

International Comparative Legal Guides



Practical cross-border insights into digital business law

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1 E-Commerce Regulation

1.1 What are the key e-commerce legal requirements that apply to B2B e-commerce in your jurisdiction (and which do not apply to non-e-commerce business)? Please include any requirements to register, as well as a summary of legal obligations specific to B2B e-commerce.

The key e-commerce legislation in Cyprus that applies both to B2B and B2C transactions is the Law on Certain Legal Aspects of Information Society Services in Particular Electronic Commerce and Associated Matters of 2004, as amended (Law 97(I)/2007 (“**Electronic Commerce Law**”). The Electronic Commerce Law implemented Directive 2000/31/EC of the European Parliament and of the Council, based on EU Directive (2000/31/EC) on certain legal aspects of information society services, in particular e-commerce in the internal market.

The key e-commerce legal requirements that apply to B2B are general information requirements and pre-contractual information requirements. Additionally, commercial communications must be clearly identified, and electronic contracting should indeed be allowed.

There are no requirements to register, according to Article 7 of the Electronic Commerce Law; the taking up and pursuit of the activity of an information society service provider may not be made subject to prior authorisation before starting any activities.

The law does not apply in the following instances:

- the field of taxation;
- questions relating to information society services covered by the provisions of the Processing of Personal Data (Protection of the Individual) Law of 2001 and the Regulation of Telecommunications and Postal Services Law of 2002 as amended or superseded on each occasion;
- questions relating to agreements on concerted practices that fragment the market or fix prices, or to other practices governed by the Protection of Competition Law of 1987 as amended or replaced on each occasion; and
- the following activities of information society services:
 1. the activities of professions directly and specifically connected with the exercise of public authority;
 2. the representation of a client and defence of his interests before the courts; and
 3. gambling activities.

From the provisions of the Electronic Commerce Law, there are legal obligations in B2B e-commerce to provide information (disclosure requirements). In order to protect consumers, the Electronic Commerce Law states that specific information about the service provider should be disclosed to the recipient of the

information when conducting business electronically. Such information includes disclosure of the name of the service provider and their contact details (including email addresses and others), the physical address at which the service provider is established, whether the service provider is registered in a trade or similar public register, the trade register in which the service provider is entered and the registration number or equivalent means of identification in that register, where the activity is subject to an authorisation scheme and the particulars of the relevant supervisory authority. Furthermore, where the service provider undertakes an activity that is subject to value-added tax (“**VAT**”), the identification number on VAT must be disclosed as well.

From the provisions of Law 156(I)/2004, it arises that commercial communication must comply with the following conditions:

1. A service provider is obliged to ensure that any commercial communication provided is clearly identifiable as commercial communication and identifies the natural or legal person on whose behalf it is made.
2. Furthermore, any promotional offers and the conditions, which must be met to qualify for the offers, must be identified and presented clearly and unambiguously. In the same way, any unsolicited commercial communications sent by email must be clearly identifiable as such as soon as they are received.
3. Specific information must be disclosed by the service provider to the contract party, if a contract is to be concluded via electronic means.
4. Where the service provider’s terms and conditions are applicable, they must be made available to the contract party in a way that will allow the contract party to store and reproduce them.
5. If an order is placed with the service provider, the order must be acknowledged without undue delay and by electronic means.

There are circumstances where the above requirements do not apply. Some of the requirements can also be omitted on a B2B basis if the participants agree.

1.2 What are the key e-commerce legal requirements that apply to B2C e-commerce in your jurisdiction (and which do not apply to non-e-commerce business)? Please include any requirements to register, as well as a summary of legal obligations specific to B2C e-commerce.

