

An aerial night photograph of Nicosia, Cyprus. The city is illuminated with warm lights from its buildings and streets. A large, modern skyscraper with a glass facade and glowing windows stands out prominently in the center-right of the frame. The sky is dark blue with some clouds. A large, light-colored diagonal shape cuts across the right side of the image.

CYPRUS

A GROWING TECH HUB
WITHIN THE EU

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Cyprus

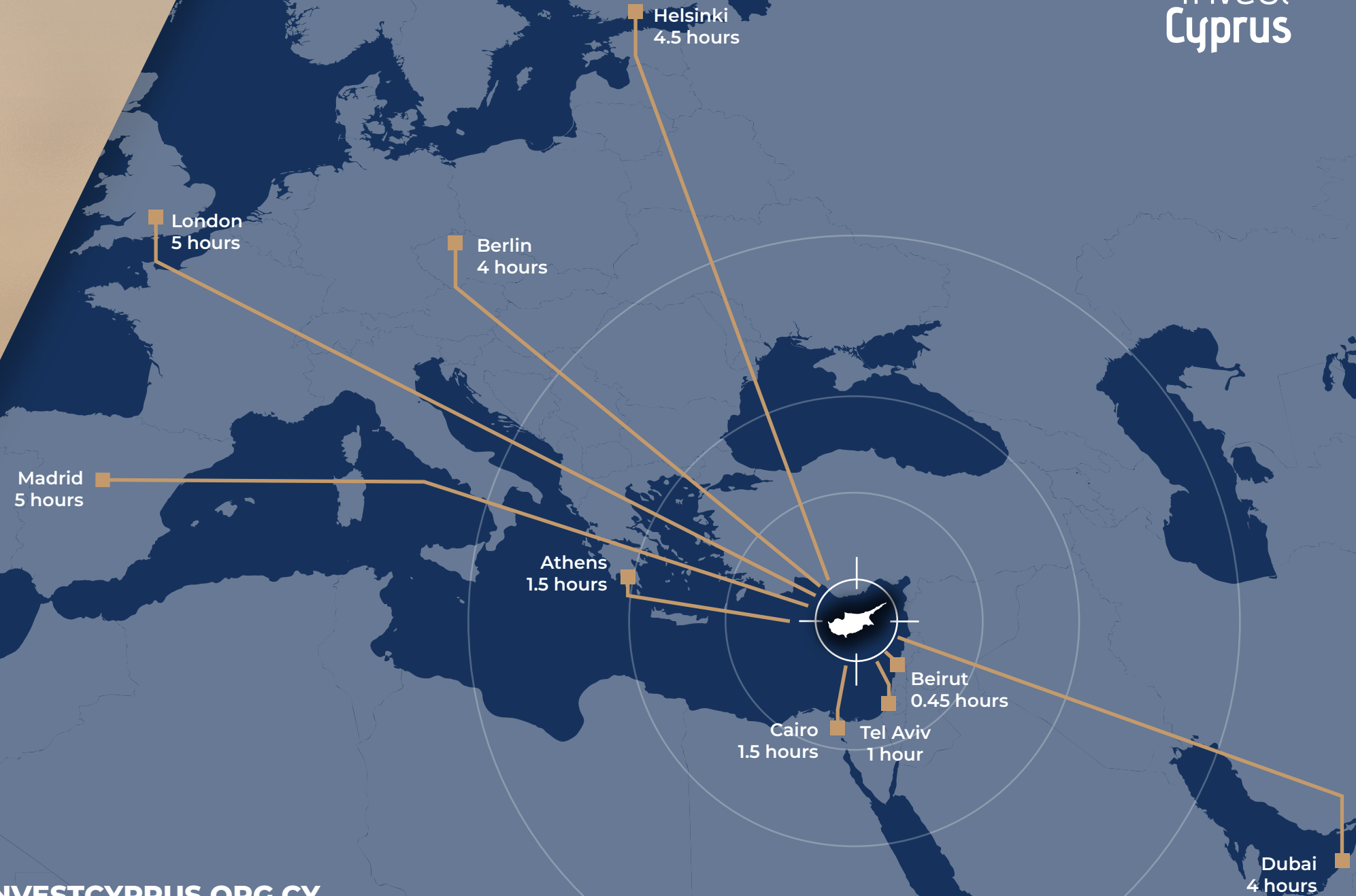


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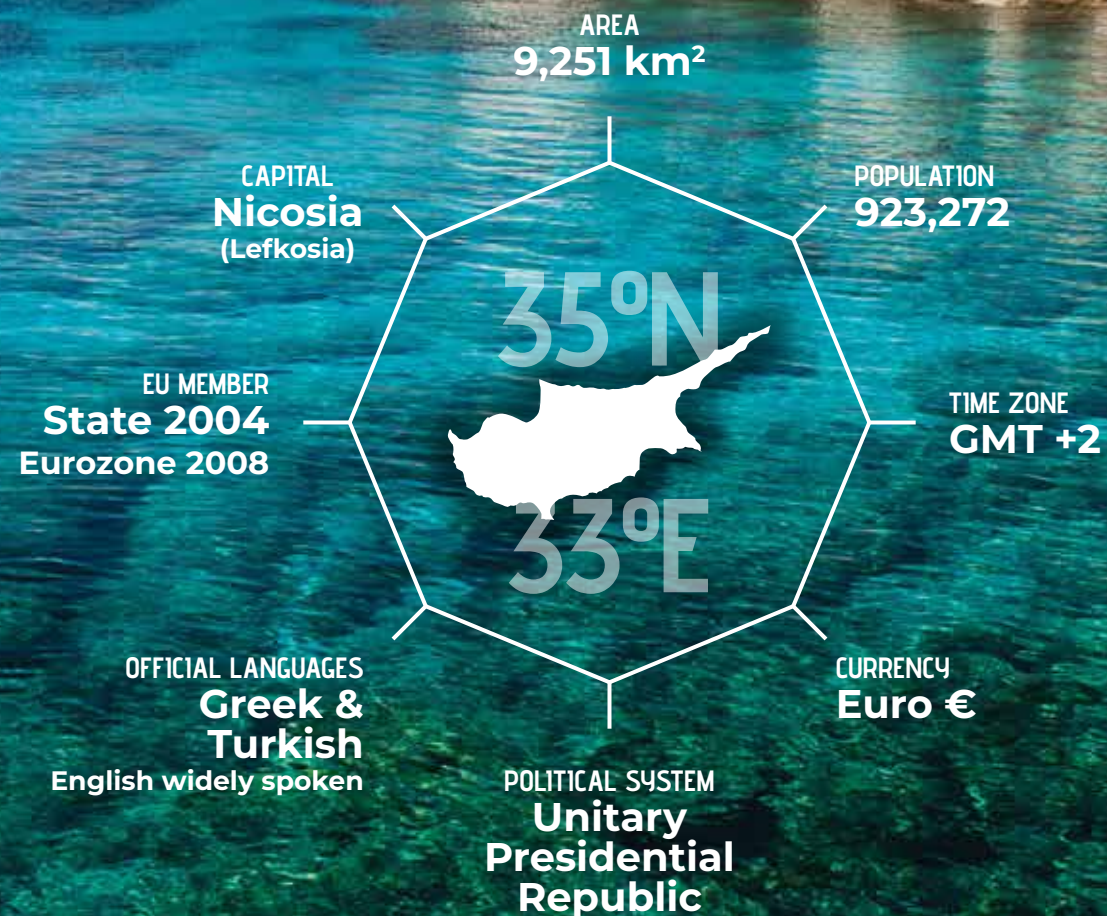
COUNTRY OVERVIEW



Cyprus is the third largest island in the Mediterranean Sea with a geostrategic location at the crux of busy shipping and air routes, conveniently linking the continents of Europe, Africa, and Asia. The island, which has a rich cultural heritage and fascinating history dating back more than 10,000 years, has developed into a modern and thriving EU economy offering both international investors and domestic businesses opportunities across a wide range of sectors. This small yet dynamic country has a strong reputation as a 'centre of excellence' for international business activities with its unique clusters of expertise and world-class service capability to support key growth sectors.

