

# Cyprus

**Thanasis Korfiotis**

**Loizos Papacharalambous**

**Loucas Koushos**

**Georgia Charalambous**

**Koushos Korfiotis Papacharalambous LLC**

## **General employment and labour market and litigation trends**

Recent Labour Force Survey reporting shows rising employment, with services dominating employment. Temporary contracts have also increased (reported at 14.8% of employees in Q4 2025) and part-time work remains a notable group of the workforce. Further, indicators point to a tight market with elevated vacancies and skills shortages (notably in tourism, trade, ICT and arts) and continued reliance on non-Cypriot labour supply. Employment litigation remains structurally anchored in termination and payment-related disputes before the Industrial Disputes Tribunal, with higher-value matters proceeding in the District Court. Lastly, the national minimum wage regime was updated in late 2025, and the maximum amount of insurable earnings for the purpose of calculating the contributions to the Social Insurance, Redundancy, Training and Development Fund for 2026 has also been increased. The “Cyprus digital nomad visa” scheme allows nationals from non-EU and non-EEA countries, who can perform their work location-independently using telecommunications technology, to reside temporarily in Cyprus and work for an employer registered abroad or perform work through telecommunications technology for companies or clients located abroad, in order to strengthen Cyprus as a centre for the provision of electronic services. The following are recent significant litigation developments:

1. the Cyprus Appeal Court in Civil Appeal no. 49/2019 decided last May that an employee's written undertaking of general wording, which refers to waiver of employee's rights, without explicit reference to waiving any right for compensation for unlawful dismissal does not create an obstacle for the employee in case he wishes to initiate proceedings against the former employer, claiming damages for unfair dismissal; and
2. the Cyprus Appeal Court in Civil Appeal nos 311/2022 and 333/2022 decided in June 2024 that an employment termination dispute against the employer remains within the Industrial Disputes Court jurisdiction even where the factual background involves resolution/administrative acts of public bodies that trigger the dismissal, since “dismissal” in the termination regime is conceptually tied to the employer–employee relationship rather than being attributed to a third-party authority.

## Redundancies/reductions in force, business transfers, and reorganisations

In a redundancy scenario, employers should ensure there is a genuine redundancy ground, apply fair selection criteria, consult and inform affected employees (and, where applicable, the competent authorities) and comply with statutory notice and severance/Redundancy Fund rules (Law 24/1967). Dismissals framed as “reorganisation” but lacking a real redundancy rationale may be challenged as unfair; the criterion for this assessment is objective and is not deemed satisfied only based on the employer’s subjective views. Where a transaction qualifies as a transfer of an undertaking (or part of it), employees assigned to the transferring entity typically move to the transferee automatically with continuity of service preserved, on existing terms and conditions, and dismissals connected to the transfer are generally prohibited unless justified by economic, technical or organisational reasons entailing changes in the workforce; both sides also have information/consultation duties (Law 104(I)/2000). In reorganisations that do not amount to a transfer covered by Law 104(I)/2000, employers should assess whether proposed changes to roles, working time, location or remuneration require consent and whether unilateral changes could amount to breach of contract or constructive dismissal, while also managing collective consultation and data/documentation so the business rationale, process fairness, and compliance record are clear.

## Business protections and restrictive covenants

Cyprus courts are generally cautious with post-termination restraints as restraints of trade and will scrutinise proportionality and legitimate business interest. Narrower clauses (confidentiality, non-solicitation, non-dealing and non-poach) tend to be more defensible than broad non-competes when tailored to the role, geography and market. Therefore, it is preferable for employers to rely on a layered approach combining express contractual confidentiality, robust policies and access controls, and enforcement of implied duties of fidelity during employment, with focus on:

1. defining protectable interests (trade secrets, client connections/goodwill, workforce stability);
2. inclusion of a right of garden leave in the employment agreements, to use as a practical alternative to a strict non-compete; and
3. link mid-employment restrictions with tangible consideration to employees (bonus, promotion and pay rise) to reduce enforceability arguments.

## Discrimination and retaliation protection

Under Cyprus employment law, anti-discrimination obligations in the workplace generally prohibit direct and indirect discrimination, harassment/sexual harassment, and discriminatory criteria across recruitment, pay/benefits, promotion, training, discipline and dismissal, requiring that any seemingly neutral practice with a disproportionate impact be objectively justified (Laws 58(I)/2004, 59(I)/2004, and 205(I)/2002). In disability-related cases, employers should also assess reasonable adjustments/accommodation and avoid practices that indirectly disadvantage persons with disabilities (Law 127(I)/2000). Retaliation (victimisation) is likewise prohibited – employees should not suffer any detriment because they complained of discrimination or supported/participated in proceedings – and Cyprus has also introduced explicit anti-retaliation safeguards in the context of workplace violence/harassment complaints under Law 42(I)/2025, as discussed below.

