

Cyprus Business Facilitation Unit (BFU)

The Cyprus Business Facilitation Unit (BFU) is part of the Cyprus “Strategy for Attracting Businesses for Activities or/and Expansion of their Activities in Cyprus”. The Council approved the Strategy of Ministers on 15 October 2021, and the BFU took effect on 1 January 2022. As explained by the Civil Registry and Migration Department (CRMD), the BFU replaced the existing policy on employees in companies of foreign interest.

Briefly

The aim of the BFU, according to the Ministry of Finance, is to gather international investments and talent and strengthen the position of Cyprus as a business center.

On January 2, 2022, the Fast-track business activation mechanism became a Business Facilitation Unit.

The new strategy offers facilities for foreign companies that wish to employ high-skilled non-EU nationals.

How to apply

- Application is made by email and a letter of expression of interest to the BFU.
- The letter should contain the following information:
- A description of the nature of the business.
- The number of employees.
- Expansion plans and other details.
- Services the company wishes to obtain through the BFU.
- The letter must be accompanied by any relevant documents.

Services available

Several services facilitate the working of a business under the BFU.

Briefly, the BFU:

Helps establish a company by assisting with the necessary registrations*. All the necessary registrations will be completed within 7 working days.

Facilitates the licensing for the establishment and operation of companies in Cyprus. It provides all the information needed to obtain the company's permits to begin work.

Facilitates issuing Cyprus residence and employment permits, especially for third-country nationals. Residence and employment become a fast-track process.

*The necessary registrations are:

- Name approval and company registration.
- Registration at the Social insurance registry and the Employers' registry.
- Registration at the VAT registry and Income Tax.

Time scale

The licenses are issued within 1 month for a period of up to 3 years.

Eligible companies

In Cyprus, companies eligible for the BFU facilities are:

1. Companies where third-country shareholders own the majority of the shares;
2. If a foreigner holds only 50% (or lower) of the shares, then the foreign participation must equal at least EUR 200,000 in the capital;

For categories 1 and 2, the company must show an investment of EUR 200,000 in the Republic, or the ultimate beneficial owner (UBO) must deposit EUR 200,000 in an account held by the company in a credit institution licensed by the Central Bank of Cyprus.

3. Public companies registered in any recognised stock exchange;
4. Former offshore companies approved by the Cyprus Central Bank, which have now changed their offshore status;
5. Cypriot shipping companies;
6. Cypriot high technology* / innovation companies; or,
7. Cypriot companies that operate in pharmaceuticals, biogenetics, and biotechnology.
8. Companies in which the majority of the total share capital is owned by persons who have acquired Cypriot citizenship by naturalisation based on economic criteria, provided they can show that the criteria continue to apply.

For categories 3-8, the EUR 200,000 investment criterion applies. The company must be able to prove the investment by showing an appropriate certificate(s).

The maximum number of foreign nationals employed by the company must be 70%.

Current national legislation (laws and rules) may determine the support staff's salary.

A high technology company is a company that:

- has an established presence in the market,
- has a high level of experimental research and development intensity,
- develops products that fall into categories such as aviation, space, computers, and electrical machinery.

The Deputy Ministry of Research, Innovation and Digital Policy has published a practical guide on such companies at High Tech Enterprise Certificate - Practical guide (PDF).

Other companies***Are companies already registered in the Civil Registry and migration department eligible?***

Yes. They do not have to register with the BFU. The BFU policy applies automatically to all companies registered as foreign participation companies.

Are small companies, family offices and sole proprietorships eligible?

Yes.

Criteria for third-country nationals

- To get the working visa/ permit under the BFU, third-country nationals must satisfy the following criteria:
- They must belong to the key personnel.
- Hold a university degree, diploma or equivalent qualification or credentials, and confirmed relevant experience in an employment position of at least 2 years.
- Have a minimum gross monthly salary of EUR 2,500.
- Have an employment contract of 2 years or less.

Frequently asked questions***I have current key personnel whose salaries satisfy the previous threshold of EUR 2,000. Is it necessary to raise it to EUR 2,500 immediately to renew their licenses?***

No. You have a 5-year grace period (until 31 December 2026) to raise the salaries of current key personnel.

What else gets covered by this 5-year grace period?

Existing companies have until December 31st, 2026, to secure at least 30% of key personnel from EU countries.

Family reunification

There is a family reunification process for third-country national key personnel family members.

The third-country national employee (the “Sponsor”) must follow the procedure for family reunification and apply to the Civil Registry and Migration Department.

Eligible family members (that is, family members who can join the sponsor) are spouses, children, and other children in the sponsor's custody. The marriage must have occurred at least one year before the application submission.

If a family member does not qualify for family reunification (for example, a spouse who has been married for less than a year), they can apply for the temporary residence permit of a dependent visitor.

Rules for support staff

Employees with a gross salary of less than EUR 2,500.

