



**K. TREPPIDES
& CO LTD**

Direct Taxation

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Tax incentives for attracting Cyprus nationals and skilled professionals back to Cyprus

The Cyprus Parliament has voted a new income tax incentive according to which eligible individuals are entitled to a 25% exemption from income tax up to a maximum annual amount of €25,000.

The newly introduced article 8(21B) of the Income Tax Law establishes targeted tax incentives designed to attract highly skilled professionals to Cyprus, while also encouraging the repatriation of Cypriot nationals, and is anticipated to support long-term economic growth and enhance the country's competitiveness.

Key provisions

Eligible individuals are entitled to a 25% exemption from income tax on their remuneration from any employment in Cyprus, or on their profits from the exercise of any business in Cyprus, subject to a maximum exemption of €25,000 per tax year.

To qualify for the exemption, an individual must satisfy **all** of the following conditions:

- (a) He/she is a tax resident of Cyprus (except for the year in which he/she commenced employment or the exercise of a business in Cyprus), and
- (b) His/her employment or the exercise of a business in Cyprus started as from 1st January 2025 up until the year 2030, and
- (c) During the first 12 months after the date of commencement of employment or the exercise of a business in Cyprus, the individual has remuneration from employment in Cyprus or profits from the exercise of a business in Cyprus which exceed €30,000, and
- (d) He/she was not tax resident in Cyprus during the 7 tax years which precede the year of commencement of employment or business in Cyprus, and
- (e) He/she was a tax resident of Cyprus in any year which precedes the 7-tax year period per point (d) above, and
- (f) Meets at least 1 of the following conditions:
 - i. Holds a recognized university degree, as recognized by the Cyprus Council for the Recognition of Higher Education Qualifications in terms of equivalence, and was employed on a full-time basis outside Cyprus by a non-Cyprus resident employer for a total period of at least 36 months within the period of 84 months preceding the month in which he/she began to be employed or to carry on business in Cyprus; or
 - ii. Was employed on a full-time basis outside Cyprus by a non-Cyprus resident employer for a period of 84 months preceding the month in which he/she began to be employed or to carry on business in Cyprus.

It is also noted that:

- a) The exemption is granted in the tax year in which the individual commences employment or begins carrying on a business in Cyprus, as well as for the following 6 consecutive tax years, provided that the individual's remuneration from employment in Cyprus or the profits from business in Cyprus exceed €30,000 in each tax year.
- b) Where the 25% exemption is granted, the exemption provided under Article 8(21A) (i.e. the 20% exemption) shall not be granted.
- c) The exemption is granted to each individual once during their lifetime, for the tax years to which the provisions of Article 8(21B) apply.

The provisions of Article 8(21B) are effective as of 1 January 2025.

For any further information and/or clarifications required, please do not hesitate to contact us.



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