In relation to e-commerce, Cyprus law has conformed with EU standards by passing the following legislation:

1. Electronic Commerce and Associated Matters Law 156(I)/2004, amended by Law 97(I)/2007 (the Electronic Commerce Law);

2. the Law providing for the Protection of Natural Persons with regard to the Processing of Personal Data and for the Free Movement of such Data (125(I)/2018) (the Data Protection Law);
3. Law on Conclusion of Distance Contracts 14(I)/2000, amended by Laws 237(I)/2004, 93(I)/2007, 16(I)/2008, 125(I)/2009 and 133(I)/2013;
4. Legal Framework for Electronic Signatures and Associated Matters Law 188(I)/2004; and
5. the Regulation of Electronic Communications and Postal Services Law, last amended by Laws 76(I)/2017 and 90(I)/2020. The Electronic Commerce Law has a broader scope, covering many aspects of e-business encompassing both B2B and B2C. Therefore, the legal requirements and obligations are those that are mentioned in question 1.1 above.

Other legal obligations specific to B2C is that businesses shall comply with the Data Protection Law; businesses under the Data Protection Law are obliged to provide a privacy policy in which they explain how they handle all consumers' personal data. Such personal data received from the participants by electronic means should be processed fairly and lawfully, collected for specified, explicit and legitimate purposes and not further processed in a way that is incompatible with those purposes. It must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or further processed. It must be accurate and, where necessary, kept up to date, and it must be kept in a form that permits identification of data subjects (participants) for no longer than is necessary and for the purposes for which the data were collected or processed.

Furthermore, businesses have obligations to provide consumers with at least the following information: the identity of the controller/their representatives; the purposes of processing of data; information about the recipients or categories of recipients of the data; the rights of the data subjects (individuals to whom the data relates); and more.

Additionally, the Law on Distance Selling Contracts obliges businesses to provide to the consumer clear information about goods and services before they buy. Confirmation should be made in writing and there is a right to withdraw from the contract and protection against credit card fraud. Furthermore, unless otherwise agreed by the parties, the business must fulfil the contract within 30 days from the next day on which the consumer placed the order.

1.3 Please explain briefly how the UK Online Safety Bill, the EU's Digital Services Act and Digital Markets Act or equivalent local legislation may affect digital business in your jurisdiction.

The Digital Services Act (“DSA”) was published in the EU Official Journal on 27 October 2022 and includes rules for online intermediary services and seeks to create more accountable online platforms for the content posted on them. Moreover, the DSA may considerably affect online platforms, since such platforms are obliged to implement measures to counter illegal goods, services or online content. There are new obligations on traceability of business users in online market places, to help identify sellers of illegal goods or reasonable efforts by online marketplaces to randomly check whether products or services have been identified as illegal in any official database. The Digital Markets Act (“DMA”) will put an end to unfair practices by companies that act as gatekeepers in the online platform economy. The DMA defines “gatekeepers” as digital platforms that provide an important gateway between business

users and consumers whose position can grant them the power to act as a private rulemaker, creating a bottleneck in the digital economy. To address these issues, the DMA defines a series of obligations prohibiting gatekeepers from engaging in certain behaviours. Additionally, the UK Online Safety Bill will make social media platforms legally responsible for keeping minors safe online by removing illegal content and/or preventing such content from appearing in the first place. The legislation will apply to platforms that host user-generated content, which covers social media services such as Twitter, TikTok and Facebook and search engines such as Google. Therefore, it will oblige tech companies to maintain a legal duty of care towards their users by protecting them from illegal content and activity, including certain types of adult material and fraud.

2 Data Protection

2.1 How has the domestic law been developed in your jurisdiction in the last year?

Since 25 May 2018, the principal data protection legislation in the EU has been Regulation (EU) 2016/679, the General Data Protection Regulation (“GDPR”). In Cyprus, a national law supplementing the GDPR was enacted in July 2018, namely the Data Protection Law.