Cyprus is a business-friendly jurisdiction, with a highly skilled and multilingual workforce, where doing business is simple and efficient and quality of life is high – the ideal conditions for international businesses to invest, prosper and grow.

COUNTRY OVERVIEW



Capitalising on its competitive advantages, continuously improving the business climate and competitiveness, as well as ensuring a stable economic environment, Cyprus aims at further diversifying its economy by driving new sectors with high potential. These include sectors such as energy, start-ups and innovation and investment funds, while also further sharpening its edge in areas in which it has traditionally excelled, such as tourism, shipping, and real estate.

The country is also continuously enhancing its regulatory framework, processes and infrastructure to ensure it remains efficient and ahead of the game in today's fast-paced environment. These efforts underline its commitment to offer a high quality and unique value proposition for investors and businesses worldwide. Cyprus is a business-friendly jurisdiction, with a highly skilled and multilingual workforce, where doing business is simple and efficient and quality of life is high – the ideal conditions for international businesses to invest, prosper and grow.

8 reasons

TO INVEST
IN CYPRUS

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Cyprus

1

POSITIVE ECONOMIC OUTLOOK

- Healthy GDP growth
- One of the top ten fastest growing EU economies
- Consecutive upgrades by credit rating agencies
- Positive macroeconomic forecasts

2

ACCESS TO TALENT

- The youngest population and workforce in the EU
- Around 60% of the workforce has a tertiary degree
- Business is conducted in English and majority of Cypriots speak English
- Flourishing private education sector with English-taught programmes
- Visa-free access to EU talent
- Easy access to global talent

3

ACCESS TO MARKETS

- Full access to European markets
- Access to 40+ EU trade agreements with 70+ countries
- Eurozone member since 2008
- Geostrategic position between three continents
- Proximity to both established and emerging markets



8 reasons

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4

ADVANTAGEOUS REGULATORY STRUCTURE

- Closely aligned to the English Common Law legal system
- EU-approved regulatory framework
- Frequently updated to meet investors' changing needs
- Strong protection for investments and intellectual property (IP)
- Establishing a business is simple and fast

5

ATTRACTIVE TAX REGIME

- Competitive corporate tax rate at 12.5%
- Double Tax Treaty network covering 68 countries
- Access to all EU Tax Directives
- Numerous tax exemptions such as on capital gains, dividend income, gains from trading securities, and foreign exchange gains or losses are tax neutral
- Notional interest deduction for equity investment into Cypriot companies
- Attractive personal tax regime for international professionals and non-domiciled individuals
- No succession, inheritance, or immovable property taxes
- Competitive intellectual property regime and tax deductions for investment in start-ups
- Tailor-made provisions for investment funds
- Competitive Tonnage Tax for shipping companies



8 reasons

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6

STRONG BUSINESS SUPPORT SERVICES

- Wide range of services for ease of starting and running a business
- Vast pool of top-tier legal, accounting and corporate services providers with strong expertise in cross-border business
- Presence of the 'Big Four' and other major global firms
- Good range of Grade A office space, serviced offices and co-working spaces available in all cities

7

LOW COST OF DOING BUSINESS


- Lower labour costs for technical and professional talent than in other major EU capitals
- Among the lowest office rental rates in Europe
- Highly affordable critical business support services

8

QUALITY OF LIFE

- Pleasant Mediterranean climate and lifestyle
- Safe country with low crime rates and political stability
- Popular retirement and holiday destination
- High number of blue flag beaches and clean bathing waters





An Emerging Tech Hub

When it comes to choosing the right location to establish international and regional headquarters, Cyprus is gaining momentum as a prime contender for technology-focused companies and multinationals. Strategically located at the crossroads of three continents, Europe, Africa and Asia, Cyprus is a dynamic European Union member state, offering tech companies an advantageous base to set-up and grow their business.

