



Cyprus: A Growing Tech Hub within the EU

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invest
Cyprus





A Growing Tech Hub

When it comes to choosing the right location to establish international and regional headquarters, Cyprus is increasingly gaining momentum as a prime contender in the minds of decision makers of tech multinationals. Strategically located at the crossroads of three continents, Europe, Africa and Asia, Cyprus is a dynamic European Union Member-State, offering tech companies the ideal business landscape to set-up, grow and prosper.

Wide access to markets, a pro-business environment, tech-savvy talent, low operating costs, combined with attractive incentives, including a competitive IP regime, are only a few of the reasons why Cyprus has developed into a thriving European business center for innovative tech companies.

The island is home to renowned global ICT multinationals, serving as an emerging tech hub for software development, system integration, testing services, disaster recovery, research and development activities, project management, and marketing & sales for their customers in Europe, the Middle East, North Africa, Asia, and beyond.

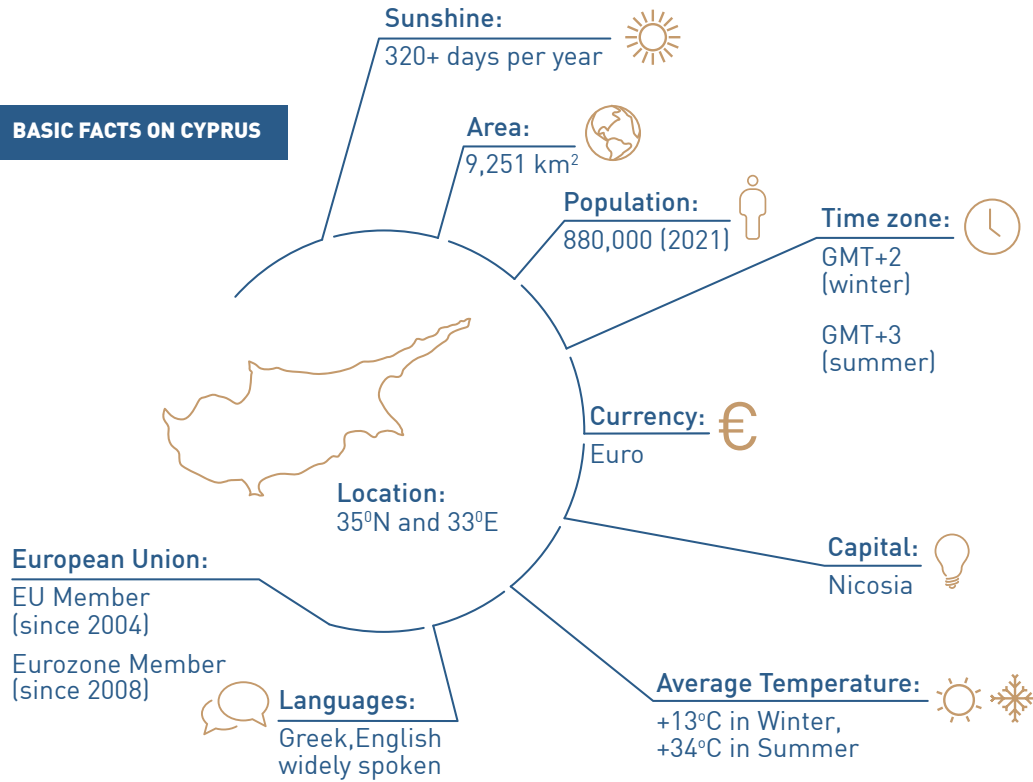
The tech industry is considered a top priority growth sector for the government, and as such enjoys increased support in form of national

strategies to integrate innovative tech, as well as special incentives to attract ICT companies.

Cyprus has recently welcomed a number of growing high-quality tech companies from the USA, Canada, France, Israel, and Lebanon, which decided to either expand or relocate their operations, taking advantage of the multiple benefits the country has to offer, while at the same time contributing to the economy and labor market, as well as bringing spill-over benefits, such as knowledge transfer and innovation.