2.2 What privacy challenges are organisations facing when it comes to fintech, retail, AI and digital health?

The main challenges that organisations are facing are protecting the right to privacy and complying with the GDPR, insofar as those companies are collecting, using and storing data. Such organisations need to comply with the fundamental principles of the GDPR, such as the principle of purpose of limitation (data to be collected for specified, explicit and legitimate purposes), the purpose of data minimisation (the information that is required has to be relevant for its purpose and limited to what is necessary), and more. For example, organisations also need to provide individuals with the rights and requirements deriving from the fairness principle, which refers, for example, to the need for organisations deploying AI applications to be aware of the implications that such deployment may have on individuals and their rights and freedoms, but also on communities and societal groups. Additionally, organisations must act in a way that promptly complies with the expectations of data subjects concerning the respect of their rights, especially when consent forms the legal ground of processing.

2.3 What support are the government and privacy regulators providing to organisations to facilitate the testing and development of fintech, retail, AI and digital health?

The government has developed and implemented data protection legislation with adequate and co-ordinated levels of enforcement, addressing the development of fintech, retail, AI and digital health in order to ensure equivalent and adequate levels of protection.

Additionally, Cyprus recognises that digital transformation, boosting investment in scientific research and innovative entrepreneurship enable the prospering of every citizen and company alike in a dynamic digital economy. In Cyprus, the Institute for Research and Innovation supports innovative projects and research, by providing funding opportunities and overseeing the

participation of research and innovation projects to domestic and international competitions. As of 1 March 2020, the Cyprus government has been operating a Deputy Ministry of Research, Innovation and Digital Policy, as part of the Ministry of Finance, which was established in order to promote, guide and develop the digital transformation of Cyprus, while facilitating the operation of start-up businesses and supporting the Institute for Research and Innovation.

3 Cybersecurity Framework

3.1 Please provide details of any cybersecurity frameworks applicable to e-commerce businesses.

The cybersecurity framework in Cyprus, which is also applicable to e-commerce businesses, aims for the protection of all critical infrastructures of the state and the operation of information and communication technologies to implement the necessary levels of security, for the benefit of every individual and the economy. The National Cybersecurity strategy provides for a systematic approach to cybersecurity awareness, the implementation of which is co-ordinated by the Commissioner's Office of Electronic Communications and Postal Regulation. The government also supports activities in Cyprus via higher education institutions in the areas of network and information security. Further efforts have been made to enhance awareness of risks and threats and to protect personal information online. Consequently, the country has adopted a strong and fundamental legal and regulatory framework addressing cybersecurity and protecting the rights of individuals and organisations in the digital environment.

3.2 Please provide details of other cybersecurity legislation in your jurisdiction. If there is any, how is that enforced?

Comprehensive legislation protecting consumers from online business malpractice has been adopted and is enforced through the Electronic Commerce Law (156(I)/2004), amended by Law 97(I)/2007. A lead agency responsible for the protection of online consumers, the Consumer Protection Service, has been designated, which is a sub-division of the Ministry of Energy, Commerce and Industry. The main objective of the Service is the protection of consumers' safety and economic interests. This is achieved through effective enforcement, improved monitoring of consumer markets and constant education of consumers. Overall, the country follows international and EU practices and takes part in many EU meetings on amendments to required legislation. Additionally, Cyprus has implemented the Directive on Security of Network and Information Systems ("NIS Directive"). To achieve full implementation of the NIS Directive, the Digital Security Authority was formed. Cyprus is also obliged to boost its capabilities in the area of cybersecurity (National Competent Authority, National CSIRT, etc.) so as to co-operate with necessary stakeholders on a national and European level and, at the same time, manage cyberspace risks in a structured way and impose incident notification requirements on relevant entities. Contrary to the NIS Directive, as stated in question 2.1, Cyprus has enacted the Data Protection Law and established the Commissioner's Office in Nicosia, which is an independent administrative authority that deals solely with the protection of personal information relating to an individual against unauthorised and illegal collection recording and further use by imposing fines on those that do not comply.

4 Cultural Norms

4.1 What are consumers' attitudes towards e-commerce in your jurisdiction? Do consumers embrace e-commerce and new technologies or does a more cash-friendly consumer attitude still prevail?

