

4. Cyprus

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The statute regulating the entry and stay of most categories of short-term worker from third countries to the Republic of Cyprus (RoC or Cyprus) is the Aliens and Immigration Law [Cap. 105] (AIL). The Aliens and Immigration Law is based on the principle of equality and allows the same access to social protection as Cypriot nationals to third-country-national seasonal workers and intra-corporate transferees (ICTs). The residence of posted workers from EU countries is regulated by the Law on the Posting of Workers in the Context of the Provision of Services and Related Matters (Law 63(I)/2017), which implements Directives 96/71/EC and 2014/67/EU, while the Aliens and Immigration Law is silent on regulating workers posted directly from third countries. Cyprus' Social Insurance Scheme (SIS) administered by the Ministry of Labour, Welfare and Social Insurance, covers all employed or self-employed persons working on the island compulsorily. Apart from old-age benefits, SIS provides benefits including, among others, maternity, sickness, unemployment, and employment injury.

Box 1 Sector-specific variations of social security rules

There are no sector-specific variations of social security rules concerning third-country nationals working temporarily in Cyprus. Short-term third-country nationals have access to social security; however, for claiming non-contributory benefits, residence-related criteria apply, such as proving permanent residency or completing specific periods of residence.

Table 1.4 Overview of the relationship between form of migration and entitlement to a particular social security service

Immigration regime	Health insurance	Pension contributions	Unemployment insurance	Basic security (social assistance)	Insurance against accidents at work	Child benefits
Posted workers	If posted from EU countries, third-country nationals are covered by the country's health insurance system in which they worked before posting. If posted directly from a third country, then it depends on bilateral agreements	Usually, yes. It depends on the bilateral agreements between Cyprus and third countries	N/A	Usually, yes. It depends on bilateral agreements	Yes, if posted from an EU country. If not, then it depends on the countries' bilateral agreements	Only with 5 years of permanent residence
Intra-corporate transfers	Yes, but subject to conditions*	Yes	Yes	Yes	Yes	Only with 5 years of permanent residence
Seasonal workers	Yes	Yes	Yes	Yes	Yes	Only with 5 years of permanent residence
Temporary agency workers	N/A	Yes	Usually yes	Yes	Yes	Only with 5 years of permanent residence

Immigration regime	Health insurance	Pension contributions	Unemployment insurance	Basic security (social assistance)	Insurance against accidents at work	Child benefits
High-level professionals	Yes	Yes	Yes	Yes	Yes	Only with 5 years of permanent residence
Self-employed	No	Yes	Yes	Yes	N/A	Only with 5 years of permanent residence

Note: * Article 18διH(1)(c) Aliens and Immigration Law maintains that Article 3 of Regulation (EC) no. 883/2004 applies to intra-corporate transferees, unless the law of their country of origin applies pursuant to bilateral agreements or Cypriot law, ensuring that they are covered by the social security legislation of the country of origin and/or Cyprus.

Source: Author's analysis, 2022.

Box 2 Changes during the Covid-19 pandemic

Due to the long-term forced closure of businesses, mainly in the tourism, food, and hospitality industries, many third-country nationals lost their jobs. As a result, the government issued a series of support packages to businesses to continue operating and secure jobs. Under the measures a percentage of workers' pay was covered by the government, while businesses, to continue receiving governmental aid, were not permitted to dismiss their employees. However, although some third-country nationals managed to keep their jobs, many illegally or temporarily employed could not benefit from these programmes and were dismissed.

Description of the Cypriot system

1. Overview of social security rights of short-term third-country-national migrant workers

Cyprus' compulsory Social Insurance Scheme (SIS) covers all employed or self-employed persons working in Cyprus. SIS is financed by contributions payable by employees, self-employed, voluntarily insured persons and the state. The scheme provides cash benefits, including old age, maternity, sickness, unemployment and employment injury. The most important non-contributory benefit is the Guaranteed Minimum Income (GMI), introduced in 2014. GMI is a top-up, means-tested benefit ensuring that all legal residents enjoy a minimum acceptable standard of living.