## Protection against dismissal

Employees are protected against termination of employment a) that relies on grounds that are not acceptable grounds for dismissal under the relevant law, or b) if the employer has failed to comply with natural justice and the principles of fairness in the procedure followed. Specifically, the termination of

employment by initiative of the employer is only lawful (i.e., the employer is not required to compensate the employee) if any of the grounds below are satisfied:

1. the employee fails to perform his work in a reasonably satisfactory manner, provided that temporary incapacity to work due to illness, injury, childbirth, or disease shall not be considered as falling within the scope of this paragraph;
2. the employee has become redundant within the meaning of Law 24/1967;
3. the termination is due to *force majeure*, war, civil unrest, natural disaster, or destruction of the premises by fire, not due to the deliberate action or negligence of the employer; and
4. the employment is terminated upon the expiry of a fixed-term contract, or because the employee has reached the normal retirement age based on custom, law, collective agreement, contract, labour rules, or otherwise, provided that, subject to the provisions of the Fixed-Term Employees (Prohibition of Unfair Treatment) Law, when the Arbitral Tribunal considers that any fixed-term contract or any series of fixed-term contracts should be considered, either separately or in combination, as a contract of indefinite duration, then such contract or such series of contracts shall be deemed not to constitute a fixed-term contract for the purposes of this paragraph.

Furthermore, the law includes a statutory minimum notice period to be given by both the employer and the employee, in case of dismissal/resignation. The employer is only entitled to terminate employment without giving the said notice where termination is justified due to:

1. conduct of the employee that makes it clear that the relationship between employer and employee cannot reasonably be expected to continue;
2. the serious misconduct of the employee in the performance of his duties;
3. commission of a criminal offence by the employee in the performance of his duties, without the express or tacit consent of his employer;
4. improper conduct of the employee during the performance of his duties; and
5. serious or repeated violation or disregard of work rules or other rules relating to employment.

As a general rule, the employer must follow a fair process proportionate to the reason of termination – typically involving investigation, warnings/opportunity to improve performance issues, and a right for the employee to be heard in conduct/performance dismissals, with good documentation. After the fair process has been concluded and the decision to terminate is taken, the employer must give written notice of termination, observing statutory minimum notice periods depending on length of service and what the employment terms provide. It is important to ensure that no restrictions in giving termination notice apply, most notably the restriction on giving notice to employees absent due to incapacity for work, which cannot be given up to 12 months plus one-quarter of the employee's absence period (subject to exceptions such as dismissal without notice for misconduct).

Therefore, the best practice that an employer shall follow in order to avoid successful allegations of unfair dismissal is to hold evidence of proper investigation of bad performance/improper behaviour by the relevant employee, send a notice presenting the allegations to the relevant employee giving them the opportunity to respond, carry out a proportionality analysis by assessing whether there are less strict options to be followed (other than termination), and issue a reasoned final decision.

## Statutory employment protection rights

The main categories of statutory employment protection rights are:

1. *Working time rules*: The Organisation of Working Time Laws lay down minimum safety and health requirements for the organisation of working time, including the below:

- a. every employee is entitled to a rest period of at least 11 consecutive hours per 24-hour period;
  - b. when the daily working time exceeds six hours, the employee is entitled to a break. The break period is a continuous period of at least 15 minutes, during which employees are entitled to leave their workplace. These breaks may not be granted consecutively with the start or end of the working day. Every employee is entitled to a minimum of 24 hours of uninterrupted rest per week;
  - c. working time per week may not exceed an average of 48 hours, including overtime. When calculating the average, periods of paid annual leave and periods of sick leave are not taken into account or are neutral. The reference period is four months. The above are not applicable if:
    - i. the employee consents to the provision of such work;
    - ii. the employee does not suffer any consequences if he or she refuses to perform such work;
    - iii. the employer keeps and updates a record of all employees who provide such work; or
    - iv. the records are made available to the competent authority, which is entitled to prohibit or restrict the possibility of exceeding the maximum weekly working time for reasons of safety and/or health of workers; and
  - d. upon request by the competent authority, the employer shall provide it with information on the consent of the employees.
2. *Annual leave entitlements:* The duration of leave for an employee, who has worked for at least 48 weeks within the leave year, is 20 working days in the case of an employee with a five-day working week and 24 working days in the case of an employee who has a six-day working week, provided that when an employee is entitled by law, custom, collective agreement, or otherwise to a period of leave longer than the days provided above, then the number of days in this longer period shall be offered to them, as long as the said law, custom, collective agreement or other remains in force. The following shall not be counted as days of annual leave:
- a. public holidays established by law, custom, or agreement;
  - b. the period of maternity leave and the period of paternity leave;
  - c. days of incapacity to work due to accident or illness;
  - d. days of strike or lockout;
  - e. any period for which notice of termination of employment has been given;
  - f. parental leave and leave for reasons of *force majeure*; and
  - g. care leave.
3. *Health and Safety:* Protection of both physical and mental health is safeguarded via laws requiring the employers to have in place relevant checks and balances. Specifically, and without limitation, every employer must:
- a. ensure the safety, health and well-being at work of all its employees. The employer should, among others, provide appropriate equipment, training and information to its employees and maintain their working environment to be safe and risk-free. Some of the obligations of the employer applicable to all workplaces, so far as it is reasonably practicable and to the extent the satisfaction of these obligations is required due to the characteristics of the workplace or activity, include, among other maintenance of adequate ventilation and temperature, sufficient and suitable lighting whether natural or artificial, an adequate supply of drinking water and adequate means for enabling first aid to be administered if an injury is suffered at work, adequate means of fire or other escape using properly maintained doors that open outwards (Law 89(I)/1996); and