In Cyprus, there has been an increased development and use of e-commerce in recent years. It is mainly younger consumers who feel confident with e-commerce transactions and embrace new technologies. Both online shopping and cashless electronic payments are booming and are among the key drivers of the digital transformation taking place in our economy and society. The ease of making electronic payments is disrupting many aspects of traditional consumer shopping behaviour, which is also increasingly driven by widespread use of mobile devices and apps.

However, sales in Cyprus still predominantly take place offline and a more cash-friendly consumer attitude still prevails in certain transactions. However, the opportunities that e-commerce and cashless transactions afford in terms of convenience, efficiency and affordability will help them gain further ground in the years to come; their popularity among younger generations and strong EU-level policy support for digital transformation are also helping boost their prospects.

4.2 Do any particular payment methods offer any cultural challenges within your jurisdiction? For example, is there a debit card culture, a direct debit culture, a cash on delivery-type culture?

There are no particular payment methods that offer a cultural challenge; however, this can be clearly shown and will differ based on each consumer's characteristics (age, profession, etc.).

4.3 Do home state retailer websites/e-commerce platforms perform better in other jurisdictions? If so, why?

As stated in question 4.1, Cyprus e-commerce platforms continue to evolve along with the internet and the development of legislation in that area.

4.4 Do e-commerce firms in your jurisdiction overcome language barriers to successfully sell products/services in other jurisdictions? If so, how and which markets do they typically target and what languages do e-commerce platforms support?

E-commerce in Cyprus has overcome language barriers by developing translation and localisation services that assist with the adaption of a website to a foreign local market. The main target is EU markets and the language of preference for e-commerce activities is Greek, which is the native language for locals. English is also widely used and spoken by almost all consumers.

4.5 Are there any particular web-interface design concepts that impact on consumers' interactivity? For example, presentation style, imagery, logos, currencies supported, icons, graphical components, colours, language, flags, sounds, metaphors, etc.

There are no particular web-interface design concepts that influence consumers' interactivity. However, it goes without saying

that the more established the organisation is, the more trust the consumer will have in it, and hence will be more willing to enter into a transaction.

4.6 Has the COVID-19 pandemic had any lasting impact on these cultural norms?

E-commerce has indeed been affected by the COVID-19 pandemic. Temporary lockdown measures imposed on the majority of retail and trade organisations, along with social distancing measures, changed the landscape of how businesses operate. The majority of retailers were not prepared for such a disruption to their operations. A significant number of companies in Cyprus have developed an online presence and set up payment procedures through websites and applications in order to remain abreast with technology and stay up to date with their competition. As a result, and due to the pandemic, companies invest more in online channels for business continuity reasons as well as to benefit from the change in consumer behaviour as Cypriot consumers are embracing e-commerce.

Consequently, the pandemic has accelerated the adoption of e-commerce, as it has changed behaviour towards online channels. Such shifts will likely remain after the pandemic.

5 Brand Enforcement Online

5.1 What is the process for online brand enforcement in your jurisdiction?

The first step to enabling brand enforcement and protection is to register its intellectual property (“IP”). Where the rights established by the registration of a trademark are infringed, the proprietor of the trademark may use alternative dispute resolution procedures or file a court action before the District Court against the infringer.

5.2 Are there any restrictions that have an impact on online brand enforcement in your jurisdiction?

There are no such restrictions.

6 Data Centres and Cloud Location

6.1 What are the legal considerations and risks in your jurisdiction when contracting with third party-owned data centres or cloud providers?

When contracting with third party-owned data centres or Cloud Service Providers (“CSPs”), there are indeed various privacy considerations. The Data Protection Law applies to data centres and CSPs in the same way as any other technology where personal data is concerned and collected. The main issue when an organisation uses a CSP to store or process personal data is that the organisation needs to confirm the location of the data centres where such personal data is being kept. Many CSPs use several firms located in different countries and are likely to qualify as international organisations; therefore, it must be ensured that appropriate safeguards are in place to protect personal data and avoid any security risks and/or breaches.

Additionally, as cloud services may transmit data to third-country controllers, they will have to meet the usual requirements of the GDPR with regard to international data transfers.

