiciled in Cyprus for the purposes of Special Contribution for Defense if they have a domicile of origin in Cyprus according to the Wills and Succession Law (subject to certain exceptions) or if they have been a tax resident in Cyprus for at least 17 of the 20 tax years immediately preceding the tax year of assessment. Anti-avoidance provisions apply.

The domicile of origin is the residence of the individual's father at the time of the individual's birth.

TCNs moving to Cyprus to live and work are expected to be regarded as non-residents and will consequently be exempt from SDC on profits, interest, and rental income.

Type of Income	Tax Rate
Dividends received by a Cyprus tax resident company from another Cyprus tax resident company	0%
Dividends received by a Cyprus tax resident company from another Cyprus tax resident company not distributed after a period of four years from the year in which the profits were generated	17%
Fixed assets allocated to the directors/shareholders, treated as deemed distribution of dividend	17%
Dividend income from Cyprus and non-Cyprus tax resident companies	17%
Interest income arising from the ordinary activities or closely related to the ordinary business activities of the business	0%
Other interest income ("passive")*	30%
Rental income (reduced by 25%)**	3%
<p>*Individuals' interest income from corporate bonds, government savings and development bonds, and provident fund interest are subject to Special Contribution for Defence at the rate of 3% (instead of 30%).</p> <p>** Rental income is reduced by 25% before being taxed at a rate of 3%. Personal income tax also applies to rental income.</p>	

Additionally, foreign taxes paid might be credited against the Special Contribution for Defense obligation.

5. TAX FACTS

5.5. SOCIAL INSURANCE GENERAL HEALTH SYSTEM AND OTHER CONTRIBUTIONS

Currently, the following contributions shall be paid by the employees and employers in Cyprus. The rate is calculated based on the employee's gross salary.

LIABILITIES	EMPLOYER'S	EMPLOYEE'S
SOCIAL INSURANCE	8.30%	8.30%
NATIONAL HEALTH FUND	2.90%	2.65%
SOCIAL COHESION FUND	2.00%	N/A
INDUSTRIAL TRAINING FUND	0.50%	N/A
REDUNDANCY FUND	1.20%	N/A
TOTAL	14.90%	10.95%



5. TAX FACTS

5.6. CAPITAL GAINS TAX

Capital Gains Tax is applied at a rate of 20% on net profits from the disposal of immovable property located in Cyprus, including gains from the disposal of shares in companies that directly own such immovable property, if the disposal is not subject to income tax.

Furthermore, gains on the disposal of shares of companies that indirectly own immovable property in Cyprus and at least 50% of the market value of said shares derive from such immovable property and on the disposal of shares of companies which are not listed on a recognized stock exchange and own immovable property in Cyprus are liable to Capital Gains Tax. In the case of the disposal of shares, only the portion of the gain attributable to immovable property located in Cyprus is taxable. Capital Gains Tax comprises, among other things, exchange, leasing, gifting, abandoning use of right, granting of right to purchase, and any amount received upon cancellation of property disposal.

These provisions do not apply to shares listed on a recognized stock exchange. Certain disposals of immovable property are exempt from Capital Gains Tax, including transfers arising on death, gifts from parent to child or between spouses or between relatives up to the third degree, gifts to approved charities and the government, gifts to/from family companies (subject to conditions), etc. Land and land with buildings acquired between 16 July 2015 and 31 December 2016 will be exempt from Capital Gains Tax upon disposal, subject to certain criteria. Individuals may deduct a lifetime exemption from their capital gain, subject to a lifetime maximum of €85,430. (subject to conditions).

5.7. VALUE ADDED TAX (VAT)

According to the VAT law, any company that is conducting business in European Union and has an annual turnover of €15,600 and over, is obliged to register with the Tax Department and submit VAT returns every quarter followed by the relevant payment.

5.8. CORPORATION TAX

For a company that is considered a Cyprus tax resident, tax is imposed on the income accrued or arising from sources in Cyprus and abroad. When a company is not considered a Cyprus tax resident, tax is imposed only on income accrued or arising through a permanent establishment in Cyprus or from sources in Cyprus. The current corporate tax rate is 12,5% but certain exemptions also apply.

5. TAX FACTS

5.9. HOW WE CAN ASSIST YOU

Your taxes are already complicated; changing regulations and legislation can make them even more so.

We can assist you in making income, estate, and other tax preparation an important and beneficial aspect of your overall financial strategy.

Our professionals can use tax methods to achieve the results you seek while also serving your wider goals, personal philosophy, and situation—even as they evolve over time.

