



Business Facilitation Unit

After the Council of Minister's consensus on the 15th of October 2021 and the endorsement of the 'Strategy for Attracting Businesses for Activities or/and Expansion of their activities in Cyprus', the Fast Track Business Activation has been amended to the Business Facilitation Unit (BFU), which came in force on the 1st of January in 2022. An innovative feature that enables the local business ecosystem to evolve through exposure to international market trends, albeit managing to maintain its own national individuality.

Cyprus has been attracting foreign financiers for its alluring jurisdiction and location providing them an incitement to establish their headquarters in Cyprus. This attraction of foreign corporate entities makes the island's business model a hybrid one amalgamating into the local skills and talent, international traits. Among the many endeavours of promoting the sustainable development and the economy of the local market there came the idea of the Business Facilitation Unit which complies with the European Commission's frameworks.

This Business Facilitation Unit is an incentive for companies to establish their presence within the Cypriot market and receive the title of a company of foreign interest.

Who Qualifies as a foreign company?

Following the amendments of this new scheme, for a company to be qualified as a foreign interest company, the majority of its shareholders should be third-party nationals. In the event that the company's third-party national shareholders are not exceeding 51% of the company's shareholders then it needs to be proved that the total amount of shares held by third-party nationals exceeds the amount of €200,000.

What are the services offered by the Business Facilitation Unit?

This groundbreaking initiative allows the foreign company to be incorporated within the domestic jurisdiction and in the effort to expedite and assist in this process, the One-Stop Shop has been implemented where a company can find altogether the services needed to be undertaken to be embodied in the BFU.

The services comprise of name approval proceedings so as to proceed with registering the name to the Registrar of Companies.

Moving on to the company's registration to the Social Insurance Registry and Employment Registry. Lastly, the company needs to proceed with the relevant application to be registered to the VAT Registry and Income Tax.

The Republic of Cyprus through the BFU will also allow the company to gain all the relevant permits including any relevant licenses that are needed to be able to commence its business activities within the market.

Last and most importantly, the BFU offers to high skilled financiers the ability to migrate and be employed by a foreign company incorporated in Cyprus, an integral part of the process which has been expedited through the innovative unit.



The Innovative Policy of Employing third-country nationals:

The segment of companies within the market that can be benefited by this scheme specifically qualifies the following companies: Cypriot shipping companies, Cypriot companies operating in the high technology/innovation domain, any Cypriot pharmaceutical companies or companies specialising in the domain of biotechnology or biogenetics, public companies listed in the recognised stock exchange, any offshore companies previously operating in Cyprus under the approval of the Cyprus Central Bank but currently have changed their offshore status. Lastly, any companies with self-sustained offices in the Republic of Cyprus, that are detached from any houses or other offices, (not applicable in the event where a company collaborates with another).

Provided a company falls in any of the abovementioned categories it will be informed by the Civil Registry and Migration Department. In order to be able to employ any third-country national personnel, the employment criteria set by the current legal frameworks include: the third-country nationals should provide proof of their contract with a company that is no lesser than 2 years, their gross monthly salary should be over €2,500 and they should hold a university degree or an analogous qualification or previous employment in an equivalent field with the one they will be employed in Cyprus from which they have been employed for a period of as minimum as 2 years. Furthermore, the employees should be highly skilled workers and their expertise should be in conformity with the company's purpose of operations, proving that they will be working in a company's area that is relevant to their proficiency.

It needs to be clarified that the company's third-country national personnel should not surpass 70% of the total company workforce after the 5 years since the day it joined the BFU. In the event that a company is not in a position to employ 30% of the Cypriot national workforce after the 5-year interval, each case will be assessed on an ad-hoc basis.

Adding to this, a company's third-country national support staff should not transcend the 30% of the company's employees. The gross salary requirements should also be up to €2,500 and it is a precondition that the company should have a contract with the employee which will be in conformity with the national legal frameworks. Following the Ministry's amendments and the court decrees the duration of such permits has been extended from two years to three years.

Cyprus has also augmented its attempts to enter into Bilateral Agreements with third countries to secure the third-country nationals the right to receive a pension. The way in which the nationals will be facilitated is if they have paid social security contributions in Cyprus, these contributions will be moved to their national country on the basis that they did not obtain any 'right to an old age pension, disability, etc'.

Moreover, any already existing companies that desire to be established in the BFU, themselves need to meet the criteria previously mentioned. Notwithstanding, there is no requirement for companies that are already established in the Civil Registry and Migration Department to be enrolled in the BFU as they can be automatically considered as foreign companies. Even small corporations or sole proprietorships can be registered in the BFU.

BFU is very enticing to foreign companies as for the duration the third-country nationals are employed by such companies, they are also entitled to the right of family reunification solely if their monthly gross remuneration is over €2,500. Meanwhile, if a person has been granted a temporary permit, their spouses/family members can be provided with a permit to reside on the island for the duration their partner/family member has been given the permit (does not apply to support staff employees).



