

Cyprus

Michael Damianos & Co LLC



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Michael Damianos & Co LLC (the “**firm**” or “**we**” or “**our**”) is a boutique law firm based in Nicosia, founded in 2010 by Michael Damianos, a solicitor of the Supreme Court of England and Wales and a member of the Cyprus Bar Association. Before practising in Cyprus, Michael Damianos qualified and worked as a solicitor at the London offices of two international law firms, where he was involved in corporate, commercial and regulatory work mainly in the energy sector.

The firm’s practice is highly international with a strong corporate, banking and finance, commercial, energy, private client, intellectual property and data protection, real estate and employment law focus. In addition, the firm undertakes work for a plethora of international clients in various industry sectors such as technology and telecoms, renewable energy, oil and gas, mining, real estate, construction, retail, entertainment and general hospitality, pharmaceuticals, shipping/leasing, fintech, prop-tech and general e-commerce.

Being an internationally focused firm, we can assist clients with their legal needs in almost 200 jurisdictions around the globe. The firm is instructed on an everyday basis by a good number of international law firms with respect to their legal needs in Cyprus, but it also provides assistance under English law where required due to Michael Damianos’ dual qualification.

The firm’s objective and commitment is to provide the best quality, practical and cost-effective advice and services to its clients and to rapidly respond to their instructions and needs. The firm has a diverse clientele, ranging from international banks and other financial institutions to multinational organisations, international and local corporates, asset managers, high net-worth individuals and family offices, local authorities and utilities boards.

With respect to geographical locations, the firm’s clientele ranges from Europe to the other side of the Atlantic, and from Asia to Australia, proving that the firm’s business is highly internationally focused. Despite the diversity of the firm’s clients, the firm recognises that each client is unique with particular business concerns and needs and, therefore, the firm exercises a personal commitment to all its clients.

Although a full service Cyprus law firm, our main areas of practice are international (and local) mergers and acquisitions, general corporate advice (including corporate disputes), insolvency, capital markets, banking and finance, energy, general commercial work, real estate, intellectual property and data protection, private client, employment, and immigration to Cyprus for non-EU high-net-worth individuals.

In addition to the firm’s purely legal work, the firm runs a successful corporate services department. The firm incorporates Cyprus companies (along with companies in various other jurisdictions, mainly offshore) to suit its clients’ needs and provides a complete range of fiduciary/corporate services to such companies (such as the provision of company secretarial services, registered office address, company directors, company nominee shareholders and bank account opening). The firm is also able to assist its clients to establish representative offices in Cyprus and, through its associated companies, provide tax substance in accordance with their needs.

For more information please visit our website www.damianoslaw.com

Cyprus Corporate

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Cyprus is an ideal international business centre for all kinds of businesses and individuals. One should carefully consider the structure of the relevant entity before proceeding with its incorporation. There are the following legal entities/vehicles under Cyprus law:

Private company limited by shares

The most common legal entity/vehicle for carrying out business in Cyprus is the private company limited by shares and the main characteristics of such a company are the following:

- ∴ The company is an entity with a separate and distinct personality from its members and the liability of its members is limited to the amount, if any, unpaid on the shares respectively held by each member.
- ∴ The minimum number of shareholders is one and the maximum number is fifty.
- ∴ Invitations to the public for acquiring shares or debentures are strictly prohibited.
- ∴ Issuance of bearer shares is prohibited.
- ∴ There is no minimum issued and paid up share capital for such companies, but some share capital must exist.
- ∴ The company must have its registered office in Cyprus.
- ∴ The company must have a secretary, who may be local or foreign, natural or legal person. It is customary for compliance purposes for the secretary to be local.
- ∴ The minimum number of directors is one and there is no maximum number. Directors may be local or foreign, natural or legal persons. However, it is suggested that the majority of directors are Cypriot residents so as to ensure that the company is managed and controlled in Cyprus in order for the Company to be considered Cyprus resident for tax purposes and be able to benefit from relevant double tax treaties.
- ∴ Meetings of shareholders and board of directors may be held anywhere in the world, but for tax purposes it is advisable for, at least board meetings, to be held in Cyprus.
- ∴ The company must have a memorandum and articles of association prepared by a lawyer in Cyprus, which must be signed by the subscribers and filed with the Registrar of Companies in Cyprus.
- ∴ The company's articles of association must provide for some restrictions for transferring shares.