That means you always have a plan integrated into your financial strategy for:

- Annual income taxes
- Capital gains taxes
- Gift taxes
- Estate taxes
- Corporation tax
- VAT returns

For more information on the particulars of an individual's tax obligations, please refer to our article [High Net Worth Individuals Relocating in Cyprus](#)



6. LEGAL FRAMEWORK

6.1. KEY FEATURES

- Constitutional protection of the right to work
- Adherence to EU laws and regulations
- Legal protection against unfair dismissal and discrimination at work
- An extensive network of laws and regulations safeguarding the rights of employees
- Social insurance scheme funded by contributions of employees, employers and the government
- Labour dispute courts, based on the UK court system

6.2. MAIN RIGHTS & BENEFITS

The following requirements must be met by all employees:

- Employees must be informed in writing by their employers of the basic terms of their employment;
- Certain categories of employees are entitled to a minimum monthly salary;
- Salaries must be paid at least once a week, except for those who are paid monthly;
- The average weekly working time cannot exceed 48 hours;
- Employees must receive at least 11 consecutive hours of rest each day;
- Cyprus's legal system mandates minimum notice requirements for termination and probationary periods for new hires.
- Employees working a 5-day workweek are entitled to 20 working days of paid annual leave in addition to the public holidays observed in Cyprus
- New mothers are entitled to a paid maternity leave of up to 18 consecutive weeks for the first child, with additional weeks for subsequent children
- New fathers have a right to unpaid parental leave after the birth of their child.
- In order to care for and/or assist in raising the kid, parents also have the right to an extra 18 weeks of unpaid leave.

6.3. ACQUISITION OF IMMOVABLE PROPERTY

Third-country nationals may purchase real estate in Cyprus in accordance with Cyprus Law, provided that the Cyprus Government grants them authorization. Non-EU nationals who want to rent real estate in Cyprus for fewer than 33 years do not need this license.

**THE TIME IS ALWAYS
RIGHT TO DO WHAT IS
RIGHT**

6. LEGAL FRAMEWORK

6.4. SUCCESSION RULES

In general, the succession of a person who resides in Cyprus is controlled by the succession laws of Cyprus, regardless of where his assets are located.

By way of exemption, the succession of people who reside in Cyprus but hold foreign or dual citizenship may be controlled by the succession rules of their place of citizenship if they so choose. If no choice is made, the Cypriot Succession Rules will apply.

The Succession Laws of Cyprus provide for a mixed system, which recognizes a person's right to leave property through a will and enforces a compulsory heirship system.

Under this system, a deceased person may leave a portion of their inheritance to anyone they choose, while the remainder of their assets goes to their heirs, such as their spouse and/or children if they were married with children, or other relatives if they were not.



**IF IT MATTERS TO YOU,
YOU'LL FIND A WAY**

7. COST OF LIVING

7.1. INDICATIVE RENTAL & UTILITIES EXPENSES

Office Space

The below indicative costs refer to office space in the city centre, of an approximate size of 200 sq.m., unfurnished in newly built or renovated premises.

Indicative Cost	Nicosia	Limassol	Larnaca	Paphos
Per sq.m./month	€12 - €20	€25 - €40	€10 - €15	€8 - €14
Annual rental	€29.000 - €48.000	€60.000 - 96.000	€24.000 - €36.000	€19.000 - €34.000

Flat Rentals

Average Rent per month	Nicosia	Limassol	Larnaca	Paphos
Apartment 1 Bedroom City Centre	€514.83	€808.62	€515.62	€401.33
Apartment 1 Bedroom	€448.80	€671.73	€407.14	€323.46
Apartment 3 Bedroom City Centre	€878.00	€1406.25	€892.25	€695.83
Apartment 3 Bedroom	€753.00	€1155.00	€725.93	€586.54

**YOU CAN IF YOU THINK
YOU CAN**

7. COST OF LIVING

Estimate Monthly Utility Expenses

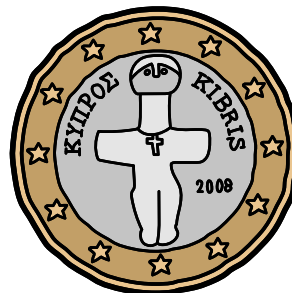
BASIC (ELECTRICITY, HEATING, COOLING, WATER, GARBAGE)	€134.41
INTERNET	€39.41

7.2. INDICATIVE GOING OUT EXPENSES

THREE COURSE MEAL FOR TWO IN MID-RANGE RESTAURANT	€48
CAPPUCCINO (REGULAR)	€2.56

7.3. INDICATIVE KEY NECESSITIES EXPENSES

MILK (1LTR)	€1.36
LOAF OF FRESH WHITE BREAD (500g)	€1.56
TOMATOES (1KG)	€2.00
DOMESTIC BEER (0.5LTR BOTTLE)	€1.18
BOTTLE OF MID-RANGE WINE	€6.75
CHICKEN FILLETS (1KG)	€7.05
WHITE RICE (1KG)	€1.63