Health insurance for some third-country-national worker categories is secured by the General Health System (GESY), which was implemented in June 2019. GESY is available only to third-country nationals with refugee or subsidiary protection status, dependents of refugees and persons with subsidiary protection status, those with a permanent residence permit, and those with the right to equal treatment in the social insurance sectors under the Aliens and Immigration Law. Therefore, the right to health care is secured for seasonal workers under Articles 18ΨH(1)(d). Intra-corporate transferees enjoy the right to equal health care, subject to conditions. Specifically, Article 18δ1ςH(1)(c) Aliens and Immigration Law maintains that Article 3 of Regulation (EC) no. 883/2004 applies in the case of intra-corporate transferees, unless the law of their country of origin applies under bilateral agreements or Cypriot law, ensuring that intra-corporate transferees are covered by the social security legislation of the country of origin and/or the Republic. In the case of third-country nationals posted from EU countries, the relevant EU directives apply. However, if third-country nationals are posted from third countries, then health insurance and other social assistance depend on the bilateral agreements between the Republic of Cyprus and third countries.

Access to contributory benefits depends on the applicant's accumulated social insurance contributions and does not depend on citizenship, type of residence permit or other migration conditions. Furthermore, the required minimum period of insurance is not particularly long, apart from old age pensions (Koutsampelas 2020: 106). Third-country-national seasonal workers' and Intra-Corporate Transferees' (ICTs) social protection rights are particularly mentioned in the Aliens and Immigration Law, which provides that, based on the principle of equality, the same level of social protection is offered as to Cypriot nationals.

There are some differences concerning non-contributory benefits between nationals and foreigners. However, the lack of disparities does not guarantee the equally effective use of the legal framework, as the welfare state relies on income-

based contributions, and there is a significant wage gap between nationals and third-country nationals.¹

Finally, child benefits given to all short-term third-country-national workers are means-tested and non-contributory, and are paid to all families with children permanently residing in Cyprus. The benefit ranges between €345 to €15,675 per child, depending on family structure and income. Notably, however, to be able to receive child benefits a person requires five years of permanent residency, which excludes newcomer third-country nationals.

2. Differences in social security rights of different categories of short-term third-country-national migrant workers

(i) Third-country-national seasonal workers

The Aliens and Immigration Law maintains that third-country-national seasonal workers can access social security branches as provided under Article 3 of Regulation (EC)883/2004. However, equal access to social security branches does not extend to family and unemployment benefits. Additionally, the Law states that seasonal workers or their successors residing in third countries and deriving rights from them should receive pensions to which they are entitled under their previous employment in the Republic, as laid down Article 3 of the Regulation, and in accordance with the same conditions and rates available to Cypriots when moving to a third country.

(ii) Third-country-national posted workers

The Aliens and Immigration Law also states that inter-corporate transferees enjoy equal treatment concerning the branches of social security defined in Article 3 of Regulation (EC)No 883/2004. The statute also provides, however, that unless the law of their country of origin applies under bilateral agreements or Cypriot law, inter-corporate transferees, in case of mobility within the EU, are covered by the social security legislation of their country of origin or the Republic.

Cyprus has concluded bilateral social security agreements with seven non-EU countries (the United Kingdom, Egypt, Canada, Australia, Switzerland, Serbia and Syria). These agreements aim to safeguard the principle of non-discrimination, enable the aggregation of insurance periods and residence between countries, facilitate the export of benefits covered by the agreements by eliminating any restrictions on payments, and avoid the payment of double contributions. The

1. For example, domestic workers' wages are not governed by collective agreements or the state minimum wage for specific professions. In 2017 it was €870 upon recruitment and €924 for employees completing six months of work for the same employer. A domestic worker's gross minimum wage is set at €460 and employers can deduct 10 per cent for accommodation and 15 per cent for food. Therefore, third-country-national domestic workers earn €309. (For more about domestic workers in Cyprus, see Pavlou 2016).

agreements typically cover contributory pensions and, in some instances, certain short-term contributory benefits (Koutsampelas 2020).