Public company limited by shares

This is a more regulated type of entity and it is usually used either when the company has a large number of shareholders or when it has to be listed in a stock exchange in Cyprus or abroad. Its main characteristics are the following:

- ∴ The company is an entity with a separate and distinct personality from its members and the liability of its members is limited to the amount, if any, unpaid on the shares respectively held by each member.
- ∴ The minimum number of shareholders is seven and there is no maximum number.
- ∴ The minimum number of directors is two and there is no maximum number. Directors may be local or foreign, natural or legal persons. However, it is suggested that the majority of directors are Cypriot residents so as to ensure that the company is managed and controlled in Cyprus in order for the Company to be considered Cyprus resident for tax purposes and be able to benefit from relevant double tax treaties.
- ∴ The minimum amount of share capital is €25,629.
- ∴ Invitations to the public for subscribing for shares or debentures are allowed.
- ∴ Issuance of bearer shares is prohibited.
- ∴ The Company must have its registered office in Cyprus.
- ∴ The Company must have a secretary, who may be local or foreign, natural or legal person. It is customary for compliance purposes for the secretary to be local.
- ∴ Meetings of shareholders and board of directors may be held anywhere in the world, but for tax purposes it is advisable for, at least board meetings, to be held in Cyprus.
- ∴ The company must have a memorandum and articles of association prepared by a lawyer in Cyprus, which must be signed by the subscribers and filed with the Registrar of Companies in Cyprus.
- ∴ There is no restriction in transferring shares.

Private company limited by guarantee

A company limited by guarantee is a private company in which the liability of its members is limited by the memorandum of association to the amount that the members undertake to contribute to the assets of the company in the event of the company's winding up.

This type of company is mostly used for associations, charities and for the promotion of non-profitable interests such as education, art, science and sports.

The memorandum of association of a company limited by guarantee must contain a provision stating that each of its members undertakes to contribute to the company's assets in the event of it being wound up while she/he is a member, or within one year after she/he ceases to be a member, a sum which will not exceed a specified amount.

It should be noted that the guarantee applies in relation to amounts with respect to the debts and liabilities of the company and the costs of it being wound up. Also, past members of the company are only liable for the company's debts and liabilities which occurred before they ceased to be members.

A company limited by guarantee may be incorporated with or without any share capital. A company limited by guarantee without any share capital constitutes the guarantee company in its pure form, whilst a company limited by guarantee with a share capital is a hybrid form of company which combines elements of both the guarantee and the share company. Needless to say, this is an unusual type of company since it is not used for business purposes.

Partnerships

A partnership is a relationship between two or more persons (legal persons or natural persons) who carry out business together with the purpose of obtaining profit.

Traditionally, Cyprus law allows for general and limited partnerships, but since October 2015 the law also provides for partnerships limited by shares.

In a **general partnership** all partners are equally and jointly liable with all the other partners for all the debts and obligations of the partnership.

In a **limited partnership** one of the partners (the general partner) is liable for all the debts and obligations of the partnership while the remaining partners (the limited partners) may have limited liability up to the amount they have contributed.

In terms of a **partnership limited by shares**, which has been also defined as a partnership, having a share capital, the liability of the limited partners is limited up to the amount which remains unpaid (if any), on the shares that they hold (which is just like with companies).

An important distinction which needs to be pointed out between any limited partnership under Cyprus law and a public or private company limited by shares is that the partnership is not considered as a legal entity with a personality separate and distinct from its partners as it applies in companies limited by shares. Basically, the actions of a partnership are the actions of its partners acting in their personal capacity and in this respect the partners shall be liable in case of an action against the limited partnership.

In light of the fact that a partnership is not a separate legal entity, when taxation arises it is the partners who are subject to taxation and not the partnership per se. The typical tax treatment of a partnership is that the income of the partnership is considered as income of the actual partners. Each partner's share of profit is added to their overall income and shall be taxed accordingly as personal income/corporation tax under the applicable tax laws of Cyprus.