This includes having a legitimate reason for the transfer, asserting data principles, applying appropriate controls or measures to protect personal data and informing the data subjects of the transfer of their personal data.

6.2 Are there any requirements in your jurisdiction for servers/data centres to be located in that jurisdiction?

No, there are no such requirements.

7 Trade and Customs

7.1 What, if any, are the technologies being adopted by private enterprises and government border agencies to digitalise international (cross-border) trade in your jurisdiction?

Cyprus has an advanced communications infrastructure in place to support businesses, and constant efforts are being made to upgrade, expand and fully digitalise international trade.

New generation products are adopted by both private enterprises and the government; Cyprus technology is constantly being reinforced by high-end mobile networks, advanced satellite systems, fixed broadband via fibre connections, and more. The country has dedicated fibre links to major international Points of Presence and Connectivity, ensuring that all the right connections are in place.

The government is focused on creating a more efficient communications landscape and is promoting a digital economy, developing more secure and efficient global communications and launching incentives to digitalise international (cross-border) trade. Cross-border co-operation has been facilitated by the creation of infrastructure, including information and communication technology infrastructure, high-speed international connectivity, cables, platforms, devices and telecom services in order to ensure efficient connectivity among country systems to enable information flow.

Additionally, the adoption of electronic documents systems, which involves the recognition of electronic signatures, is another measure that enables international trade.

Consequently, with its current infrastructure and the commitment of the government to invest in the technological landscape, the country will boost its competitiveness to a digital future. Therefore, substantial growth in this sector is expected in the coming years.

7.2 What do you consider are the significant barriers to successful adoption of digital technologies for trade facilitation and how might these be addressed going forward?

A main barrier that affects the adoption of digital technologies is access to and use of digital networks. Issues range from matters such as the quality of physical infrastructure to regulatory matters. Connectivity is a significant constraint for the adoption of digital technologies; the physical infrastructure, or the cables and wires that underpin the transfer of information between countries, underpins digital connectivity.

Co-ordination in and among countries also remains a problem, even where infrastructure exists. Therefore, the constant development of the information and communication technology infrastructure can unlock those barriers. Regional systems might also assist in the smoothing out of the transit

process. Furthermore, regulatory differences between countries also remain. Principles of market openness enshrined in trade agreements may assist countries' approach to digital trade.

Consequently, market openness is essential for digital trade and needs to be approached by taking into consideration the full range of measures that may affect any particular transaction. If logistics services costs in the receiving (or delivering) country are high due to service trade restrictions, or if goods are held up at the border by cumbersome procedures, then the benefits of digital trade may not be facilitated.

A holistic approach to market openness also means going beyond the issues that traditionally concern trade policymakers to understand how they interact with other policy domains such as infrastructure, innovation, skills and connectivity. New technologies are often made available through international trade and access to global markets for both inputs and outputs; this is indeed essential for scaling production and increasing competition. This should be possible for all businesses with the skills and capability to adapt to new data-driven solutions. Successful businesses in the digital age embrace both new technologies and access to global markets. Trade policy needs to be seen in the context of a range of other policies, which are also significant for the shared benefits of digital adoption to materialise.

Additionally, in order to successfully adopt trade facilitation and overcome such barriers, the House of Representatives has passed by majority a law establishing the Deputy Ministry of Research, Innovation and Digital Policy. Further information can be found in question 2.3.

8 Tax Treatment for Digital Businesses

8.1 Please give a brief description of any tax incentives of particular relevance to digital businesses in your jurisdiction. These could include investment reliefs, research and development credits and/or beneficial tax rules relating to intellectual property.

Cyprus introduced a flexible tax regime and has one of the lowest and most favourable tax systems in the EU and globally, making it attractive to foreign and local investors to base their businesses in Cyprus.

A new amended Income Tax Law (118(I)/2002) was introduced in order to create attractive incentives through tax relief to individuals who invest in innovative businesses, including start-ups. In 2016, the Income Tax Law was amended through Article 9A and was introduced in order to enhance access to finance for new innovative businesses, which face many difficulties in accessing bank lending due to the high risk of operations.

