

Cyprus: A Growing Tech Hub within the EU

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invest
Cyprus



A Growing Tech Headquarter 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 headquartering jurisdiction.

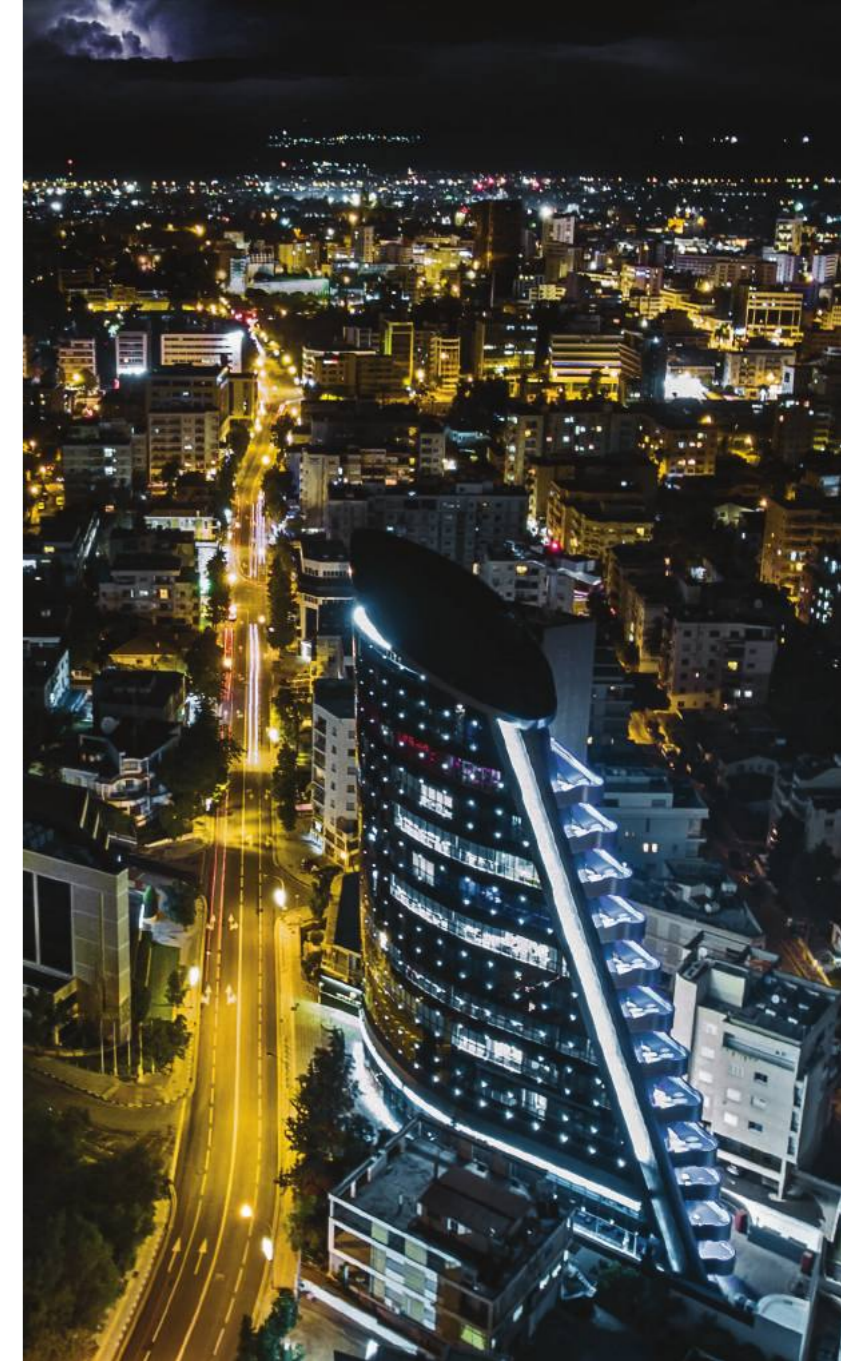
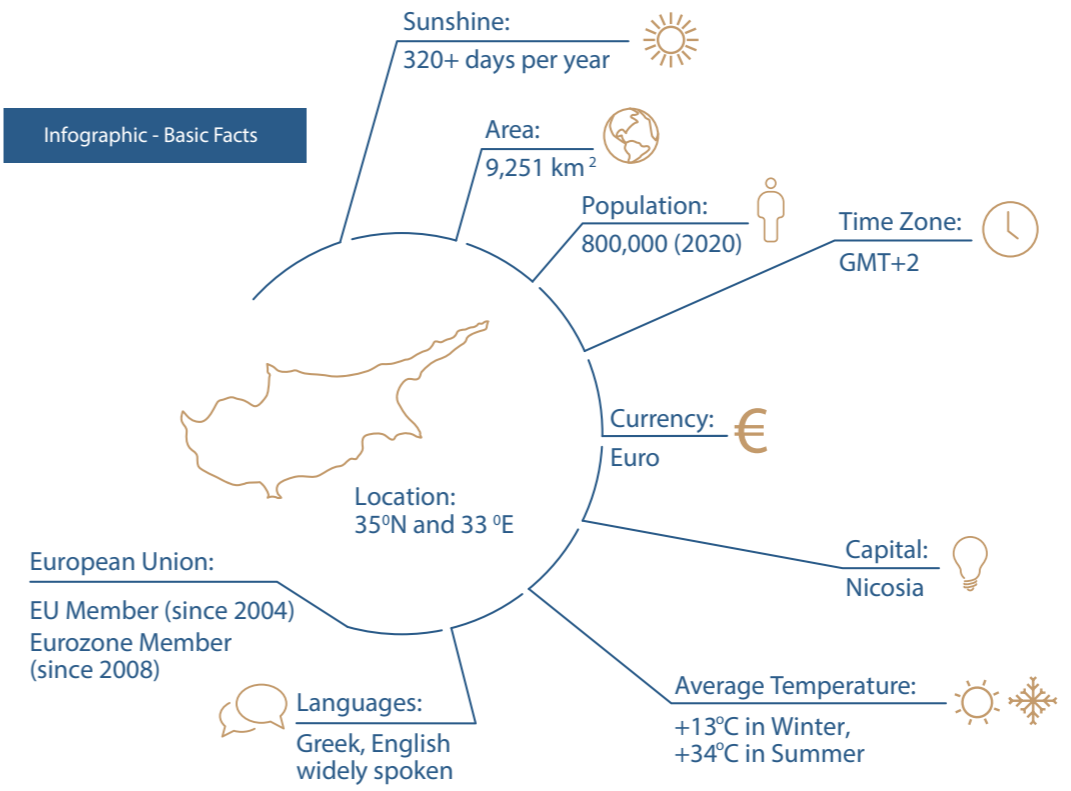
The island is home to renowned global ICT companies, serving as an emerging tech hub for software development, system integration, testing services, disaster recovery, research and development activities, project management, and marketing & sales for their customers in Europe, the Middle East, North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