Cyprus international trusts

A Cyprus international trust (a "**Trust**") can be defined as the obligation which is placed upon a trustee by the settlor to manage the trust property for the benefit of the beneficiaries in accordance with the relevant trust deed. Trusts are commonly found in common law jurisdictions.

The settlor of a Trust and the beneficiaries must not be residents in Cyprus during the year immediately preceding the creation of the trust while the trustee, or at least one of the trustees, must be resident in Cyprus for the whole duration of a Trust (and she/he must be a licensed trustee such as a lawyer or an accountant). A Trust may last for an indefinite period. The settlor has the right to reserve many powers including, the powers to revoke or amend the Trust, to appoint and remove trustees and protectors, to change the law regulating the Trust or the place of its administration. The trustees of a Trust are bound by confidentiality and cannot disclose information unless they are ordered by a Cyprus Court to do so in special circumstances.

Trusts are usually set up for wealth management purposes and family arrangements, such as to hold property for minors.

It should be noted that other than Cyprus international trusts, Cyprus law allows the creation of local trusts, where the basis is the similar but not identical, which is something that is beyond the scope of this note.

Foundations and societies

Foundations and societies are not really business vehicles and are only used for charitable or non-business purposes.

With respect to foundations, these are entities dedicated to a specific non-profit purpose such as, between others, the prevention of poverty or the promotion of education or health.

With respect to societies, there are entities where at least twenty people contract for the achievement of a non-profitable purpose and it does not include political parties or trade unions.

Needless to say, these types of organisations are uncommon for international businesses.

Cyprus Tax

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Cyprus offers an attractive, efficient and transparent tax regime fully compliant with EU and OECD standards, complemented by and enhanced by an extensive network of over sixty double tax treaties, and is an ideal destination in terms of tax incentives and advantages for both legal and natural persons.

Individuals

An individual resident in Cyprus is liable to tax on his/her worldwide income, irrespective of whether it is remitted in Cyprus or not. Non-resident individuals are liable to income tax in Cyprus only on income sourced in Cyprus, for example rental income.

An individual is considered to be resident in Cyprus for tax purposes if he/she is present in Cyprus for more than 183 days in the year under consideration. This 183 days' requirement can go down to at least 60 days if among other criteria the relevant individual is not a tax resident in any other jurisdiction in the world.

The tax rates for individuals are progressive starting from 20% and going up to 35% as provided in the table below:

Annual income (€)	Rate (%)	Tax(€)	Cumulative Tax (€)
0 – 19.500	0%	Nil	Nil
19.501 – 28.000	20%	1.700	1.700
28.001 – 36.300	25%	2.075	3.775
36.301 – 60.000	30%	7.110	10.885
60.001 – above	35%	-	-

There are various deductions and personal allowances, in relation to the above tax rates such as donations to registered charities and payments into pension/insurance and social insurance plans which reduce chargeable income and consequently, income tax liability.

A non-resident who takes up employment in Cyprus and becomes resident is permitted a 20% tax free allowance or €8.550, whichever is lower on his/her employment income.

A non-resident who takes up employment in Cyprus, earning an annual employment income exceeding €100.000 is allowed a 50% tax exemption on this income.

A non-resident who takes up first employment in Cyprus, earning an annual employment income exceeding €55.000 and commencing employment from the 1st of January 2022 and onwards is allowed 50% tax exemption on this income for a period of 17 years.

It, most importantly, should be noted that high-net-worth individuals can benefit massively from the jurisdiction's resident-non-domiciled regime. Individuals who are considered to be non-domiciled tax residents of Cyprus, can benefit from no tax on certain categories of income such as interest, rents and dividends. This has proved extremely beneficial for many high-net-worth individuals over the last few years, who have decided to take this opportunity for wealth management purposes.

Dividend income is taxed in Cyprus only against Cypriot domiciled, tax residents (individuals) at a flat rate of 17%. Interest income is again only taxed in Cyprus against Cypriot domiciled, tax residents (individuals and companies) at a flat rate of 30% with certain types of interest being liable to a reduced rate of 3%.