Already home to a large number of flagship companies, and with more setting up, the tech cluster of Cyprus is developing rapidly. The country provides every resource required as a location for setting up your headquarters, launching a regional office such as back offices or development centres, expanding your business or for setting up your innovative start-up. Many companies are already treating Cyprus as their hub for software development, systems integration, testing services, disaster recovery, research and development, and marketing and sales, while servicing their clients in the region. Access to high growth markets, a pro-business environment, a tech-savvy talent pool, low operating costs, combined with attractive incentives, including a favourable IP regime, are only a few of the reasons why Cyprus has developed into a thriving European business centre for innovative companies. 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 and talent.

ICT & FINTECH Success Stories

3CX

nuvei

iSignthis

SILVER BULLET
SALES SOLUTIONS

ASBIS
SUCCESS THROUGH FOCUS

Easybrain

servers.com

wrike
a Citrix company

Target Global
The Energy of Growth

SWORD
UPGRADE YOUR BUSINESS

TECHNORION

eToro

IPONWEB

WARGAMING.NET
LET'S BATTLE

Plus500

nexters

MUREX

BRIDGERPAY

mercuryo

ecomm**bx**

DataArt

amdocs

MDSL
An YTG company

payabl

CIIC
MARKETS

point
nine

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JET
BRAINS

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THE SOUL
PUBLISHING

Revolut

TSYS

palta

WHIPPER

SAYGAMES

exness

PumaPay

crypto.com

BrainRocket
BRO

UTX

aramco

openway

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HASSAN KAMAL

Head of Beirut and Nicosia
Murex

“Murex is a global leader in providing trading, risk management and processing software for capital markets. Back in 2020, with the acceleration of the Lebanese crisis, our Beirut operations were at high risk. We decided to evolve our strategy and expand the Beirut operations to another location nearby. We did a thorough analysis of our options and decided to open an office in Cyprus. We’ve been based



in Nicosia for around three years now, and the overall experience has been very positive. We were able to build strong relationships with the private sector and public and governmental agencies, and Invest Cyprus helped us throughout the establishment process. The community is very welcoming here, which helped our colleagues integrate into life here in Cyprus. We started with around 70 staff back in 2021, and we are more than 150 people today with plans to grow even further.”

PATRIK WILKENS

VP of Operations
TheSoul Publishing

“We’re a digital-first publisher and are the largest one in the world with over 1.5 billion subscribers. We started our operations in Cyprus in 2016 and established our headquarters in Limassol. We started relatively small with around only six people but have grown to over 400 people today. We have a large IT department and some of these colleagues are based here in Cyprus working on our proprietary systems, helping us to be the digital powerhouse that we need to be. In addition to our HQ in Limassol, where we have two large studios, we have also opened smaller offices in Larnaca and Paphos. Cyprus is a beautiful country and part of the European Economic Zone, which helps us to attract talent from around the world, particularly from Europe, CIS countries, the Middle East and also Africa. It’s a great business environment for us, Cyprus has done an amazing job to provide great infrastructure, and everyone is



friendly and open here, and speak English. It has really helped us to grow into the largest publisher in the world.”

YANNIS MATSIS

Managing Director, Head of Cyprus
MUFG Investor Services

“MUFG Investor Services is the fifth largest fund administrator in the world, with around 3,600 clients and total assets under administration of about 750 billion. Cyprus was chosen as a preferred destination because it effectively ticked off most of the boxes in the factors that we were considering. For example, we wanted a location where we knew we could hire good quality financial services professionals, and where hired personnel speak English to service our global clients. We were also looking for a place with a high quality of life index, and where support services were of high quality. Our original business plan was to grow the office to 50 staff in three years, but we have been so impressed with Cyprus we changed our model to grow to around 350-400 people in three years. We calculate that our contribution to the island’s economy will be 0.15% of GDP, we want to also be involved in Cyprus’ ESG issues and contribute and give back to this country that has welcomed and hosted our company.”