Application Process:

The practical part of the embodiment in the BFU has been oversimplified. Primarily the company needs to notify the Ministry of Energy, Commerce of its willingness to be embodied in the BFU via email, attaching to this email 'a letter of expression of interest for the establishment or expansion of their activities in Cyprus'. In this context, the company should introduce itself shortly and analyse its operational activities as indicated in its Memorandum and in the Articles of Association, express its willingness for any business enlargement plans to the Cypriot business ecosystem, provide a list of its personnel, etc.

In accordance with the business' area of activities and services to be provided in the market, the Ministry might inquire further documentation to be submitted.

After the Ministry has been satisfied with the provided documentation it takes 7 working days from the day the company submits its credentials to be registered in the BFU.

With several years of practice, expertise in the island's corporate industry, and friction with an incalculable number of third-country national clients, our offices have been assisting several companies in their endeavours of establishing their presence within the Cypriot market. We remain at the client's side every single step of the way and from the very beginning of the procedure. The process of registering a company as one of foreign interest is an action that can be initiated by us with the relevant authorisation from the candidate company. Another facility that we provide to our clients is with the immigration proceedings supporting them in gaining the relevant temporary residence and employment permits for their employees and their family members.

The process of registering is inaugurated primarily through the conduction of research to the Registrar of Companies to establish whether other companies or trademarks exist with the name the company wishes to set its presence in Cyprus. We also aid in registering the company in the Social Insurance and Tax and Employers' Register. Ultimately, we will be able to proceed with the application procedure until we have managed to register the company as one of foreign interest so as to be facilitated by the advantages the BFU offers.

Digital Nomad Visa

The Republic of Cyprus has endorsed the increase in the issuance of such visas from 100 to 500 after the Council of Minister's Decision on the 3rd of March 2022, hence enabling more third-country nationals to benefit from it. This visa can be granted to non-EU or non-EEA nationals who are either self-employed or work remotely through telecommunication technology for a company incorporated abroad or for clients situated overseas.

The 'Cyprus Digital Nomad Visa' has been designed for the foreign population who has the flexibility to work remotely adapting their work schedule in various environments. An additional prerequisite

that candidates need to meet is a net monthly salary amounting to €3,500 insinuating that the person has availability of funds and there is no need for the government to provide them with any support. This will be demonstrated by either a contract of employment or the balance of the person's bank account which proves that the funds in the account derive from employment. An additional 20% of remuneration should be proved if the person has a spouse or co-habitant and a respective 15% for each child the Digital Nomad might have. In addition to this, it needs to be proved that the person has medical insurance and a clear criminal record.



Nomad Visa Advantages

Needless to mention the pleasant climate, the advancing economy, and the high standard of living of the island, Cyprus can offer more than that. The Nomad Visa enables the candidates to settle in this environment for a duration of one year with the possibility for this visa to be renewed for a period of another two years. The family members/spouses of the person receiving the Nomad Visa can also be awarded a residence permit for the period the Nomad Visa is in force considering they will be financially supported by their spouse and that themselves will not 'engage in any economic activity in the country'. If the candidate has been residing in intervals in Cyprus within the same tax year, and these intervals add up to more than 183 days then the person will be considered a Cypriot tax resident (considering the person is not a tax resident elsewhere).

Applying for a Nomad Visa:

The application for acquiring a Nomad Visa is the MVIS4 and it is examined in a period between 5 to 7 weeks.

This application will be accompanied by the person's proclamation declaring his willingness to move to Cyprus for remote work and that he will not be employed for the duration of his stay by any Cypriot company.

A copy of his/her contract from an employer overseas for an indeterminate duration or for the period of time he will be residing in Cyprus.

A declaration from the candidate's overseas company proving his position in the company, as well as details of the name of the company, its registered address, and what services, activities or products does it provide to the market.

Lastly proof of the candidate's salary that meets the aforesaid criteria. As has been previously mentioned, we remain at a candidate's disposal and can proceed with the relevant application assisting a person in obtaining a Nomad Visa.

Disclaimer:

The purpose of this article is informative and is addressed to companies wishing to be established as foreign interest companies or interested third-country nationals wishing to gain the Nomad Visa. It should not, in any event, be considered substitution of legal advice. Those interested can contact the author of the article for further directions and inquiries they might have in reference to this matter at: info@kaimakliotislaw.com

Tax Incentives:

The Republic of Cyprus has announced a bundle of Tax incentives from which the financiers can be benefited. First and foremost, new non-domicile employees to the Republic of Cyprus can receive a 50% Tax Exemption if their salary exceeds €55,000 for a duration of 10 years, where present non-domicile employees can be benefited from the prolongment of the Tax Exemption of 50% from 10 to 17 years if their salary is over €100,000. Lastly where present employees receive a salary between €55,000-€100,000 they can be 50% tax exempted for a 10-year duration.

Moreover, there are deliberations regarding a 50% prolongation of the tax exemption for the investment in 'certified innovative companies' by corporate entrepreneurs.

The area of development and expenditure can also be availed since they can receive a 20% discount for the research they conduct. 'Eligible research and development expenses will be deducted from taxable income at 120% of actual expenses'.

Naturalization:

The Republic has also announced that for one to put forward an application for naturalization the period needed to reside and work in Cyprus has been diminished from 7 years to 5 years. Also, if the candidates can prove they have sound knowledge of the Greek language through any relevant certifications this period can be decreased to 4 years.