

New Tax Incentive for Repatriation of Cypriot Talent

On the 6th March 2026, a new personal tax incentive came into effect, as part of the “**Minds in Cyprus**” initiative, aiming to encourage talented Cypriot professionals currently residing and working abroad to return to Cyprus and contribute to their country’s economic growth.

This new tax exemption, introduced in the Income Tax Law under Article 8(21B), applies retrospectively as from 1st January 2025 and complements the existing incentives for relocation of individuals and taking up first employment in Cyprus (the 20% and 50% exemptions). It is available to individuals who move back to Cyprus starting from 1st January 2025 and up to year 2030. This new incentive is available both for employment, as well as for persons carrying out business activities as self-employed.

Specifically, this incentive provides for a 25% exemption from income tax of the gross annual salary or the annual business profits (as the case may be), capped to a maximum of €25,000 per year. The exemption applies for 7 years, starting from the year of commencing employment/business activities in Cyprus.

The exemption is available to individuals who cumulatively meet the below conditions:

1. are Cypriot tax residents (except from the year of commencement of employment/business activity, in which they can be either Cypriot or non-Cypriot tax residents)
2. were not Cypriot tax residents for at least 7 consecutive tax years prior to the year of

commencement of employment/ business activity in Cyprus

3. were Cypriot tax residents at some point prior to the aforementioned required 7-year period of non-Cypriot tax residency

...provides for a 25% exemption from income tax of salary or business profits

4. receive salary (or earn business profits) of at least €30,000 during the first 12 months starting from the commencement of employment/ business activity (from thereon, the exemption continues to apply for each of the next 6 years in which the salary/business profits are above €30,000).

In addition, the individual must have been employed outside of Cyprus on a full-time basis by a foreign employer for either:

- (i) At least 36 months within the 84-month period preceding the month of commencement of employment/ business activity in Cyprus, if such individual holds a university degree (recognised by KY.S.A.T.S); or
- (ii) At least 84 months preceding the month of commencement of employment/ business activity in Cyprus, if such individuals does not hold a university degree.

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