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5 KEY BENEFITS OF CYPRUS

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Incentives



Advantageous tax regime

- Corporate tax rate 12.5%
- Attractive IP Box which could reduce effective tax rate to as low as 2.5%
- No tax on gains for disposal of titles
- No tax on foreign exchange gains
- No withholding tax on dividends and interest
- Eligible R&D expense at 120% deducted from taxable income

Incentives for new tax residents

- Non-dom 60-day rule and 183-day rule
- 50% tax exemption for employment remuneration of $\geq \text{€}55,000$; valid for 17 years
- Tax-free band of $\text{€}19,500$ for all Cyprus residents
- Personal income tax scales with a maximum of 35% for $\geq \text{€}60,000$ annual income

Immigration incentives for foreign-interest companies and third-country employees

- Employment of highly skilled staff earning at least $\text{€}2,500/\text{month}$
- Possibility to employ maximum 50% of support staff
- Immediate family reunification benefits
- Full access to job market for spouses of highly skilled staff
- Fast issuance of residence and employment permits within 1 month
- Residence and employment permits are valid for 3 years (subject for renewal)



KEY BENEFITS

Access

2

Market access

- EU's single market of over 500 million citizens
- Close proximity to both emerging and high growth markets
- Over 40 EU trade agreements and double tax agreements with 68 countries

Connectivity

- Geostrategic location between three continents
- Two international airports with connections to Europe, MENA and beyond
- Major international shipping and logistics hub
- Sophisticated networks and advanced satellite communications

Human capital

- Availability of highly skilled local talent
- Multilingual and well-educated workforce
- Easy access to a large diversified European talent pool
- Access to global talent through new fast-track immigration incentives



KEY BENEFITS

Stability

Positive economic outlook

- Pro-business government policies compliant with EU laws & directives
- Transparent and reliable regulatory framework
- EU and Eurozone member state
- Established international business centre

Ease of doing business

- Strong network of financial, legal, and professional services
- Robust legal system, closely aligned with English Common Law principles
- Strong protection for investment and intellectual property
- Excellent regulatory structure frequently updated to meet investor needs

3

KEY BENEFITS

Support

4

Top-tier services

- Strong network of professional and financial services
- Government-backed mechanisms to facilitate business
- Low set-up and operational costs
- Attractive tax regime for both companies and individuals

Tech-focused support

- Sandbox for new emerging tech, like blockchain, AI and Big Data
- Competitive Intellectual Property (IP) regime
- National strategies to support and attract IT start-ups and companies
- Digital Innovations Hubs (DIHs) and Centres of Excellence (CoEs)

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 programmes
- Other intangible assets protected by law

Qualifying assets do not include trademarks e.g. 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:

$$\text{Qualifying Profits: } \frac{(QU + UE)}{OE} \times OI$$

QE: Qualifying Expenditure on the qualifying intangible asset

UE: Up-lift Expenditure

OE: Overall Expenditure on the qualifying intangible asset

OI: Overall Income which derives from the qualifying intangible asset

Capital gains arising from the disposal of a qualifying asset are fully exempt from income tax. The taxpayer may choose to forego the whole or part of the deduction in each year of assessment. Where the calculation of qualifying profits results in a loss, only 20% of this loss may be carried forward or group relieved. The capital cost of any qualifying intangible asset is tax deductible as a capital allowance over the useful life of the IP, not to exceed 20 years.



KEY BENEFITS

Lifestyle

Safe environment

- Consistently low crime rates – ranked as one of the safest countries in the world
- Easy integration for expats
- Safe country and welcoming society
- High quality of life with competitive cost of living
- English widely spoken, and used in business