In order to be eligible to benefit from the scheme, investors must be physical persons and independent investors, investing either directly or through an investment fund or through an alternative trading platform, in innovative small and medium-sized enterprises ("SMEs").

Tax exemptions are subject to the following provisions:

1. The amount of deductible taxable income may not exceed 50% of the taxable income of that person during the tax year in which the investment is made.
2. The discount, insofar as it is not granted due to the above restriction, may be carried forward and granted for the next five years, subject to the above percentage limitation. Additionally, the deductible amount may not exceed the amount of €150,000 per year.

Cyprus also introduced a new Cyprus IP box regime that allows for a deductible notional expense, calculated as 80% of the qualifying profits earned from qualifying intangible assets.

Qualifying intangible assets are:

1. patents;
2. computer software;
3. utility models, IP assets that provide protection to plants and genetic material, orphan drug designations, extensions of patent protection; and
4. other IP assets that are non-obvious, useful, and novel, that are certified as such by a designated authority in Cyprus or abroad, and where the taxpayer fulfils size criteria, annual IP-related revenue does not exceed €7.5 million for the taxpayer, and group total annual revenue does not exceed €50 million, using a five-year average for both calculations.

Qualifying intangible assets do not include business names, trademarks, brands or other marketing-related IP.

Qualifying profits include, *inter alia*:

1. royalties or other amounts resulting from the use of qualifying intangible assets;
2. licence income for the exploitation of intangible assets;
3. amounts derived from insurance or compensation in relation to the qualifying intangible assets;
4. trading income from the sale of qualifying intangible assets excluding capital gains, which are not subject to taxation in Cyprus; and
5. IP income embedded in the sale of services, products, or from the use of procedures directly related to the assets.

8.2 What areas or points of tax law do you think are most likely to lead to disputes between digital businesses and the tax authorities, either domestically or cross-border?

One of the main areas that may lead to disputes is the determination of the accountable tax jurisdiction, with many sellers avoiding registration in third countries where they trade through platforms. This most likely makes tax enforcement, collection and identification of business tax functions (individuals and systems required and the use of financial data) difficult, especially with regard to cross-border trade in services and intangible assets.

9 Employment Law Implications for an Agile Workforce

9.1 What legal and practical considerations should businesses take into account when deciding on the best way of resourcing work in your jurisdiction? In particular, please describe the advantages and disadvantages of the available employment status models.

According to Cyprus law, an employee is any person who works for another individual/company under an employment or training contract or under conditions where an employment relationship can be inferred between an employer and an employee.

Based on the above, any person who does not work full-time for another person on the basis of a contract and/or employment and/or training, or under conditions where an employment relationship may be inferred between an employer and an employee, is considered either self-employed, freelance or an independent contractor.

Different benefits and/or advantages are provided to employees, such as the fact that the employer is responsible for actions performed by the employee during their employment, and that the employer is responsible for providing a secure work system to the employee in order for any work to be performed.

However, outsourcing work to specialised individuals or organisations (acting as consultants) might shift the responsibility, either legal and/or professional, to them. It is understood

that such terms should be clearly reflected in any agreements signed between businesses and said consultants. Furthermore, both resourcing work to employees and outsourcing work to contractors come with their own cost advantages, depending on the nature of the work. Therefore, on some occasions, the employer must weigh the advantages and disadvantages based on the overall experience of the above parties and consider whether either party has the necessary tools, equipment and expertise to finalise any work.

9.2 Are there any specific regulations in place in your jurisdiction relating to carrying out work away from an organisation's physical premises?

There is no specific regulation in place; however, if it is either orally or contractually agreed between the employer and employee, and for whatever reason, work can be carried out away from an organisation's physical premises considering that all other measures (i.e. data protection) have been accounted for.