BASIC FACTS ON CYPRUS



Why Cyprus

Access to talent

- Well educated, multilingual local talent
 - Highly skilled tech savvy workforce
- Professionals with international business experience
 - Visa-free access to the European labor market
 - Fast & easy access to the international talent pool

Access to markets

- Geostrategic location between 3 continents
- Full access to the European Single Market
 - Access to 40+ EU trade agreements
- Proximity and easy access to high growth markets
- Ideal site as sandbox for testing innovative solutions

Excellent regulatory structure

- Closely aligned to the English Common Law legal system
- Full compliance with EU and international laws & regulations
- Strong protection for investment & intellectual property (IP)
 - Simple and easy company filing requirements
 - Transparency and reliability in best business practices





Strong business ecosystem

- Wide network of financial and professional services
- 3,900+ registered accountants and 700+ accounting firms
- 2,700+ registered lawyers and 160+ law firms
- Wide range of serviced offices & co-working spaces
- Access to national & EU funding for innovation and entrepreneurship



Low cost of doing business

- Labor costs for tech talent below EU average
- Variety of office rental solutions at competitive cost
- Competitive prices for commercial real estate
- Low companies' set-up & operation fees
- Cost-effective, high quality business support services



Attractive and transparent tax regime

- One of the lowest corporate tax rates in the EU at 12.5%
- Growing Double Tax Treaty network with more than 65 countries
- Competitive IP regime in line with the Nexus approach
- Notional interest deduction for equity investment into Cypriot companies
- No withholding tax on outgoing dividend, interest, or royalty payments
- Attractive personal tax regime for new tax residents and non-doms

Attractive IP regime

Cyprus is an attractive location for the establishment of an IP holding and development company, offering an efficient tax rate as well as the legal protection afforded by EU Member States and by the signatories of all major IP treaties and protocols.

Benefits of the Cyprus IP regime:

80% of the qualifying profits earned from qualifying intangible assets are exempt from tax. With the corporate tax rate of 12.5%, this can result in an effective tax rate as low as 2.5%.

Qualifying assets:

Assets acquired, developed or exploited by any person in the course of carrying on a business which is (i) intellectual property, other than marketing related intellectual property and which is (ii) the result of R&D activities.

Patents as defined in the Patent Law

Software computer programs

Other intangible assets protected by law

Qualifying assets do not include trademarks eg. brands, image rights and other IP used for the marketing of goods and services.

Qualifying Profits:

The qualifying profits are calculated in accordance with the following nexus fraction:

$$\text{Qualifying profits} = \frac{(\text{QE} + \text{UE})}{\text{OE}} \times \text{OI}$$

Where:

QE means the Qualifying Expenditure on the qualifying intangible asset

UE means Up-lift Expenditure

OE means the Overall Expenditure on the qualifying intangible asset

OI means the Overall Income which derives from the qualifying intangible asset

Relocation & Expansion Incentives Framework

The Relocation & Expansion Incentives Framework for attracting foreign companies and skilled talent to Cyprus, mainly focuses on hi-tech, shipping, pharmaceutical, innovation, and research and development companies. The framework includes a series of key incentives concerning residency, taxation, and employment, through a fast, simple, and streamlined procedure.

Eligible companies:

- Foreign interest companies whereby majority of the company's shares are owned by non-EU country national(s)
- Companies which are registered on any recognized stock exchange
- Companies of international activities (as per definition of the Central Bank of Cyprus)
- Cypriot hi-tech/innovation companies (conditions apply)
- Cypriot pharmaceutical companies or companies active in the sectors of biogenetics and biotechnology

Criteria for employment of highly skilled non-EU nationals:

- Minimum monthly gross salary of at least €2,500
- University diploma/degree or equivalent qualification or confirmation of relevant

experience in a corresponding job for at least 2 years

- Employment contract of not less than two years duration

Residency and employment framework for non-EU nationals:

- Residency and employment permit valid for 3 years
- Fast issuance of residency and employment permit
- Immediate family reunification for spouses of qualified applicants with direct access to the local labor market
- Income tax exemptions to new tax residents (conditions apply)
- Maximum number of highly skilled non-EU nationals is set at 70% (reassessment after 5 years)
- Possibility to employ non-EU nationals as support staff (conditions apply)



Tech-savvy talent

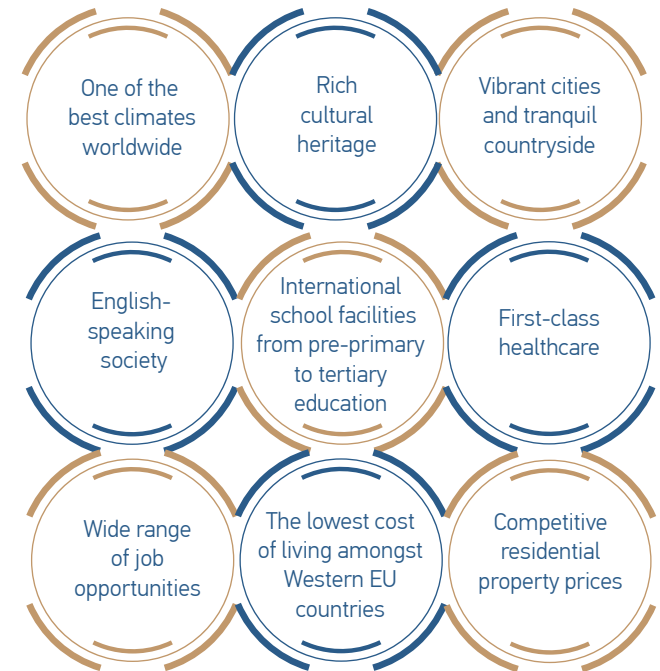
Cyprus offers access to the youngest population and workforce in the European Union whereby 55% of the workforce has a tertiary education degree, ranking amongst the highest in the EU in respect of university graduates in proportion to its population.

