

TAX ALERT

Minds in Cyprus – The Brain Gain Initiative

25% exemption

On 6th of March 2026, the amending Income Tax Law 17(I)/2026 was published in the Official Gazette of the Republic of Cyprus.

The amending Law was published as part of the "Minds in Cyprus – The Brain Gain Initiative" of the Government, in an effort to provide tax incentives to encourage talented Cypriot professionals located abroad to relocate back to Cyprus and foster economic growth.

The new section in the Law which governs the relevant provisions is article 8 (21B).

The new provisions apply to both employees and self-employed individuals and they enter into force retroactively from 1st of January 2025. The new provisions will remain in force for employment or business activity that will commence until the end of the 2030 tax year.

Key provisions of the new Law

A tax exemption of 25% (capped at €25,000 per annum) on the remuneration received from employment in Cyprus, or on the profits of an individual carrying on a business in Cyprus, is provided to an individual who cumulatively meet the following conditions:

- He / she is a tax resident in Cyprus, except for the year in which he/she begins to be employed or to carry on a business in Cyprus; and
- He / she began to be employed or to carry on a business in Cyprus from 1st of January 2025 up to and including the year 2030; and
- During the first twelve (12) months following the commencement of employment or business activity in Cyprus, he / she had employment income or business profits exceeding €30,000; and
- He / she was not a tax resident in Cyprus during the seven tax years immediately preceding the year in which employment or business activity commenced in Cyprus; and
- He / she has been tax residents in Cyprus in at least one tax year prior to the 7 year period.
- He / she meets at least one of the following conditions:

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- a) Holds a recognized university degree, as recognized by the Cyprus Council of Recognition of Higher Education Qualifications, and was employed on a full-time basis outside Cyprus by a non-Cypriot tax resident employer for at least 36 months within the 84 months preceding the month of commencement of the employment or business activity in Cyprus.
- b) Was employed on a full-time basis abroad by a non-Cypriot tax resident employer for a continuous period of 84 months preceding the month of commencement of employment or business activity in Cyprus.

The exemption is granted for the year in which employment or business activity begins and for the following six tax years, provided that the individual's remuneration from employment or profits from business activity in Cyprus exceed €30,000 in each tax year.

The exemption may be granted only once during the lifetime of the individual.

Lastly, the Law explicitly provides that if the exemption under Article 8(21B) is granted, the exemption under Article 8(21A) cannot be claimed.

Please do not hesitate to contact us should you require any assistance or clarification.

Contact us

If you would like to discuss further, please get in touch with:



Andreas Papagavriel

Partner, Tax Services

+357 22 458500

a.papagavriel@bakertilly.com.cy

Nicosia, Cyprus



Valentin G. Pavlides

Partner, Tax Services – Transfer Pricing Services

+357 22 458500

v.pavlides@bakertilly.com.cy

Nicosia, Cyprus

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