Companies

A company resident in Cyprus is liable to tax on its worldwide income.

A company is considered as a tax resident in Cyprus if its management and control is in Cyprus. Non-resident companies are liable to corporation tax in Cyprus only on income sourced in Cyprus, for example rental income. The same applies to branches of foreign companies in Cyprus, unless their management and control is in Cyprus.

As from 2023, a Cyprus incorporated company will by default be considered a tax resident of Cyprus provided it is not tax resident in any other jurisdiction.

The corporation tax rate is a flat rate of 12.5% which is one of the lowest in the EU and the lowest in the Eurozone, thus making Cyprus an ideal country for setting up a business.

Dividend income is exempted from corporation tax and only Cypriot domiciled, tax resident individuals pay a contribution to the state in relation to that.

Profits from disposals of securities are exempted from corporation tax and so are profits from a permanent establishment abroad (subject to certain restrictions).

There are also group loss relief benefits and losses carried forward subject to certain conditions (for up to five years).

Withholding taxes

No withholding taxes apply with respect to (a) dividends paid to non-residents, (b) interest paid from Cyprus to non-residents, (c) royalties paid from Cyprus to non-residents (with the exemption where the relevant intellectual property is used in Cyprus, in which case the withholding tax rate is at 10% noting that in the case of cinematographic films the tax rate is at 5%), and (d) income on the liquidation of a Cypriot holding company.

Tonnage tax system

An attractive tonnage tax system fully approved by the EU is in place and can be utilised, subject to certain conditions, by the shipping sector and covering three main international maritime activities, namely ship-owning, ship management and chartering. Under the tonnage tax system, no tax is imposed on profits from shipping activities other than tonnage tax, no tax is imposed on profits from the sale of ships, and no tax is imposed on dividend paid from shipping or ship management profits.

Capital gains tax and inheritance tax

Capital gains tax is only imposed on gains from the disposal of real estate, provided that such real estate is situated in Cyprus. The same goes to disposals of shares in limited companies whose main activity is the sale of real estate in Cyprus. No capital gains tax is imposed on anything else under Cyprus law.

There is no inheritance tax in Cyprus.

Cyprus Foreign Investment

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Foreign Investment

Cyprus offers a strategic location at the crossroad of three continents, advanced infrastructure and high quality of life. It is an ideal investment gateway to the EU, as well as a portal for investment outside the EU, particularly into the Middle East, CIS, India and China. As a member of the wider EU and Eurozone community, Cyprus offers to investors both safety and stability, as well as market access to more than 500 million EU citizens. The local infrastructure is ideally suited for business people who need to get things done due to its modern road network, extensive port facilities and its two new international airports.

One of Cyprus' strongest advantages is its human talent – Cyprus has a diverse, well-educated, highly skilled and multi-lingual workforce which provides top quality services, including accounting, auditing, tax, business administration, legal, investment and funds management. This advantage is complemented by a plethora of banks, a robust and transparent legal system based on common law, and a regulatory framework that ensures transparency and reliability in business practices. Cyprus' legal system is widely recognised as a business-friendly and effective system which is also fully compliant with the EU and international regulations against money laundering. In addition, Cyprus provides tax-efficient structures, which makes it very attractive in terms of relocation of a business and even its current employees, but also wealthy individuals due to its attractive resident non-domiciled program.

Finally, as part of a new strategy, the Cyprus government has developed a series of actions and reforms in several areas, aiming to enhance Cyprus' position as an international and sustainable high-growth business centre, further analysed below.

Registration of investment

As a main rule, there are no requirements for foreign investors to register or obtain the authorities' permission for making investments, and there are no restrictions on the foreign ownership of Cypriot shares or bonds.

Cypriot companies must submit a registration to the Department of the Registrar of Companies and Official Receiver and to the tax authorities before they start operations.

With regard to investments in real estate in Cyprus, EU nationals and Cypriot companies controlled by EU nationals can register any type of property in their name without restrictions. Non-EU nationals/Cypriot companies controlled by non-EU nationals must obtain permission from the Council of Ministers (which has assigned this power to the District Officers of the district where the property is located) to register property in their names and there are restrictions with respect to the size and use of such property. This permission is granted more or less as a matter of course to all bona fide purchasers unless it is considered to be against public interest. Please see the chapter regarding Real Estate for further information.