The support staff is allowed provided, first, there is a duly stamped and validated employment agreement and, second, third-country national support personnel do not exceed 30% of the total support personnel. Work permits are granted for up to 3 years.

Facilities and benefits

Some important benefits for high-skilled, third-country nationals are:

- Exemption from the requirement to submit a sealed employment contract to the Labour Department (the market test requirement* means that this is a position in which no Cypriot could have been employed).
- Right of family reunification. Spouses of key personnel (that is, personnel with a minimum gross monthly salary of EUR 2,500) will have free and immediate access to paid employment without the market test requirement.
- A simplified and faster process to receive the work permit.

* The market test requirement is the stamped employment contract from the Department of Labour. The department “stamps” a contract when the employer shows that they are hiring a third-country national because they have not found a local employee. The employer must publish the vacant posts in the local press and receive no positive response (copies of the announcement must be handed in with the application). This requirement will no longer apply to key personnel and their spouses.

Tax incentives

The tax incentive scheme was updated on 20 July 2022. The updates are part of the Cyprus Long Term Vision 2035, as outlined by Minister of Finance Constantinos Petrides in Dubai on 24 February 2022.

The tax incentives include

- For personnel with salaries over 100,000 euros per year, there is a 50% exemption for 10 years, provided they did not reside in the Republic for 3 out of the 5 years before the year they started employment in the Republic.
- For salaries between 55,000-100,000 a year, there is a 50% exemption for 17 years, provided they did not reside in the Republic for 15 years.
- For salaries of less than 55,000 euros a year, 20% for 5 years, provided they did not reside in the Republic before employment.
- Individuals who invest in an approved innovative company receive a 50% exemption for their investment. This regime initially applied until 31 December 2023 and was extended to the end of 2026.
- Expenditure for scientific research and research and development expenses will be deducted from taxable income.

This last exemption was introduced in July 2022 and incorporated into the Cyprus Income Tax Law (ITL) Article 9(1)(d). It applies to:

- Persons carrying on any business.
- The R&D exemption for small and medium-sized enterprises (SMEs). The SMEs are defined by Article 9A ITL. They must not be SMEs of foreign interest.

Research and development must be within the types recognised by international accounting standards. ACCA (the Association of Chartered Certified Accountants) defines research as an original and planned investigation undertaken to gain new scientific/ technical knowledge and understanding. Development is the application of research findings/ knowledge to a plan or design to produce new or improved materials, products, systems, and so on.

See all the tax incentives TABLE 1 - STRATEGY FOR ATTRACTING BUSINESSES AND TALENT

Right to apply for naturalisation

Under the BFU, third-country national employees can apply for naturalisation. They can apply for and receive Cypriot nationality after 5 years or 4 with success in Greek language examinations.

One-stop shop: the point of single contact

The BFU is the point of contact for interested companies. It also acts as a single point of contact for foreign companies.

The point of single contact will process requests from foreign companies to establish a company in Cyprus or expand existing companies' activities.

The application is made by letter or email to the BFU (see above).

What happens next?

The applicant receives written approval confirmation and is told what documents to submit to the BFU. Within 7 working days of submitting the documents, the company is registered with the Registrar of Companies.

Using the confirmation, the company must contact the CRMD about the residence and employment of third-country national personnel.

Frequently asked questions

What is a company of foreign interests in Cyprus?

A company of foreign interests in Cyprus means one of two things. The first is a company where third-country nationals hold more than 50% of the shares. The second is where third-country nationals hold 50% or less of the shares, but those shares are valued at least 200,000 euros.

This is on top of the 200,000 euros, which either form of a company must deposit to a credit institution to qualify for registration and the benefits of the Business Facilitation Unit (BFU). The credit institution must be licensed by the Central Bank of Cyprus.

Is it easy to start a company in Cyprus?

Starting a company in Cyprus is easy. One person can be the sole director and shareholder; the share capital is usually 1,000 euros. Nevertheless, you are advised to plan before you form a company and ensure that the limited company is the best form for your type of business.

How do I register a limited company in Cyprus?

You will first need to contact a lawyer. Only lawyers licensed by the Cyprus Bar Association can register companies. The lawyer will need information about your company, such as directors, secretary, shareholders, amount and types of shares and the company's registered office, which must be in Cyprus.

They will first get permission to register the proposed name and then continue with the remaining documentation (articles of incorporation, memorandum of association and other forms). Once the Registrar of Companies registers the company and issues the registration certificate, the company can start work.

Can a non-resident register and start a company in Cyprus?

Yes, a non-resident can start and register a company in Cyprus. However, they must appoint a resident as one of the directors. This person can be a lawyer.

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The BFU provides services for companies by facilitating registration, operation, and the issuance of employment permits, especially for third-country nationals who wish to work and reside in a company of foreign interests in Cyprus. Moreover, it contains tax and other incentives to make business and the way of life smoother for foreign companies, their managers and personnel.