3. Conditions for obtaining different social security rights

Typically, entitlement to non-contributory benefits requires a minimum period of residence in the Republic. For instance, to obtain child benefit, which is a non-contributory benefit, third-country nationals must reside in the Republic legally and continuously for five years, whereas for migrants from the EU, EEA and Switzerland, aggregation periods are allowed. Importantly, child and single-parent benefits cover families whose children reside with them. Moreover, the guaranteed minimum income is available to third-country nationals only if they acquire long-term residence. Therefore, newcomers from third countries or third-country nationals on a temporary residence permit are excluded.

Before the implementation of the health-care reform in 2019, third-country nationals were excluded from the medical card scheme that was in place and had to bear the full financial costs of their treatment if they used public services. GESY, which is now in place, defines the third-country nationals who can access it. Those who can access the GESY are third-country nationals with refugee or subsidiary protection status, dependants of refugees and persons with a subsidiary protection status, those who have a permanent residence permit, and those who have the right to equal treatment in the social insurance sectors under the Aliens and Immigration Law. Other third-country-national groups, including asylum seekers, fall under the old health-care system that only allows health care in in-patient and out-patient departments of public hospitals, where there are difficulties in booking appointments and long queues.

Unemployment benefit is part of the SIS and is payable to involuntary unemployed persons aged between 16 and 63 legally residing in Cyprus. Self-employed people are excluded from the scheme. The benefit's duration is 156 working days for each period of employment interruption. Although there are no statutory differences between nationals and third-country-national short-term workers, third-country nationals need to obtain a temporary residence permit to receive unemployment benefits.

The Safety and Health Law 1996 (89(I)/1996) and its amendments apply to all third-country nationals, meaning that the authorities can investigate their accidents at work. Deportation of injured workers as a result of illegal status is suspended during such an investigation.

4. Portability of benefits between host country and country of origin

Contributory benefits are, in most cases, exportable, especially pensions. Restrictions apply to non-contributory benefits, however.

5. Social security rights of short-term third-country-national migrant workers during the Covid-19 pandemic

Because of the long-term forced closure of many businesses, a large number of third-country nationals lost their jobs, which interrupted their contributions to the SIS. A press release from Cyprus' Press and Information Office dated 21 April 2020 stated that the provision of unemployment benefits had been impacted 'due to the low insurance premiums declared in the Register of Social Insurance Services'.

Third-country nationals' loss of jobs and their limited access to banks during the first lockdown – as most third-country nationals do not use online banking (Morsheimer et al. 2020: 8) – meant that they were unable to pay rent for their – in any case very crowded – accommodation. A measure enabling rent reductions was introduced to alleviate the burden of housing costs. The measure was conditional on landlords accepting tax credit, which was granted if they agreed to reduce the rent by between 30 and 50 per cent for a specific number of months. Despite the apparent problem that the reduction was dependent on the landlord's agreement, however, the main obstacle to the measure's enforcement was that many landlords did not declare their rental income and thus could not benefit from the measure.

Finally, during the pandemic's first phase, third-country nationals had minimal access to Covid-19 testing, except the new entrants to reception centres, people with symptoms or those who had been in close contact with confirmed cases. Later, when tests became available by private laboratories, it was reported that third-country nationals avoided being tested because of the relatively high costs and possible language difficulties (Morsheimer et al. 2020: 6).

6. Overview of enforcement and monitoring

When an inspector finds a case of undeclared work (that is, the employer is not paying contributions to the SIS) the inspector must impose an administrative fine of €500 on the employer for each undeclared employee. The fine can be increased by €500 for every month of employment before the violation is found. If a fine is imposed for the second time in two years, then the case is referred to a Committee consisting of the Director, as chairman, and two officers of the Labour Ministry as members, appointed by the Minister. The committee can order the temporary closure of all or part(s) of the employer's business for a period not exceeding 48 hours. When an inspector finds undeclared work of a self-employed person the inspector must impose an administrative fine of €200, subject to an increase for every month of employment before the infringement was found.