**IF YOU WANT IT,
WORK FOR IT**

8. CUSTOMS & IMPORTS REGULATIONS

8.1. HOUSEHOLD EFFECTS

A copy of the rental agreement or purchase agreement for the property may be required when moving to Cyprus in order to clear household and personal goods from the customs office. Attending a pre-arranged meeting at the customs office to check the items may also be necessary.

The following conditions must be met in order for TCNs to be exempt from paying import duty, excise duty, or VAT on used household goods and personal effects:

- TCN has lived outside the EU for a continuous duration of at least a year.
- Items are imported within a year of residency change.
- The TCN has owned and used the items at their previous household for at least six months.

To be exempt from paying import duty, excise duty, or VAT on used household goods and personal effects, an appropriate application must be made.

During the first year after importation, goods for which a relief is granted cannot be sold, lent, pledged, hired out, or transferred.

Products or items containing alcohol or tobacco used in a trade or profession are not eligible for relief. Customs may decide that an examination is necessary.

8.2. DUTY-FREE ALLOWANCES

Duty-Free Allowances

Cyprus is a member of the European Union, so when traveling inside the EU, one is allowed to purchase fragrance, skincare, cosmetics, champagne, wine, and some spirits, as well as clothing, presents, and souvenirs, at equal rates that are tax-free. These tax-free items are not subject to any allowance limitations.

The following commodities may be brought into Cyprus by visitors arriving from non-EU countries, over the age of 17, without paying customs tax:

- 250g of tobacco, 200 cigarettes, 100 cigarillos, or 50 cigars.
- 2 liters of fortified wine or sparkling wine, or 1 liter of spirits (above 22% volume).
- 4 liters of still wine
- 16 liters of beer
- Additional permissible goods with a value of maximum €430 or €175 for individuals under the age of 15

**I HAVE NOTHING TO
LOSE BUT SOMETHING
TO GAIN**

8. CUSTOMS & IMPORTS REGULATIONS

Banned imports

Items used for illegal hunting, drugs, pornographic materials, flick knives, daggers, counterfeit and pirated items, as well as weapons and ammunition. Plants, animals, and animal products, meat, fish, cheese, honey, precious metals, hunting rifles and ammunition, sporting pistols, and telecommunications equipment are some examples of restricted items that may need authorization.

Export restrictions

None of the aforementioned items (banned imports) are permitted to leave the country. Export restrictions apply to wild plants and animals as well as antiquities.

8.3. CAR IMPORT

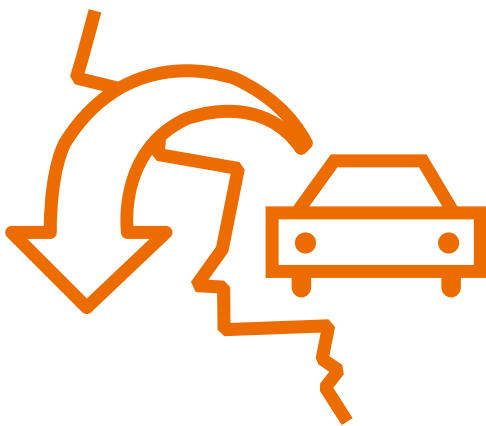
If a resident of another EU member state or a non-EU country wants to transfer their vehicle to Cyprus, they may be able to do so under certain circumstances without paying excise tax and VAT.

A private use car may remain in the Republic for a maximum period of six consecutive months per year. The owner must register the car with the appropriate authorities (Road Transportation Department) and follow the necessary procedures if they intend to keep it in Cyprus for a period longer than six months.

Conditions following importation

Unless it is registered with Cyprus's Road Transport Department, the car cannot be sold, lent, pledged, rented, exported, transferred, or disposed of in any other way without the Director of Customs' prior approval. Any violation of the aforementioned terms is illegal and subject to severe penalty.

Car owners with left-wheel vehicles have the option of bringing their cars to Cyprus. There are procedures that must be followed, taxes that must be paid, and requirements that must be met with the Cyprus authorities.