Focus on family

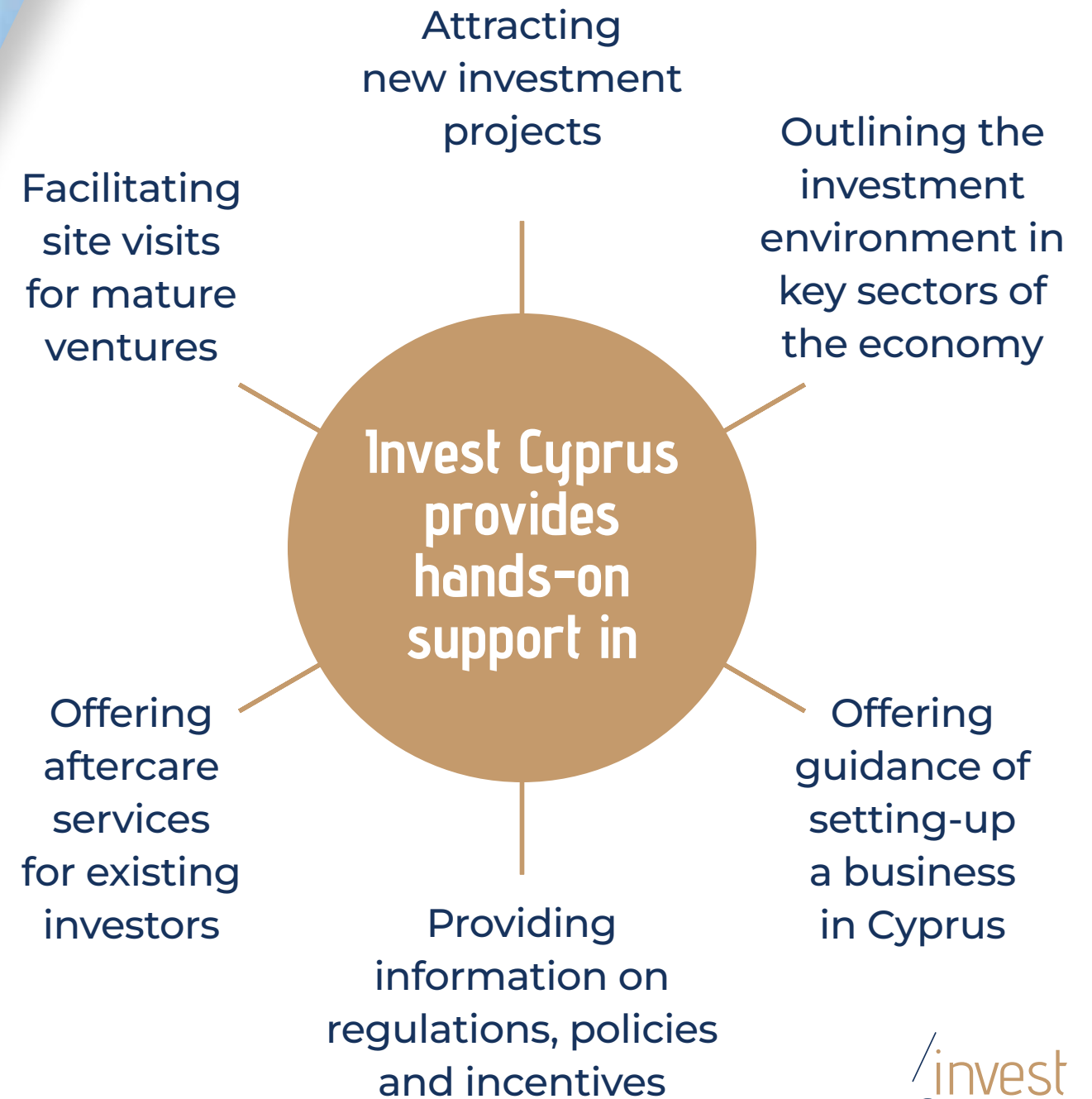
- Quality care through the National Healthcare System
- Private medical services through customised insurance schemes
- Excellent international schools from pre-primary to tertiary education
- Wide variety of extra-curricular and sporting activities
- Wide range of real estate options at competitive prices

Cultural and natural heritage

- 340 days of sunshine to enjoy outdoor activities
- Most blue flag beaches per capita in the EU
- Cosmopolitan and culturally rich offering
- Vibrant cities and tranquil countryside

5

What we can do for you



About Invest Cyprus

International Memberships



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Invest Cyprus (Cyprus Investment Promotion Agency) is the investment authority of the Government of Cyprus dedicated to attract and facilitate foreign direct investment (FDI) into the country. In close collaboration with all governmental authorities and public institutions, as well as the private sector, Invest Cyprus is the country's lead agent in establishing Cyprus as a world-class destination for international business activity and investments. Invest Cyprus' mandate is to raise awareness of Cyprus as a destination for FDI across the globe, providing certainty around all aspects of operating a business in Cyprus and supporting potential investors in developing their business case for investment into the country.



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 (CIPA) 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