

Labour & Social Insurance

The Ministry of Labour, Welfare and Social Insurance (www.mlsi.gov.cy) is responsible for the promotion of social justice within a free democratic system based on the pillars of social cohesion and social inclusion and the maintenance and continuous improvement of the standard of living and the quality of life of the working population and society in general.

Labour legislation

All companies operating in Cyprus are obliged to adhere to the employment legislation of Cyprus. Detailed information on labour laws and regulations can be found on the website of the Ministry of Labour, Welfare and Social Insurance at www.mlsi.gov.cy

Minimum salary

The minimum salary in Cyprus starts at €870 per month for shop assistants, nurse's assistants, clerks, hairdressers and nursery assistants and rises to €924 after six months' employment.

Working hours

The maximum weekly hours of work are 48 hours, including overtime. The normal pattern of working hours in Cyprus is 40 hours per week. Additionally, the employee is 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 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.

Annual holiday

According to the type of work schedule, employees are entitled to annual holiday leave of a minimum of 20 days, when working on a 5-day week basis, (or 21 days if the company is exempted from the 8% Holiday Fund Contribution), or minimum 24 days when working on a 6-day week basis, (or 25 days if the company is exempted from the 8% Holiday Fund Contribution).

Public holidays

The following days are public holidays:

- 1 January (New Year's Day)
- 6 January (Epiphany)
- Green Monday (movable date)
- 25 March (National Day)
- 1 April (1955-1959 EOKA National Day)
- Good Friday (movable date)
- Easter Monday (movable date)
- 1 May (Labour Day)
- Whit Monday (movable date)
- 15 August (Assumption Day)
- 1 October (Independence Day)
- 28 October (WWII National Day)
- 24 December (Christmas Eve)
- 25 December (Christmas)
- 26 December (Boxing Day)

Social Security System

The social security system provides for several benefits, such as maternity allowance, sickness benefit, unemployment benefit, old-age pension, invalidity pension, widows' pension, orphans' benefit, benefits for employment accidents and occupational diseases. Cyprus has concluded social security bilateral agreements with the United Kingdom, Greece, Egypt, Canada, Quebec, Australia, Austria, Slovakia, Swiss Confederation, Czech Republic, Netherlands, Bulgaria, Serbia and Syria. The bilateral agreements that Cyprus has concluded with member states of the EU have been replaced by the EU Regulations 883/04 and 987/09, which coordinate the social security systems of the member states.

Social insurance contributions are made by any individual employed or self-employed in Cyprus.

An employer also makes contributions for his/her employees. The relevant rates are applied on the weekly wages or monthly salaries received and are subject to certain upper limits. The Social Security contributions of employees are withheld by the employer from the monthly salary paid to employees. These contributions along with the employer contributions should be paid no later than the end of the calendar month following the month that the salaries relate to.

Employers and employees contribute 7,8% each to the Social Insurance Fund. The rate of 7,8% applies up to 31 December 2018.

The rate of Social insurance contributions is applied to a maximum level of emoluments. The maximum level of emoluments for 2017 (as with 2016 and 2015) is €54.396 (weekly €1.046/monthly €4.533).

The employer makes the following other contributions based on employee's emoluments: social cohesion fund 2,0%, redundancy fund 1,2%, industrial training fund 0,5%, holiday fund (if not exempt) 8,0%. Employers may be exempted from the 8% Holiday Fund Contribution provided they meet certain criteria.

The amount of contributions made by an employer to the Social Cohesion Fund is calculated on the total emoluments with no upper limit. The amount of contributions made by an employer to all other funds is restricted to the maximum level of emoluments as with the social insurance contributions.

The contributions of self-employed persons are 14,6% of their income. The amount of the contributions is subject to a lower and a maximum limit, depending on the profession or trade of the self-employed person. These limits are set on an annual basis. The Social Security contributions of self-employed individuals are paid quarterly.

Sick leave is paid by the Department of Social Insurance. The benefit starts from the 4th day of absence from work due to illness and in the case of a self-employed person on the 10th day of absence from work. The level of the benefit is based on the average weekly earnings on which contributions were made in the previous contribution year under the social insurance scheme.

Many employers sponsor a Provident Fund scheme for their employees, similar to a pension plan. The basic principle of a provident fund is that both the employer and the employee contribute a specific percentage of the employee's monthly gross salary to the fund. It is not compulsory to operate such funds, but once formed a fund is regulated by legislation and the office of the Commissioner of Provident Funds.