8. CUSTOMS & IMPORTS REGULATIONS

8.4. ACQUISITION OF RESIDENTIAL PROPERTY

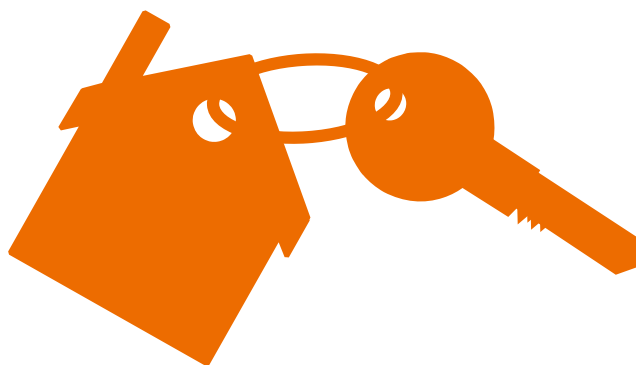
If certain requirements are completed, a resident of another EU member state or a non-EU country who purchases or builds a residential property in the Republic may apply for the imposition of the reduced VAT rate of 5% on its construction or acquisition. Specifically:

- the property must be used by the applicant as a residence for a minimum of ten years
- An application for the imposition of the reduced VAT rate must be submitted to the Tax authorities prior to the actual delivery of the property
- It must receive the Tax authorities' certified approval
- It must be purchased by an applicant who is at least 18 years old and has not previously benefited from the imposition of the reduced VAT rate for another immovable property.

The first 200 sq. m. of the buildable area, as indicated by the home's building coefficient, are subject to the lower VAT rate of 5%.

The appropriate VAT benefit must be returned to the VAT authorities in the event that the eligible person stops using the property for residential purposes before the 10-year term following the acquisition. The period during which the property ceased to be utilized as a residence corresponds to the amount of VAT that must be refunded to the tax authorities.

A taxpayer is eligible to apply for the imposition of the reduced VAT rate for another property under the amended provisions of the VAT Law, even before the 10-year period has passed, provided that they return to the tax authorities all VAT benefits they received from the purchase of a residential property in the past.



**TO IMPROVE IS TO
CHANGE; TO BE
PERFECT IS TO
CHANGE OFTEN**

9. TRANSPORTATION IN CYPRUS

9.1. DRIVING LICENSE

For a maximum of six (6) months, nationals of the following third-country countries are permitted to drive in Cyprus using their national driving licenses:

South Africa, South Korea, Switzerland, Ukraine, United Arab Emirates, Australia, Canada, Georgia, Iceland, Japan, Liechtenstein, New Zealand, Norway, Serbia, United States, Zimbabwe

In order to comply with the applicable laws, one must follow the process for getting a Cypriot driving license after the six (6) month term has expired or convert their home country's license into a Cypriot license.

Changing a foreign license into a license issued by Cyprus

The following conditions apply:

- The Foreign License will be converted into a Cypriot License;
- In this situation, the Foreign License's validity will be revoked;
- A Third Country National who is a citizen of one of the aforementioned countries (or an EU citizen) does not need to take a test in Cyprus.

Obtaining a Cyprus Driving License

The following conditions apply:

- A learner's permit must first be obtained
- The applicant must pass the driving test in order to receive a driving license in Cyprus.

Key facts:

- All driving licenses are issued by the Road Transport Department
- A Cyprus driving license is accepted in all EU member states

9.2. BUSES & TAXIS

Buses in Cyprus belong to one of four categories:

- Urban buses, that connect areas within a city
- Trans-urban buses, that connect all cities between them
- Rural buses, that connect all villages with the nearest city
- -Airport transfer buses

Furthermore, there are three categories of taxis:

- Urban
- Trans-urban (shared, pre-booked)
- Rural

All taxis have meters and fares are regulated by the government.

