

Cyprus is an island that sits off the coast of Turkey in the Mediterranean Sea. A little over 1 million people live there and speak Greek, Turkish, and English. Tourism is a major boon to the economy, as well as agriculture, mining, winemaking, fishing, food processing, and more.

If your company operates in one of these sectors or simply has many clients in Cyprus, you could benefit from an expansion to the country. However, you have to figure out how to set up your Cyprus payroll before you can receive those benefits. Globalization Partners will help you work faster and smarter through Cyprus payroll outsourcing and our solution. Learn more about how we can benefit your company now.

Cyprus Taxation Rules

As an employer in Cyprus, you must follow the Pay As You Earn (PAYE) system. That means you're responsible for withholding 20.2% of employees' gross salaries for income taxes. The country also requires social security contributions of 7.8% for employees and employers. The government covers another 4.6%. You must also pay a corporate tax rate of 12.5% on earnings.

Cyprus Payroll Options

Every company is different, which is why there are four different Cyprus payroll options available to businesses expanding to the country:

- Remote: One option is to pay employees from a different country through your parent company's payroll. If your parent company's payroll is in the US, you can use it to pay your Cyprus employees as long as you follow the right employment compliance laws.
- Internal: If you'd rather run your payroll from your Cyprus subsidiary, you can if you have the staff and money to do so. This option usually only works for large subsidiaries with a strong commitment to working in Cyprus.
- Cyprus payroll processing company: Companies that want to outsource can do so through a Cyprus payroll processing company. However, this option will only allow you to outsource your payroll — not compliance.
- Global PEO: Finally, you can work with Globalization Partners through Cyprus payroll

outsourcing. Our team will add your employees to our payroll, and we'll handle compliance as the Employer of Record.

Requirements to Set up a Cyprus Payroll

Setting up your own Cyprus payroll will require time and effort, but it also requires a subsidiary to start the process. You can't work in Cyprus until you have a legal entity or sign a contract with a global PEO. If you choose the former, you may need to wait weeks or months until that subsidiary is ready. If you choose the latter, Globalization Partners will help you work in a day or two with no worries about compliance or how to set up your Cyprus payroll.

Necessary Entitlement and Termination Terms

Entitlement and termination terms are necessary for creating a clear agreement with employees. We recommend drafting these terms and having employees sign a contract before even choosing a Cyprus payroll option. Employers typically have to give notice of termination based on the employee's period of employment. For example, employees who have worked six months to one year should get one week of notice, while employees who have worked more than six years need eight weeks of notice.

Get in Touch With Globalization Partners

Globalization Partners will handle all the intricacies of your expansion, so you can handle running your company. [Contact us today](#) to learn more about Cyprus payroll outsourcing.