The country has a variety of reputable English, but also French, Arabic and Russian speaking primary and secondary schools, whilst its high quality internationally recognized Universities, have rightfully earned a place in World University Rankings. The Universities offer multi-disciplinary programs mainly taught in English language, with emphasis in STEM and ICT, thus producing highly skilled tech savvy graduates.

In addition, many Cypriots aim to study abroad at the highest-ranking Universities in the UK, Europe and the US, opting to gain valuable international work experience, which is considered an important asset for multinational companies located in Cyprus.

Cyprus has developed into a preferred relocation destination for European talent, due to its fantastic lifestyle advantages, which can easily enlarge the available talent pool without any visa requirements.

Recruiting talent from outside the European Union can also be explored and is easily available to international companies through various incentive schemes.



Global rankings highlights

Top 5 safest
country in the world
(Value Penguin)

Top 4 best
retirement destination
globally (Knight Frank)

Most blue flag
beaches per
capita in the EU
(Eurostat)

Best island
economy lifestyle &
human capital
(fDi magazine)



High quality of life for expats and their families

Cyprus is an appealing relocation destination to expats and their families. The country has one of the best climates with year-round sunshine, unique natural landscapes, a rich and diverse culture & history, and caters to lifestyle choices for every aspiration and taste.

High quality healthcare is provided through the National Healthcare System, while a well-established education sector ensures excellence in learning through multilingual internationally recognized programs from Kindergarten all the way to University.

Cyprus has long-established a strong reputation as an attractive relocation destination, where residents benefit from one of the lowest cost of living locations amongst Western European countries, with highly competitive residential property prices.

The island offers expats and their families an enviable lifestyle in the most safe and vibrant setting, harmoniously blending traditional and contemporary elements, while providing the perfect combination to enjoy life, as well as a great work-life balance.

Lifestyle aspects and highlights:

- Safest country rankings
- Culture, history, arts
- Vibrant cities, tranquil countryside
- Fluency in English
- Pristine beaches, crystal clear waters
- Unique natural landscapes
- Multilingual international education
- First-class healthcare
- Competitive cost of living

Global rankings speak for themselves:

- Top 5 safest country in the world (Value Penguin)
- Safest country in the world for young people (WHO)
- Highest number of ranked institutions per 1mn population in the EECA region (QS World University Rankings)
- Cyprus ranks 28th out of 132 countries on the Global Innovation Index (INSEAD and the World IP Organization)
- Top 4 best retirement destination globally (Knight Frank)
- Most blue flag beaches per capita in the EU (Eurostat)
- Best island economy lifestyle & human capital (fDi magazine)

What we can do for you

Operating as a one-stop-shop, Invest Cyprus offers complimentary tailored information and support on all aspects of setting-up and running a business in Cyprus, throughout the entire investment cycle. The agency's dedicated team provides personalized assistance to ensure that operating and growing a business in Cyprus will be a smooth and rewarding experience.

Invest Cyprus provides hands-on support with:







About Invest Cyprus

Businesses and individuals considering investment into Cyprus have a partner on the ground at all stages of the investment cycle. **Invest Cyprus** is the government's dedicated partner responsible for attracting and facilitating Foreign Direct Investment (FDI) in key economic sectors.

Being the lead agent in establishing Cyprus as a world-class investment destination, **Invest Cyprus** proactively promotes the enhancement of the country's business environment, and acts as a communications bridge between the public and the private sector.

Invest Cyprus is a member of the World Association of Investment Promotion Agencies (WAIPA), the new Regional Director of Eastern Europe and member of the WAIPA Steering Committee. **Invest Cyprus** is a member of ANIMA, the Mediterranean Investment Network, and participates at the Board of Directors.

Disclaimer: The information available in this guide intends to provide a general introduction to the business environment in Cyprus, and every reasonable effort is being made to ensure its accuracy and timely amendment. In no circumstances shall the Cyprus Investment Promotion Agency (Invest Cyprus) be legally bound as a result of any information contained in this guide. Updated information can be found at all times on the website of Cyprus Investment Promotion Agency, at www.investcyprus.org.cy

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