Setting up a business

A standard company takes 5-10 days to register with the Registrar of Companies and Official Receiver and the tax authorities before it is up and running.

Recently, the Cyprus government has created a Business Facilitation Unit (BFU), intended to function as a central contact point for the setting up of businesses in Cyprus by eligible companies, as explained below. The BFU's main responsibilities relate to the provision of information and assistance with the incorporation of entities in Cyprus (such as assistance with the registration of companies, business name approvals, registration with the social insurance register and registration with the tax/VAT register), as well as the provision of guidance on the required licences for operating a business in Cyprus. Additionally, it aims to facilitate and accelerate the issuance and renewal of residence and employment permits to third country nationals working for companies registered with the BFU.

Foreign employees

Nationals of other countries within the EU or European Economic Area (EEA) are allowed to work and live in Cyprus without obtaining a work permit or other permits (but notifications must be made to the authorities).

Nationals of countries outside the EU or EEA will need a permit to enter and work in Cyprus. The type of permit required depends on, among other criteria, the employee's salary, whether the employer is a company of foreign interests or not, and the type of work to be performed in Cyprus.

As mentioned above, the existing policy for the employment of third country nationals by Cypriot companies of foreign interests, which enabled Cypriot companies of foreign interests meeting certain criteria to employ third country nationals without going through the standard local labour test, has been revised and broadened. Companies eligible register with the BFU and employ third country nationals without the need to go through the standard local labour test now include the following categories:

- I. foreign companies/undertakings operating in the Republic of Cyprus or foreign companies/undertakings intending to operate in the Republic of Cyprus, that establish presence in Cyprus;
- II. Cypriot shipping companies;
- III. Cypriot high-tech/innovative companies; and
- IV. Cypriot pharmaceutical companies or companies active in the sectors of biogenetics and biotechnology.

In addition, the former criteria that had to be met by Cypriot companies of foreign interests and the maximum cap that used to be applicable for the employment of third country nationals have been abolished. Eligible companies can now freely employ any number of third country nationals who are considered to be highly skilled, without limitation as to their profession/skills and without having to go through the standard local labour test. It is further noted that issuance of employment/residency permits has become much faster, now taking approximately only one month.

The relevant requirements are now as follows:

- I. eligible companies must ensure that 30% of their total staff is EU/Cypriot within 5 years from the inclusion of the company in the BFU; and
- II. the third-country employees to be employed by an eligible company must receive a minimum gross salary of €2,500 and must possess either a university diploma/equivalent qualification or prove that they have at least two years of experience in a corresponding employment position. In addition, the employment contract with the eligible company must have a duration of at least two years.

Spouses whose family member has obtained a residence and work permit in the Republic of Cyprus, and who receive a minimum gross monthly salary of €2,500 (other than support staff) will be eligible for immediate and free access to the labour market.

Social insurance

Cyprus has intensified the efforts to conclude bilateral agreements with third countries, so that when a third-country national who has paid social security contributions in Cyprus returns for permanent residence in his/her country, he/she is able to transfer the contributions paid in Cyprus to his/her country under certain conditions.

Introduction of the digital nomad visa

A digital nomad visa has been introduced, which is essentially a residence visa enabling nationals from non-EU/EEA countries, to reside temporarily in Cyprus and work remotely from Cyprus for an employer registered abroad. The duration of the visa is for one year and can be renewed for a further two years. There is currently a ceiling of 500 visas to be issued.

The main conditions for obtaining the digital nomad visa are:

- I. providing evidence that the applicant has sufficient funds, i.e. a stable income to cover living expenses during the stay in Cyprus, without requiring recourse to the national social welfare system. The amount of sufficient funds is set at €3.500 (net) per month and can be proven by the employment contract or other proof of employment of the applicant and bank account statement;
 - II. having medical insurance in place; and
 - III. providing a clean criminal record from the country of residence.
- c. investment worth €300,000 in a Cypriot company's share capital, which has a proven physical presence in Cyprus and employs at least five people; or
 - d. investment worth €300,000 in units of Cyprus Investment Organization of Collective Investments (forms of AIF, AIFLNP, RAIF);
 - V. the applicant must provide evidence of a secure annual income of at least €30.000 (plus €5.000 for every dependent person (spouse and children) and €8.000 for every dependent parent or parent-in-law); and
 - VI. the applicant must meet certain other qualitative criteria, including having a clean criminal record certificate from the applicant's country of residence or from the Republic in case the applicant resides in Cyprus. In general, the applicant should not be considered as a threat in any way to public order or public security in Cyprus.

