

Insights from Tax Reporting & Strategy Services

# New employer obligations. Amendments to the Protection of Wages Law.



## In brief

The House of Representatives voted in favour of certain amendments to the provisions of the Protection of Wages Law ("Law"), which was published in the Cyprus Government Gazette on 16 December 2022, introducing new obligations for employers.

Important provisions are introduced in relation to the method of salary payment, obligation of issuing payslips and processing of salary deductions.

## In detail

### Method of salary payment

Employers are required to make salary payments either through a deposit to a bank account or other payment account of the employee's choice or through a bank cheque in the name of the employee.

Cash payments are exceptionally permitted only if:

- the employee is still in process of opening a bank account or other payment account (permitted for a maximum period of 4 months from the employee's hire date);
- the employee's application for opening such account has been rejected (the employer is required to provide relevant confirmation from the financial institution to the Director of Labour Relations);
- there is a collective or other written agreement in place signed by both parties, which provides that salaries will be paid in cash on a weekly basis.

## Obligation to issue payslips

Employers are now required to provide to their employees a payslip in written or electronic form, within 5 working days from the date of salary payment. The minimum information such a payslip must include, are listed in the Law.

Records must be kept and made available within 15 calendar days from a relevant request by an Inspector or other official.

## Salary deductions

The Law provides for specific cases the processing of a deduction of an employee's salary is permitted. The amending law introduces the ability to process deductions from an employee's salary in accordance with the terms of a collective or general agreement entered into by the employer/employee representatives.

The employee's consent is now explicitly required and must be obtained in specific form specified by the Director of Labour Relations Department.

## Record keeping and Offences

Records should be kept by the employer or on the employer's behalf and be available for inspection, for a period not exceeding 6 years.

A new provision has been also introduced on the liability of Company's officials in case a criminal offence is committed.

## Let's Talk!

For a deeper discussion of how this issue might affect your business, please contact:

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