Infographic - Basic Facts



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
- A 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
- Office rental costs amongst the lowest in Europe
- 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

Fast Track Business Activation Mechanism (FTBAM)

The Fast Track Business Activation Mechanism was established with the aim to provide fast and efficient services to foreign businesses wishing to establish a presence in Cyprus. Companies interested in joining the FTBAM should meet the following main criteria thus contributing positively to the country's economic growth:

1. The company should have a physical presence in Cyprus with independent offices.
2. Existing companies should have a minimum turnover of €500K per year for 3 out of the last 5 years.
3. New companies should provide a reliable 5-year business plan illustrating growth potential.

The key benefits for companies are to employ third country nationals as directors and middle management executives as well as qualified ICT specialists under the following categories:

- software and system engineers
- application and data architects
- ICT and enterprise solution architects
- technical assurance professionals
- telecom and space engineers
- data scientists
- machine learning engineers
- web developers and designers
- UX user experience professionals
- quantitative analysts
- quality assurance analysts
- mobile application developers

- augmented reality or virtual reality programmers
- digital marketing specialists
- video production multimedia specialists for mobile apps and software
- analysts for mobile apps and software
- designers of prototype for mobile devices
- DevOps engineers
- cyber security specialists
- AI, robotics and big data specialists

The maximum number of third country nationals that may be employed under this category ranges between 5 to 200, with the possibility to further increase this number subject to certain conditions. The number of third country employees within this category is determined according to the company's annual turnover, anywhere between €1mn to €30mn, while the application examination timeframe is estimated 4 to 6 weeks.



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.