If the financial supporter and his/her family reside in Cyprus for one or more periods totalling more than 183 days within the same tax year, they are considered tax residents of Cyprus, provided that they are not tax residents of any other country.

Permanent Residency (Immigration Permit)

Non-EU investors can become permanent residents of Cyprus by applying for an immigration permit if they meet the following criteria:

- I. the applicant must invest at least €300,000 in one of the following investment categories:
 - a. investment in a house/apartment: Purchase of a house or apartment from a development company, which should concern a first sale of at least €300,000 (plus VAT); or
 - b. investment in real estate (excluding houses/apartments): Purchase of other types of real estate such as offices, shops, hotels or related estate developments or a combination of these with a total value of €300,000. The purchase can be the result of a resale; or

It is noted that this type of permit does not allow the undertaking of any form of employment in Cyprus. Finally, holders of this permit must visit Cyprus once every two years in order to maintain it. As mentioned above, there are also other types of residence permits to be acquired, including working permits that are not based on high investments.

Consideration of broadening of tax incentives

The tax authorities are considering the expansion/extension of a number of tax incentives that relate to either personal income of non-domicile employees or investments into innovative business/research and development expenditures.

Faster naturalisation

The authorities are working on an amendment of the relevant legislation that is expected to be submitted in Parliament in the near future. One of the purposes of the amendment is for the law to provide for the right to a specific category of non-Cypriot employees to submit an application for naturalisation after five years of residence and work in the Republic of Cyprus, instead of seven that is required today. This time frame could be further reduced to four years if certain other criteria are met. In addition, the proposed law aims to provide a more flexible way of calculating the employees' period of stay in the Republic of Cyprus, by taking into account the nature of their work and any necessary absence abroad for business purposes.

Cyprus Labour Law

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Below is a brief overview of some of the main legislation and obligations which employers must know when employing persons in Cyprus.

Collective bargaining agreements

Many Cypriot employees are members of a trade union, and many collective bargaining agreements are in force within the Cypriot labour market. Collective bargaining agreements can apply to a “business/company” level or even to a “sector of economy” level e.g. to employees working in hotels or the construction sector. There are sectors of economy which are partly or completely covered by collective bargaining agreements such as the semi-government sector, the banking sector and the local council sector.

Collective bargaining agreements contain terms and conditions of employment, such as wages, salary increases, working hours, overtime payment, annual leave, pension etc. Although it is voluntary for an employer to enter into a collective bargaining agreement in sectors which are typically covered by such agreements, in practice, an employer that does not enter into such an agreement may face difficulty in attracting and sustaining a qualified workforce, especially if the employment terms offered by such employer are less favourable than the terms provided by the collective bargaining agreement.

Collective bargaining agreements are not legally enforceable documents. Nevertheless, due to custom and practice, and with the passage of time, where these are enforced they eventually become incorporated in the personal terms of employment of each employee and, thus, become legally binding.

The fact that collective bargaining agreements are not legally enforceable documents means that disputes arising from their violation cannot be settled in the Labour Disputes Court but are dealt with according to the provisions laid down in the Industrial Relations Code (a gentlemen’s agreement between the main trade unions and employer organisations for the settlement of disputes).

The employers’ obligation to inform the employees of the employment terms

According to the relevant legislation, the employer is legally obliged to inform its employees of all essential employment terms within one month from the date of commencement of employment.

Such information must be provided in writing, typically in the employment contract, an offer of employment letter or any other document signed by the employer. The employer can also make reference to any laws, regulations, orders or collective bargaining agreements, but only in relation to certain terms of employment. The law specifies only the minimum number of terms that the employee must be notified of, so the employer must consider whether it would be better to prepare an employment contract that fully reflects the terms of employment and any benefits offered.