- b. protect its employees from any act by any person in the workplace that constitutes violence or harassment or from acts or behaviour resulting from the submission of a complaint or report or the repulsion of acts of violence or harassment in the workplace. Furthermore, the law aims to prevent and combat violence and harassment in the workplace through civil and/or criminal law and by establishing out-of-court procedures, and particularly to:
  - i. protect complainants, victims, and witnesses from victimisation or retaliation against them;
  - ii. protect the privacy and confidentiality of the persons involved to the extent possible and as appropriate, and to ensure that the requirements for confidentiality are not abused; and
  - iii. recognise the effects of domestic violence and, to the extent reasonably practicable, mitigating its impact on work (Law 42(I)/2025).

The practical implementation tools for compliance with the foregoing are the preparation of a Code of Conduct, reporting/handling mechanisms, appointment of designated trained persons, and explicit anti-retaliation plus domestic violence impact mitigation.

## Worker consultation, trade unions, and industrial action

Employers who engage at least 30 employees have a general duty to inform and consult with the employees' representatives (where triggered) on significant workplace changes (including, in practice, reorganisations and structural decisions) (Law 78(I)/2005). For large cross-border groups, the Law on the Establishment of European Works Councils adds a parallel layer of employee information/consultation at EU level (Law 106(I)/2011). In addition to the general duty of information and consultation, employers should ensure compliance with the specific statutory notification/collective process requirements where triggered, such as in case of group dismissals (Law 28(I)/2001) and transfer of undertaking, which result in transfer of employees to a new employer (Law 104(I)/2000).

Trade union engagement is central in practice because employees have a constitutional right to form/join unions and unions operate under the statutory registration framework. (Constitution of the Republic of Cyprus, Art. 21; Trade Unions Law, Cap. 117). In particular, industrial action in the form of a strike-off is a constitutionally recognised right, except for certain professions of national security, such as armed forces, the police and the gendarmerie, and if restriction is provided by law, the public service. The day-to-day management of industrial action is strongly shaped by agreed dispute-resolution procedures and norms, notably the Industrial Relations Code, which is a non-binding agreement between the Cyprus Employers and Industrialists Federation, two of the largest trade unions, and the Ministry of Labour and provides, among others, for the process to be followed before industrial action, and specifically strike-off, is initiated.

## Employee privacy

Employee privacy in Cyprus is mainly governed by the EU General Data Protection Regulation (GDPR) and Cyprus's implementing statute, 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, alongside constitutional protections for private life and communications (Regulation (EU) 2016/679; Law 125(I)/2018). Furthermore, the Constitution of the Republic of Cyprus, under Arts. 15 and 17, protects employee privacy as follows:

1. No interference is permitted in the exercise of the right to private life, except such as is in accordance with: the law and necessary only in the interests of the security of the Republic of Cyprus; the constitutional order; public safety, order, health, or morals; the protection of the rights and freedoms guaranteed to every person by the Constitution; the interests of transparency in public life; or the purpose of taking measures against corruption in public life.

2. Everyone has the right to respect and protect the confidentiality of their correspondence and all other communications, provided that such communications are conducted by means not prohibited by law and there shall be no interference with the exercise of this right, except where such interference is permitted by law in the following cases:
  - a. Persons who are in custody or in pre-trial detention.
  - b. Following a court order issued in accordance with the provisions of the law, at the request of the Attorney General of the Republic of Cyprus, and the interference is a measure that in a democratic society is necessary only in prevention and the interests of the security of the Republic, investigate or prosecute the following serious criminal offences:
    - i. premeditated murder or manslaughter;
    - ii. trafficking of adults or minors and offences related to child pornography;
    - iii. trafficking, supply, cultivation, or production of narcotic drugs, psychotropic substances, or dangerous drugs;
    - iv. offences related to the currency or banknotes of the Republic of Cyprus; and
    - v. corruption offences for which, upon conviction, a prison sentence of five years or more is provided.
3. Following a court order issued in accordance with the provisions of the law, for the investigation or prosecution of a serious criminal offence for which, in the event of conviction, a prison sentence of five years or more is given, and the intervention concerns access to electronic communications traffic and location data and related data necessary for the identification of the subscriber or user.