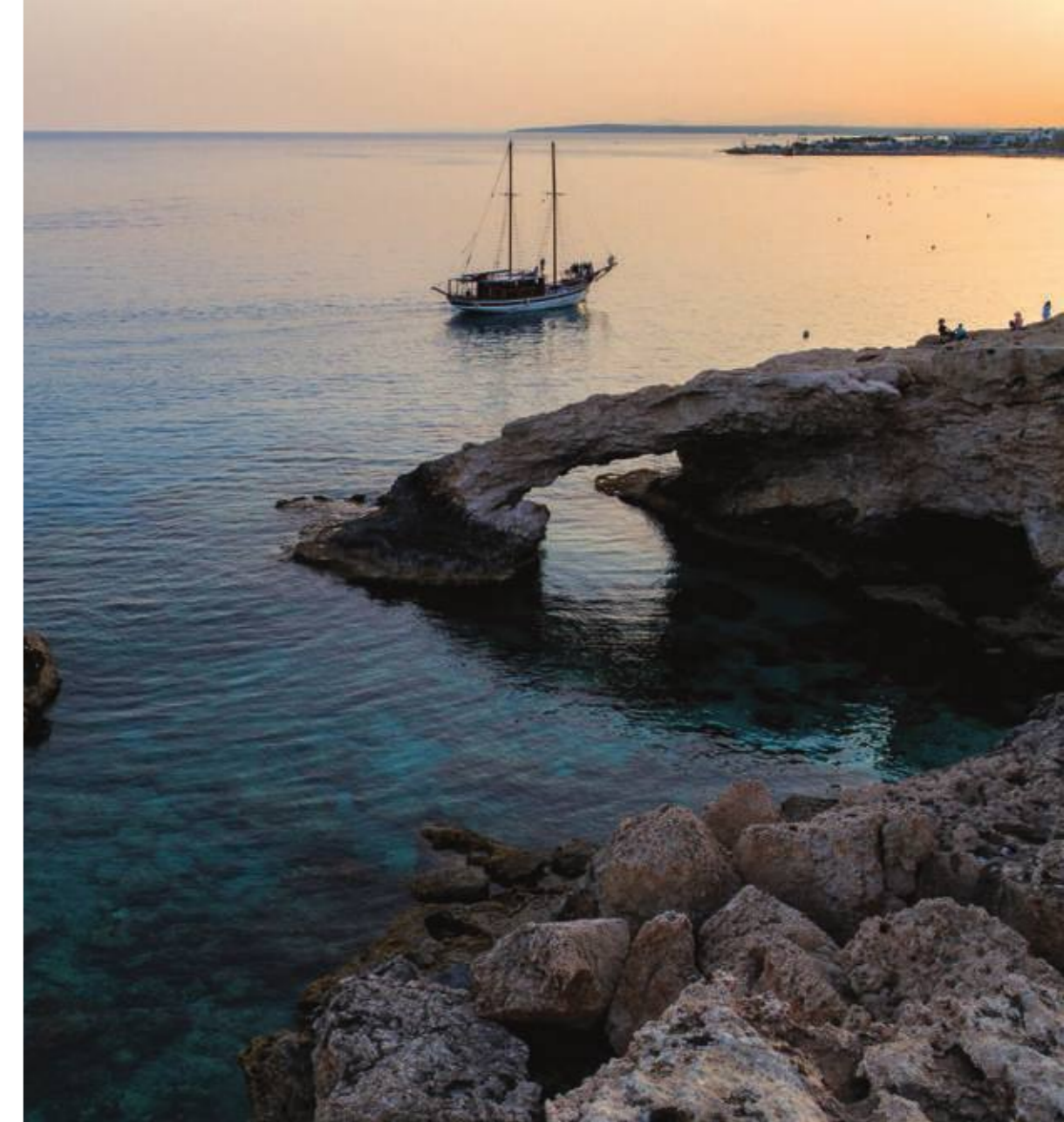
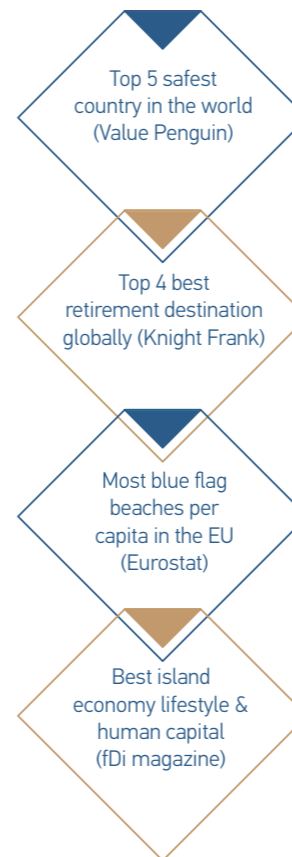
In addition, many Cypriots aim to study abroad at the highest-ranking Universities in the UK, Europe and the US, opting to gain valuable international work experience, which is considered an important asset for multinational companies located in Cyprus.