9.3 What long-term effects or changes are likely to result from the COVID-19 pandemic?

As in other EU countries, employers in Cyprus had to adapt to a new working environment and conditions due to the COVID-19 pandemic. The negative impact on the Cypriot economy was fundamental. Because of the strict lockdown imposed, the majority of employers had to move to remote working, where possible, in an effort to maintain social distancing. The majority of employees had to work from home and combine work with personal and home life. Due to the pandemic, physical meetings were replaced by telework and video conferencing. Employers also implemented a shift rotation system and more flexible-working arrangements.

Employers, who are obliged by law to provide employees with a safe and healthy working environment, took additional measures to prevent the spread of COVID-19 as regards employees that had to physically work at their workplace.

The COVID-19 crisis is so profound that it will not only radically affect labour markets in the short and medium terms, but it may also substantially change the way that work is organised in general. The adjustment to new working conditions demonstrates that remote working can form a key positive part of a new working culture in Cyprus that will likely remain in place.

Furthermore, employees and employers will most likely benefit from the extensive use of technology, software, telework applications and other means that were not being used before.

10 Top 'Flags' for Doing Business as a Digital Business in Different Jurisdictions

10.1 What are the key legal barriers faced by a digital business operating in your jurisdiction?

There are no legal barriers for now.

10.2 Are there any notable advantages for a digital business operating in your jurisdiction?

Cyprus is an EU Member State that is fully compliant with all international guidelines and regulations. Furthermore, it offers a tax system that is attractive, practical, efficient, stable and tested (whether for holding, financing, IP, services or trading

activities). Its legal system is based on Common Law and Principles of Equity (which is easily understood and preferred) and, most importantly, Cyprus has all the necessary infrastructure to accommodate any necessary level of business substance, with a comparative cost advantage when compared with other prime EU jurisdictions.

For further tax-related advantages and general incentives, see questions 7.1 and 8.1.

10.3 What are the key areas of focus by the regulator in your territory in respect of those operating digital business in your territory?

The key areas of focus by the regulators are employment matters, competition law, consumer and data protection, as well as IP matters (the focus is on the portability of data over platforms, the exceptions to IP such as copyright law, text and data mining, trade secrets, and more).

11 Online Payments

11.1 What regulations, if any, apply to the online payment sector in your jurisdiction?

Cyprus conveyed the Payment Services Directive (EU) 2015/2366 and implemented it through the Payment Services Law (31(I)/2018) and the Electronic Money Law of 2012, which provides for the development of innovative online and mobile payments, more secure payments and enhanced consumer protection. Therefore, in accordance with such laws, payments and electronic money services may only be provided within Cyprus.

11.2 What are the key legal issues for online payment providers in your jurisdiction to consider?

In order for Payment Service Providers ("PSPs") such as Credit Institutions ("CIs"), Payment Institutions ("PIs") or Electronic Money Institutions ("EMIs") to be fully operational, authorisation and a permit must be granted by the Central Bank of Cyprus. The key legal issues for online payment providers are that they need to be able to block any possible fraudulent activity and secure electronic transactions by having strong security methods and measures in place so as to protect consumer data. Additionally, PSPs need to have in place a complaints procedure for consumers, which can be used before seeking out-of-court redress or before launching any court proceedings. Such payment providers are obliged to respond, in writing, to any complaint within 15 business days.

12 Digital and the Green Economy

12.1 With the current global emphasis on the environment and sustainability, is there any current or anticipated legislation in that area that is likely to impact digital business in your jurisdiction?

Currently there is Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.

The Cyprus Recovery and Resilience Plan ("RRP") was submitted to the European Commission in May 2021 and its positive assessment was approved by the Council of the EU in July 2021. The RRP will support climate objectives and digital

transition and aims to strengthen the economy's resilience and the country's potential for economically, socially and environmentally sustainable lasting development and welfare.