Wages

In accordance with the Minimum Wage Limit Decree of 2022 that comes into force on 01/01/2023, the national minimum wage is determined. According to this Decree, every employee who works full-time must receive an initial monthly salary of at least €885 gross and after a 6-month continuous period of employment with the same employer, this salary must be increased to at least €940 gross. The working hours of the employees are the one in force at the time of the issuance of the said Decree. The provisions of this Decree do not apply to domestic workers, agricultural workers and shipping workers, as well as to employees for whom the Minimum Wages in the Hotel Industry Decree of 2020 is applicable.

Until 01/01/2023, the Minimum Wage Limit Decree of 2012 is applicable, which only covers the minimum wage for certain occupations (such as shop assistants, nurse's assistants, clerks, hairdressers and nursery assistants), as such occupations are not typically covered by collective bargaining agreements and employees working in such occupations do not typically have a lot of bargaining power. The minimum monthly wage upon recruitment is €870 and increases to €924 for employees who have completed a six-month period of employment at the same employer.

Working hours and annual leave

The standard number of working hours in employment contracts and collective bargaining agreements is 38-40 hours per week, including small breaks but excluding lunch breaks. The law on working hours provides, amongst others, for minimum daily and weekly rest, minimum break time, annual leave, maximum weekly working hours and night work. Employees are entitled to at least 11 continuous hours of rest per day. If the daily period of work is greater than 6 continuous hours, the employee is entitled to a 15-minute break. The maximum weekly working hours should not exceed 48, including overtime. The maximum limit can only be extended if the employee consents to this and only if the employee can refuse extending this without incurring any adverse consequences.

Employees that work for 5 days per week are entitled to a minimum of 20 days annual leave (or 21 days if the company is exempted from the holiday fund contribution) and employees that work for 6 days per week are entitled to a minimum of 24 days annual leave (or 25 days if the company is exempted from the holiday fund contribution). The annual leave is paid either directly by the employer or by the Central Holiday Fund. Employers have an obligation to contribute to the Central Holiday Fund unless they obtain an exemption on the basis that they offer more favourable terms than those provided by the law to their employees.

Maternity, paternity and parental leave

Employees who have completed six months of continuous employment at the company, are entitled to unpaid parental leave after the birth or adoption of a child for a period up to 18 weeks. The parental leave is provided in the case of physical parents for children up to eight years old and in the case of foster parents within eight years from adoption for children up to 12 years old.

Employees who become parents have the following rights:

- I. Women are entitled to a total maternity leave of 18 weeks, 11 of which must be taken during the period beginning 2 weeks before the expected birth week. In case of a second childbirth, the period of maternity leave is extended to 22 consecutive weeks. In case of a third childbirth or more than three childbirths, the period of maternity leave is extended to 26 consecutive weeks. Women are entitled to a maternity grant of 72% of their insurable earnings from the Social Insurance Fund.
- II. Women who gave birth and are breastfeeding or have increased responsibilities for the care/raising of the child, can, for a 9-month period commencing on the date of birth or maternity leave, interrupt their employment for one hour or go to work one hour later or leave work one hour earlier. The one-hour excuse period is considered working time.
- III. Men are entitled to take 2 consecutive weeks of paternity leave within the period starting from the birth week and ending two weeks from the date on which the maternity leave ends. Men are entitled to a paternity grant of 72% of their insurable earnings from the Social Insurance Fund for the whole of the period of their paternity leave.
- IV. Between the period starting after the expiry of the maternity/paternity leave and ending on the completion of the child's 8th year, each parent is entitled to parental leave for 18 weeks provided that the employee in question has completed six months of continuous employment at the employer. Parental leave is unpaid.

Women are statutorily protected against termination of employment/notice of termination of employment during the period starting from the beginning of the pregnancy and ending 5 months after the end of their maternity leave provided that they notify their employer of their pregnancy in writing. This does not apply in cases where they are found guilty of a misdemeanour, or the business at which they are employed closes down or, if they are on fixed term employment, their contract period has expired.

