



# The Cyprus economy is once again outperforming - is this sustainable?

Drivers of the recent surge in the  
international sector

Presentation at panel discussion organised by the Cyprus Economic Society  
February 2025



# KPMG in Cyprus - Services

KPMG classifies its service offering into three core functions:

- Audit
- Tax & Legal
- Advisory

Each of which includes a wide range of specialised services, aiming at providing clients with customised solutions that best suit their needs.

For each of these core functions, KPMG has dedicated departments with highly skilled professionals, headed by partners possessing extensive experience. Clients look to KPMG for a consistent standard of service based on high-order professional capabilities, industry insight, local knowledge and expertise.

# Choosing Cyprus

01

Geostrategic Position in the middle of three continents - Full access to European markets

02

Recovery and Resilience National Plan – “Cyprus Tomorrow”

03

Cyprus GDP Growth – Credit Rating Agencies upgrading

04

One of the lowest corporate tax rates in EU, at 12,5%

05

Strong capital base of the financial / banking system

06

Immovable Property Tax (IPT) was fully abolished from January 2017

07

Dividend income and profit on sale of shares and other securities are tax exempt (non domiciled scheme)

08

Ideal place for Head Quartering - Incentives

09

Established experience in professional services

10

No withholding tax on outgoing payments (dividends, interest, royalties) and also Tax on overseas pensions is at one of the lowest rates, at 5%

# Professional Services Sector under transformation

<b>Audit Profession</b>	<b>New legal and regulatory framework</b> – need for new services e.g. ESG, Transfer Pricing, CSRD, Data Analytics, Exchange of Information Standards	<b>Imposition of sanctions</b>	<b>AML and Compliance Issues</b>	<b>New Proposed Legislation about the “Single Supervisory Body”</b>
<b>Tax Reform</b>	<b>Technological Innovation, Cybersecurity, Artificial Intelligence</b>	<b>CySec Regulated Entities e.g. Investment Firms and Funds</b>	<b>CBC Regulations and Regulated Entities e.g. EMIs</b>	<b>Mergers and Acquisitions</b>

# Headquartering – “Substance”



Employment growth was particularly strong in tourism-related sectors, as well as in the public sector. The job vacancy rate (4) is on the rise, showing that there are more job openings relative to the available workforce. This aligns with the projected outlook of solid growth in the forecast period. Linked to this, the Government’s Headquartering policy, aimed at attracting international companies to establish regional or global headquarters in Cyprus, has brought a considerable number of skilled professionals into the economy.”

Post-Programme Surveillance Report  
Economic and Financial Affairs ISSN  
2443-8014 (online) Cyprus, Autumn  
2024.

# Challenges vs Opportunities

## Challenges

- Difficult external economic and political environment
- Changes in the regulatory environment
- Increased competition
- New trends e.g. Crypto?
- Underdeveloped secondary market
- Streamline of procedures –  
Bureaucracy
- Human Resources

## Opportunities

- Integration in provision of services with other jurisdictions – Digital Accounting
- “Back Office” of international companies
- Headquartering – IT Companies, Shipping, Investment Funds
- Mergers and Acquisitions
- Enhanced business relationship with USA
- New Markets
- Start Ups Ecosystem
- Focus on Cyprus Businesses as well



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