Cyprus' RPF plan supports the digital transition. Investments and reforms support connectivity by enhancing access to communication infrastructure and supporting an inclusive digital transformation. It will also be investing €133 million in the digitalisation of public services, as the plan includes the development of a secure, integrated and modern digital architecture for the transition of digital public services. The plan also promotes digital education and skills, in particular by upgrading digital infrastructure and tools in schools and providing teachers with digital training. It also enables the transition to digital health through the modernising of the National Health System's IT systems and the development of cross-border e-health services.

12.2 Are there any incentives for digital businesses to become 'greener'?

The Recovery and Sustainability Plan includes measures to support the achievement of climate change objectives for an amount representing 41% of the total plan allocation (€491 million from €1.2 billion) based on climate monitoring methodology. The implementation of the strategy was expected to start in January 2022.

The new plan provides tax incentives and corrects some distortions in labour issues and the immigration regime. Additionally, a Business Facilitation Unit will be established, which will act as the contact point for all companies of international interest, whether operating or intending to operate in Cyprus, as well as for specific sectors of economic activity such as Cypriot shipping companies, high-tech or innovation companies, pharmaceutical companies, and companies active in the fields of biogenetics and biotechnology.

This Unit will facilitate the issuance of work permits for highly qualified third-country employees, with a minimum gross monthly salary of €2,500, while also requiring a university degree, equivalent qualifications or certificates of relevant experience.

The maximum work permits for third-country nationals per company is set at 70% of all employees over a period of five years. The permits will be issued within one month and will last up to three years, while employees' spouses will also have access to the country's labour market.

Cyprus will also grant the so-called "Digital Nomad Visa" for people who wish to live in Cyprus but work in companies operating abroad. Beneficiaries will be third-country nationals who work remotely using information and communication technologies for employers and clients outside Cyprus. The visa will be granted for a period of 12 months, with the right to renew it for a further two years. The beneficiaries must have a salary of at least €3,500 per month, medical coverage and a clear criminal record in their country of residence.

According to the strategy, the tax exemptions that apply to high-skilled foreign employees in Cyprus is extended for a period of 17 years. The existing tax exemption is also being extended to cover new residents/employees with a yearly salary from employment of €55,000 or more with a 50% tax exemption.

Existing employees have the opportunity to extend the benefit from 10 to 17 years. Potential beneficiaries are persons with an income of €55,000–100,000. These tax incentives also apply to Cypriots who have lived abroad for at least 10 years and wish to repatriate to the Republic of Cyprus.

At the same time, employees of these companies will have the right to submit an application for naturalisation after five years of residence and work in the Republic, or after four years if they have a recognised certificate of very good knowledge of the Greek language.

12.3 What do you see as the environmental and sustainability challenges facing digital businesses?

Developments in digital technologies provide improvements to the environment, human health, and the whole food chain. Consequently, there is a need for more comprehensive studies to understand the impacts of digital transformation in various aspects that are currently ignored in the literature, such as the impact on corporate social responsibility and sustainability as regards the environment. The protection of the environment against pollution and the degradation of resources remains a crucial challenge and requires more digital transformation attention.

It is crucial for government sustainability incentives that everyone shares the burden. Businesses can, however, both lessen negative impacts and gain funding and tax benefits by adopting compliant strategies and practices. This means getting to grips with new environmental legislation, regulation and initiatives wherever they do business, and putting in place processes and procedures that enable them to keep informed as these evolve and change in the months and years ahead.



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E & G Economides LLC, based in Limassol, specialises in Corporate & Commercial, Mergers & Acquisitions, Banking & Finance and Capital Markets work. Litigation, Immigration, Real Estate, Financial Services, Data Protection, IP & Privacy and Private Client matters are also offered. The firm has continued to grow and expand its areas of practice with the support of an active network of global associates with longstanding ties to the corporate and financial communities.

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Clients' interests often have a global focus and the firm is frequently mandated to co-operate with international law firms on multijurisdictional

projects and other cross-border engagements. Such assignments have been pivotal in yielding a globally minded perspective and have brought the firm in close co-operation with international law firms.

E & G Economides LLC is also ranked in prestigious professional and legal directories internationally.

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