

# DESTINATION CYPRUS

## ARTICLE BY

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## **Destination Cyprus**

With the UK's Non-Dom tax regime no longer an option, many are seeking alternative relocation destinations. Cyprus stands out as an attractive choice, offering not only an appealing lifestyle, but also a number of tax and other benefits.

Here are the top five (plus one!) reasons why Cyprus has become increasingly popular for relocation:

### **1. Non-Dom Status**

The Cyprus Non-Dom status, once obtained, lasts for a period of 17 years. Under this system, Cyprus tax residents, who are non-domiciled in Cyprus, are exempt from the Special Defence Contribution (SDC). SDC is payable on passive income – namely, rents, dividends, and passive interest income – by Cyprus tax-resident companies and individuals who are both tax residents and domiciled in Cyprus.

### **2. The Cyprus Tax Regime**

Cyprus offers a number of tax incentives, that constitute the island as an attractive relocation destination. An individual can become a Cyprus tax resident either through the 183-day test or the 60-day test. The 60-day rule allows individuals to establish residency even if they only spend 60 days in Cyprus per year, provided specific criteria are met. Moreover, a tax exemption of 50% on emoluments over EUR 55,000 is provided to individuals, coming from abroad to work in Cyprus. Moreover, profits from the sale of shares or other securities are exempt from tax, there is no inheritance tax, no capital gains tax (apart from the sale from immovable property situated in Cyprus) and at the same time Cyprus offers credit on all foreign taxes paid. Furthermore, the progressive tax rates for individuals are relatively low, while the corporate tax rate of 12.5% is the lowest within the EU.

### **3. Permanent Residence Permits**

EU citizens have the right to move freely throughout the EU and reside in any member state. This applies to Cyprus as well. Moreover, there are clear and accessible paths for non-EU nationals to become Cyprus permanent residents. Cyprus offers a streamlined process for obtaining a permanent residence permit through investment (fast track) or through the standard (category F) permanent residence procedure (provided that the applicant has a secured annual income).

### **4. Employment and Business Opportunities**

Cyprus actively encourages the relocation of foreign professionals and companies, including those from non-EU countries. This is also evident from the "Strategy for Attracting businesses in Cyprus" – an initiative introduced in October 2021, which resulted to the simplification of the framework for registration of companies with foreign interests. Furthermore, the IP tax regime (which follows the OECD nexus approach) has led a number of start-ups and tech companies to relocate to Cyprus. This general approach, coupled with relatively low set-up costs, the available pool of talent and the fact that the English language is widely spoken on the island, positions Cyprus as a promising hub for companies seeking access to both European and Middle Eastern markets.

## **5. Modern Regulatory Framework**

The regulatory environment in Cyprus has evolved to support international business and investment. With a flexible Companies Law and a modern trust regime, Cyprus offers a supportive legal framework that enhances business and wealth management, appealing to entrepreneurs and investors alike.

### **+1 Lifestyle Perks: The Sun, Sea, and Culture**

Beyond the technical benefits, Cyprus offers an appealing lifestyle, warm weather, beautiful beaches, and a Mediterranean cuisine appreciated by everyone. The vibrant local culture and outdoor lifestyle adds to Cyprus's appeal, making it an excellent choice for those seeking both business opportunities and a high quality of life.

With a blend of lifestyle benefits and financial incentives, Cyprus is emerging as a top relocation destination.



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