In employment practice, this means Human Resources and workplace monitoring (e.g., email/IT logs, CCTV, access control, background checks and biometrics) must have a clear lawful basis, be necessary and proportionate, be transparent via notices/policies, and follow data-minimisation, purpose-limitation, security and retention principles, while preserving employees' rights (access, objection, etc.) and ensuring special-category data (e.g., health) is handled under the stricter GDPR conditions. For CCTV specifically, employers should align deployments with the Commissioner's workplace guidance (security-focused use, limited coverage/retention, restricted access, and avoidance of intrusive monitoring of performance or private areas).

## Other recent developments in the field of employment and labour law

The recent developments in the field of employment and labour law in Cyprus relate to increased transparency of terms of employment, promotion of more flexible working terms and enhanced protection against harassment within the employment environment, as shown via the following:

1. *Digitalisation and documentary compliance (ERGANI)*: At the start of 2025, employers were required to register essential terms of employment through the ERGANI Information System.
2. *Private sector telework framework*: Telework in the private sector is permitted, as agreed between the employer and employee, and it is regulated by Law 120(I)/2023. Teleworking in the public sector is governed by Law 215(I)/2025, which entered into force on 2 April 2026. The main risk points towards employers, who agree to teleworking, relate to working time and availability, cost allocation/equipment, health and safety at home, and privacy/data protection where monitoring tools are deployed. It would be preferred for this increased risk to be mitigated via the introduction of relevant policies and potential employment agreement addendums.
3. *Workplace violence and harassment*: Law 42(I)/2025 strengthens prevention and response obligations, encouraging formal policies, reporting channels, investigation protocols, confidentiality safeguards and anti-retaliation measures.

4. *Whistleblowing and retaliation:* Law 6(I)/2022 (transposing Directive (EU) 2019/1937) provides protection against retaliation for protected reporting. The introduction of this Law triggers employers to assess the need for implementation of certain tools and potential adjustment of the relevant policies in order to ensure and monitor compliance with the aforesaid Law.
5. *Tax treatment:* Several tax-related changes were introduced last December, intending to make the tax system more efficient, affecting the taxation of employees, via, for example, increase of the tax-free threshold to €22,000 as applicable from 1 January 2026.

Furthermore, the Bill that intends to implement into Cyprus law the Directive (EU) 2023/970 (transposition deadline 7 June 2026), has been put under public consultation, which ended in December 2025. Employers shall monitor the enactment of the national law and ensure that all relevant steps are taken in order to prepare for compliance with the applicable local regime as soon as the law is published and entered into force.



### **Thanasis Korfiotis**

Tel: +357 226 645 55 / Email: tkorfiotis@kkplaw.com

Thanasis has been a Partner at Koushos Korfiotis Papacharalambous LLC since 2014 and acts as a legal consultant for financial institutions, including banks and insurance companies, for companies admitted to the Stock Exchange, and for public law organisations and governmental bodies in relation to Cyprus law matters, including employment law contentious and non-contentious issues. Thanasis also deals with cases before Courts of all layers and other quasi-judicial authorities.



### **Loizos Papacharalambous**

Tel: +357 226 645 55 / Email: loizosp@kkplaw.com

Loizos has been a Partner at Koushos Korfiotis Papacharalambous LLC since 2014 and acts as a legal consultant for financial institutions, including banks and insurance companies, for companies admitted to the Stock Exchange, and for public law organisations and governmental bodies in relation to Cyprus law matters, including employment law contentious and non-contentious issues. Loizos also deals with cases before Courts of all layers and other quasi-judicial authorities.



### **Loucas Koushos**

Tel: +357 226 645 55 / Email: lkoushos@kkplaw.com

Loucas has been a Partner at Koushos Korfiotis Papacharalambous LLC since 2014 and acts as a legal consultant for financial institutions, including banks and insurance companies, for companies admitted to the Stock Exchange, and for public law organisations and governmental bodies in relation to Cyprus law matters, including employment law contentious and non-contentious issues. Loucas also deals with cases before Courts of all layers and other quasi-judicial authorities.



### **Georgia Charalambous**

Tel: +357 226 645 55 / Email: gcharalambous@kkpaw.com

Georgia has been an Advocate at Koushos Korfiotis Papacharalambous LLC since 2016 and acts as a legal consultant for several public and private persons, advising on various legal aspects, including employment law queries.

## **Koushos Korfiotis Papacharalambous LLC**

20 Costis Palamas str., 'Aspelia' Court, 1096 Nicosia, Cyprus

Tel: +357 226 645 55 / URL: www.kkplaw.com