



# CYPRUS AS AN ATTRACTIVE BUSINESS HUB

Ease of doing business, safety and slew of investments are some of the many reasons to look towards Cyprus

## • Chrysillios Pelekanos and Rami Amireh

Cyprus' attractiveness as a business centre is attributed primarily to the country's international orientation, strategic location and ease of doing business, which is supported by a pro-business tax and legal system, modelled on English common law.

Over the last few years, Cyprus has established itself as an international business hub, which is ideal for headquartering and attracting foreign investments. Cyprus has all the ingredients to build on its success as a regional business centre and as an investment hub because of its modern infrastructure, strong availability of multilingual and high quality professionals across various competencies and wide use of English as the business language. This year, Cyprus has issued, to date, around 9,000 work permits to highly skilled employees who relocated, marking a sharp increase to prior years, with a lot of interest coming from technology groups (including groups of Western/US origin). Moreover, many groups are choosing Cyprus as their ideal IP holding and/or financing jurisdiction.

Beyond the area of technology, groups in other industries have been setting up a headquartering base here, such as the MUFG operational centre in Limassol, as well as the landmark set up of the International Maritime Industries (IMI) fund- where Saudi Aramco is a key shareholder.

The government continues to have the digital transformation of the economy at the top of its agenda, which is supported by efforts within the private sector. Cyprus has scored 27th place out of 132 countries in the Global Innovation Index of 2022.

In addition, Cyprus' Vision 2035 is to be one of the world's best countries to live, work and do business in. This vision is supported by a long-term economic growth strategy aiming to build on and enhance Cyprus' comparative advantages towards becoming a sustainable regional business and trade hub, a leader in sustainability and a high-tech capital in Europe.



**Chrysillios Pelekanos**  
Head of Indirect Tax Advisory,  
Head of East Market & Deputy COO  
PwC Cyprus

Cyprus has also been voted as one of the top five safest countries in the world, with a pleasant climate (over 300 days of sunshine per year) and a hospitable multi-cultural population.

There are a number of other factors that elevate Cyprus to be at the forefront of attracting foreign direct investment. Its full alignment and harmonisation to the EU regulatory environment make Cyprus a solid entry-point for investments into Europe. Moreover, the introduction of a range of fund vehicles (AIF's, RAIF's, etc.) has contributed in addressing the growing needs of investors, which demonstrates the willingness of Cyprus to create the appropriate legal vehicles to match the needs of the foreign investors.

Other sectors which have contributed to our country's ability to appeal to foreign investors is our positioning in the shipping industry as well as the buoyant tourism and real estate sectors.





Cyprus is the largest ship management centre in the EU and in the top five ship management centres worldwide. The island's strategic location, coupled with the competitive tonnage tax regime which has been in place for decades, make Cyprus the ideal choice for ship-owners, charterers and ship-managers. It is anticipated that we will continue to strengthen our position in the world economy by maintaining and enhancing our solid maritime infrastructure.

With regards to the sectors of tourism and real estate, they are still one of the key pillars of our economy, contributing significantly to the country's GDP in the last few years, attracting lots of foreign investors in the high end residential projects as well as in hotels and other tourism projects. Due to the ongoing crisis in the region, especially Lebanon, we have seen a significant wave of interest from individuals who have invested in private residences and mid-range commercial properties across the island. Moreover, our pleasant climate as mentioned above, safe environment, high quality of healthcare, along with a high quality education and academic sector resulted in the country attracting a variety of individuals (pensioners, students from the region and beyond, etc.), which have also contributed to the country's overall economic benefit in the real estate industry.

The strategy of Cyprus is to attract more international businesses with real presence in the country, in line with the stringent international tax developments. The transparent and tax efficient corporate system, as well as the wide range network of more than 60 double tax treaties, make Cyprus an attractive location for setting up presence for international groups. At the same time, Cyprus has introduced incentives for high net worth individuals in order to facilitate the physical relocation of key decision makers and business owners to the island. This solidifies the country's positioning as a regional hub to headquarter and manage international businesses.



**Rami Amireh**

*Director, International Private Clients  
PwC Cyprus*

The recent enactment of the newly approved migration policy enables the relocation of large numbers of staff (up to 200, that can go as high as 300), with a fast-track process for obtaining relevant working permits. This was also extended to allow flexibility for family members, which has proved to be very attractive to many groups and individuals who have been thinking about relocating. The political turbulence in neighbouring countries, the various crises affecting the region, and Cyprus' close proximity to the area, has meant that the Mediterranean country has emerged as a very strong and attractive EU destination.

Cyprus is also emerging as a technology hub with a growing number of international groups and start-ups locating themselves in Cyprus, taking advantage of the favourable business environment such as the IP Box regime, as well as the relaxed immigration rules for IT personnel.



The above incentives and pro-business mindset of the country has come at just the right time for certain international groups and individuals, who as a result of various geo-political events, decided that Cyprus is the ideal place for them to relocate their business and their employees.

The outlook for the future is overall optimistic, with the key to the economic success being the country's commitment to long-term, sustainable working practices, reflected in a modern and well-functioning regulatory framework, aimed at increasing Cyprus' competitiveness in this challenging international economic environment.

Despite the demanding economic realities that Europe and the world are facing, Cyprus is strategically located to assert its position in the global business market and be a driving force for international investment. PwC Cyprus, and the professional services sector as a whole, remains focused, committed and motivated to continue servicing our country's investors while working with them for the creation of integrated ESG strategies that would lead to improving operational efficiency and eventually enhance their organisational value.

