



Minimum Wages in Cyprus

September 2022

On Wednesday 31 August 2022 the Council of Ministers issued a ministerial decree regarding the minimum wage in Cyprus which will become mandatory on 1st January 2023.

Overview

The decree applies to all persons employed in Cyprus, except:

- domestic workers
- workers in agriculture
- workers in the shipping industry
- workers who fall under the 2020 Decree on Minimum Wages in the Hotel Industry
- trainees and
- all other employees who benefit from more advantageous provisions

The minimum monthly salary that must be paid to any person employed in Cyprus, is €940 gross for full-time employment upon completion of 6 months of continuous employment, and €885 gross for full employment in cases where 6 months of continuous employment at the same employer have not been completed (this is normally the probation period provided in most employment agreements). It must also be noted that in the case of part-time employees, the minimum monthly salary is adjusted on a *pro rata* basis. Any other arrangements for overtime pay or work outside regular hours or work on holidays and other benefits that employees benefit from are not affected by the provisions of this Decree.

Employers who provide their employees with food and/or accommodation have the right to reduce the minimum monthly salary by 15% for the provision of food and 10% for the provision of accommodation. The employee has the right to revoke this arrangement and request full payment of the salary. Further, an employer can reduce the minimum salary of employees under the age of 18 by up to 25% for occasional employment which does not exceed a period of 2 months (note that in Cyprus employment is legal only for people above the age of 15). A reduction on the minimum salary based on age, cannot be combined with any other reduction.

On 1st January 2024 and then every two years, a committee appointed by the Council of Ministers will take into consideration different factors and will make suggestions to the Minister of Labour regarding the adequate adjustment of the minimum wage amount.



Commentary

This decree is an enormous milestone in the labour reality of Cyprus. It brings Cyprus closer to other European countries who established minimum wage regulations a long time ago.

Employers, who did not previously have any obligations regarding the minimum wage of their employees and kept a payroll structure based on custom and common practice, will now have the obligation to adjust their employees' salaries in order to comply with this decree from **1st January 2023**.

It is important to note that in case an employee has a salary higher than that of the minimum wage, the employer is not permitted to unilaterally decrease the employee's salary claiming the minimum wage decree.

Furthermore, as the decree is based on the on the Minimum Wage Law (Cap.183), any employer who does not respect the minimum wage set by the decree, will be criminally liable and can be sentenced to pay a fine as well as any non-paid salaries. Additionally, when the offense has actually been committed by another person such as directors or representatives, they could be prosecuted as well. In such case, if the employer shows that it has taken all reasonable measures to comply with the law and the offence was committed without their consent and without their knowledge, they can be exonerated from liability and only be obliged to cover any unpaid wages.

This article is intended for informative purposes only and not as legal advice. If you have specific questions on any employment, pensions or HR matters, please contact our dedicated, expert team. www.gzg.com.cy

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