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 the recently approved Fast Track Business Activation Mechanism.



Global rankings speak for themselves



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

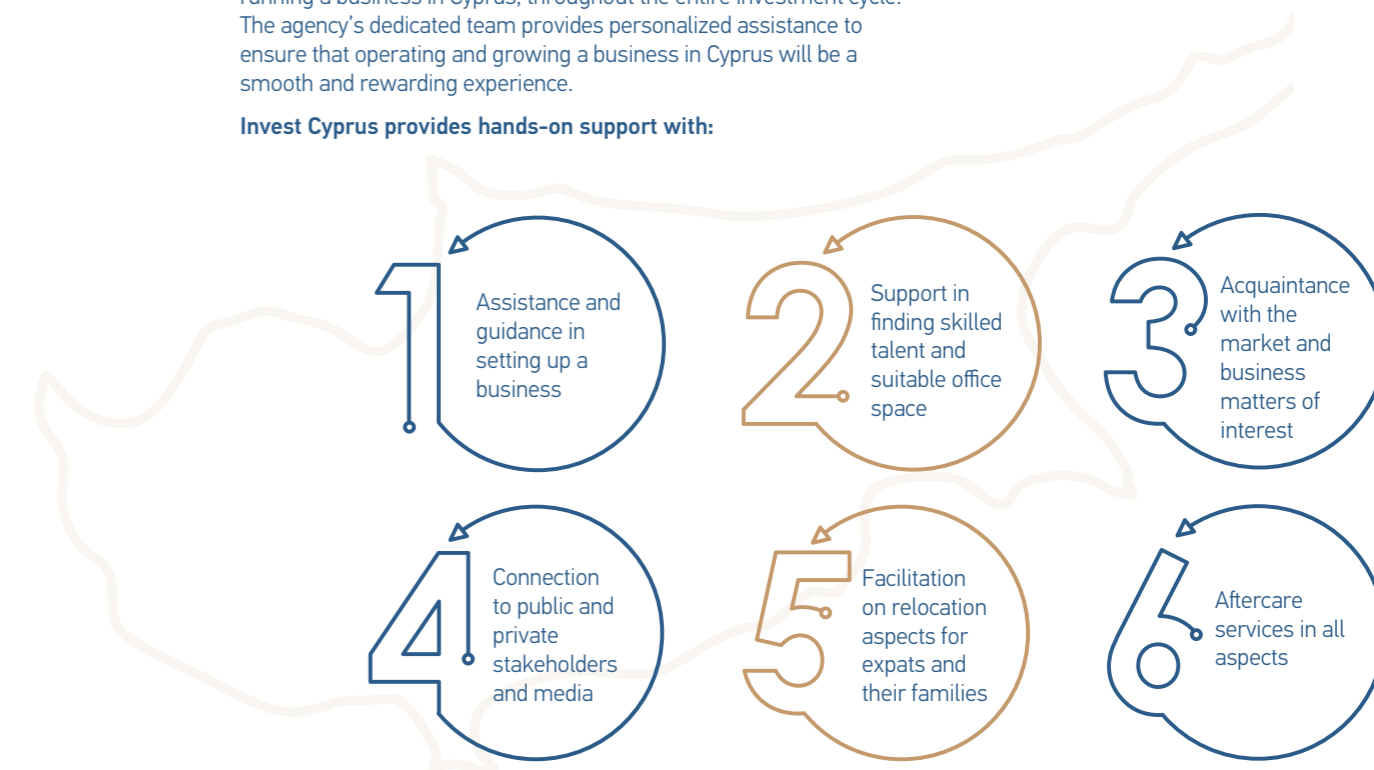
Global rankings speak for themselves:

- 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 29th out of 131 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 their 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) and the Mediterranean Investment Network, ANIMA.



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