9. TRANSPORTATION IN CYPRUS

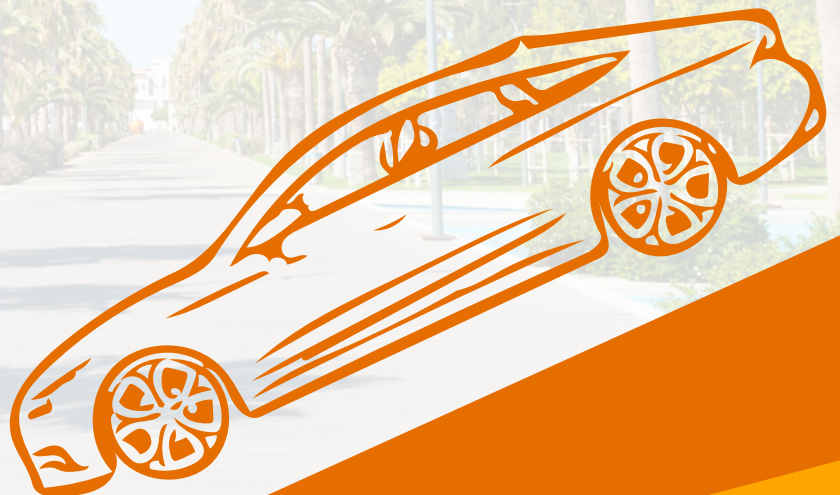
9.3. OWNING A VEHICLE

Vehicles must be insured and are taxed annually or every six months. Each year, the road tax is due in January and in March, prosecutions for non-taxed vehicles start. The tax can be paid at banks or online and varies according to the engine size.

As of 2000, all cars are required by law to pass an MOT periodic car inspection.

Furthermore, according to EU law, every vehicle must have at least third-party liability insurance. Cyprus is home to both local and international insurance firms that offer a range of auto insurance packages.

**LIFE IS LIKE RIDING A
BICYCLE. TO KEEP
YOUR BALANCE, YOU
MUST KEEP MOVING**



10. HEALTH AND WELLNESS

10.1. MEDICAL CARE

In Cyprus, a person can receive medical care at their own expense at either state or private hospitals and clinics. However, since March 2019, Cyprus operates the General Health System (GHS) that provides a broad range of health services to its beneficiaries.

Furthermore, a number of insurance firms are operating in Cyprus and provide a wide spectrum of medical plans according to each person's needs.

10.2. WELLNESS

Cyprus offers an array of amenities when it comes to our well-being, from top-notch wellness services, to beauty parlors and fitness centers, you can definitely find a facility to cater for your needs.

Furthermore, Cyprus offers a wide range of outdoor activities such as:

- Cycling, with a number of designated routes all across the island
- Water activities, such as swimming, snorkeling, scuba diving, windsurfing, canoe and kayak and sailing. A number of experienced instructors can be found in every coastal city.
- Skiing at Mount Olympus during the winter months.
- Hiking in some of the most beautiful natural landscapes, such as the Aphrodite trail, Cape Greco, the Artemis trail or the Kalidonia waterfalls trail.
- Golf in one of many golf resorts.

Additionally, Cyprus offers a number of cultural and educational activities such as:

- Museums
- Archeological Sites
- Training Centres offering a variety of lessons including languages, music, photography, pottery, literature, cooking etc.



**HAPPINESS IS NOT BY
CHANCE, BUT BY
CHOICE**

11. BANKING IN CYPRUS

11.1. GENERAL INFORMATION

A comprehensive range of services are offered to businesses and people by the Cypriot and international banks present on the island. Depending on the bank, timeframe for a bank account opening is usually 1-2 months.

Key highlights:

- The banking sector is regulated by the Central Bank of Cyprus
- Staff in all banks is fluent in the English language
- All banks offer a full set of banking services such as: current and savings accounts, debit and credit
- Cards, direct debits and standing orders, foreign currency exchange, long term savings and investment accounts, loans and mortgages. They also offer internet banking services, allowing all transactions to be made online.

11.2. HOW WE CAN ASSIST YOU

We offer a complete list of banking solutions to businesses, each of which is tailored to your specific profile and needs in order to create the best possible banking solution for your company. Our international banking solutions incorporate cutting-edge technologies that will benefit both ourselves and our clients by boosting efficiency across the board.

We can assist with the bank account opening for (but not limited to):

- Gaming Companies
- FX Companies
- Startups
- Trusts
- eCommerce companies
- Electronic Money Institutions
- Payment Institutions

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**LIFE IS 10% WHAT
HAPPENS TO YOU AND 90%
HOW YOU REACT TO IT**

12. CONTACT US

We are a team of experienced professionals, all sharing a unique drive for learning and development through teamwork. The Group utilizes its various core activities to implement customized solutions for its clients. Our collective experience spans the areas of Global Corporate & Fiduciary Services, Assurance & Advisory Services, Fund Administration, Tax Advisory, Corporate Governance, Financial Services, Private Wealth Services and Compliance.

Start a conversation with us today to find out how you can benefit from a relationship with Flexi Group.

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By
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excellence • teamwork • leadership • social impact

**IF OPPORTUNITY
DOESN'T KNOCK,
BUILD A DOOR**