Men are also statutorily protected against termination of employment/notice of termination of employment during the period starting from the date of the written notice of the employee for his intention to exercise his right to paternity leave until the expiry of the paternity leave. This does not apply in cases where they are found guilty of a misdemeanour, or the business at which they are employed closes down or, if they are on fixed term employment, their contract period has expired.

Non-discrimination

It is prohibited to discriminate, directly or indirectly, on the grounds of gender, racial or ethnic origins, sexual orientation, age, disability and religion (and religious beliefs).

Non-compliance with the law is punishable by a payment of a fine or by imprisonment or both. Compensation to the employee (or job applicant) may also be payable.

Termination of employment

The Termination of Employment Law provides for an exhaustive list of grounds that can be based upon for lawful termination. These are the following:

- I. omission/failure of the employee to perform his/her duties in a reasonably satisfactory manner
- II. the employee has become redundant
- III. force majeure
- IV. expiry of fixed-term contract
- V. completion of pension age
- VI. completion of retirement age
- VII. the conduct of the employee has made the employee subject to dismissal without notice

The employment legislation has a provision for a minimum probation period of at least 26 weeks which may be extended up to 104 weeks. In the event of termination of employment during the probation period, there is no minimum notice period. After the expiry of the probation period of an employee, termination for any reason other than one of the abovementioned grounds is unlawful. The burden of proving that a dismissal was lawful is on the employer (unless the employee resigned claiming constructive dismissal, in which case the burden of proof lies with the employee).

If a court determines that the dismissal is unjustified, the employer may be liable to pay compensation to the employee.

There are minimum statutory notice periods for both the employee and the employer depending on the duration of employment, but this does not prohibit the parties to agree longer notice periods than those provided by the law in collective bargaining agreements or the individual employment agreements.

Collective redundancies

The Collective Redundancies Law may be applicable when employees are made redundant, depending on the number of affected employees and the number of employees employed by the employer in general. This law requires that the employer is obligated to inform and consult the employees before contemplated redundancies become effective, as well as to inform the Ministry of Labour, Welfare and Social Insurance.

Transfers of undertakings

The Safeguarding of Employees' rights in the Event of Transfers of Undertakings, Businesses or Parts of Businesses Law, which implements the Directive 77/187/EEC, protects employees' rights in the event of a transfer of a business or part of a business by way of a legal transfer or merger.

In the event of a transfer of a business or undertaking, the employment rights and obligations of the employees of the business or the part of the business being transferred will automatically be transferred to the new owner of the business who will automatically assume those rights and obligations instead of the vendor for at least one year.

The relevant law imposes on the new employer the obligation to notify the employees as to the specifics of the transfer (such as the date of the transfer, the economic consequences of the transfer for the employees, etc).

Cyprus Real Estate

Michael Damianos & Co LLC

Types of real estate

In Cyprus, one can either own or rent real estate, regardless of whether it is for business or private purposes.

Ownership restrictions

EU nationals and Cypriot companies controlled by EU nationals can buy any type of property without restrictions.

Non-EU nationals and Cypriot companies controlled by non-EU nationals are only entitled to register real estate in Cyprus in their name if they obtain permission from the Council of Ministers (which has assigned this power to the District Officers of the district where the property is located). This permission is usually granted unless the reputation of the applicant is questionable and it is considered to be against the public interest to grant such permission to the applicant.

Registration in the Land Registry Department

In Cyprus, immovable property is purchased pursuant to a purchase agreement, followed by a deed of transfer, which is entered into the Land Registry Department. This land register shows the identity of the owner, all registered mortgages and encumbrances in relation to the property etc. In most cases, all other burdens and easements such as right of way etc. will also appear in the register.

Property title deeds might not be available for all immovable property and in such case, the purchase contract is lodged with the Land Registry Department as an encumbrance upon the property until the title deeds for that property are issued. Once the title deeds are issued, the transfer of the property takes place.

The land register system also serves as an easy and dependable way of providing security to lenders, as the ranking of priority of lenders will appear clearly on the property's list of mortgages and encumbrances. The registration of the mortgage will protect the mortgagee's rights against the mortgagor's other creditors.