

# CYPRUS TAX FACTS 2022

Issue: January 2022



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## Welcome to RSM's Cyprus Tax Facts Guide

The past recent years have been very challenging and a "crash test", I may see, on the economies resilience and systems flexibility.

The pandemic disturbed the world's order and forced businesses and individuals to discover new methods to stay connected, agile, and operational.

The Republic of Cyprus, via its pandemic relief measurements, has proceeded with the implementation of tax regulations amendments in an attempt to lessen the financial pressure and burdens of the post-pandemic effects on individuals and corporate entities.

The RSM Cyprus Tax Facts 2022 annual comprehensive edition includes updates for individuals and businesses on the latest Cyprus tax legislation. It intends to serve as a reference tool to taxpayers' who wish to acquire information about their personal tax, corporate tax, special defence contribution, capital gain tax, VAT, real estate transfer fees, social insurance, general healthcare system contributions, Cyprus double taxation treaties as well as submission deadlines. All information are based on Cypriot legislation and tax practices as of the date of publication. However, this publication is only intended to provide general information and in no way can substitute any specialised professional advice.

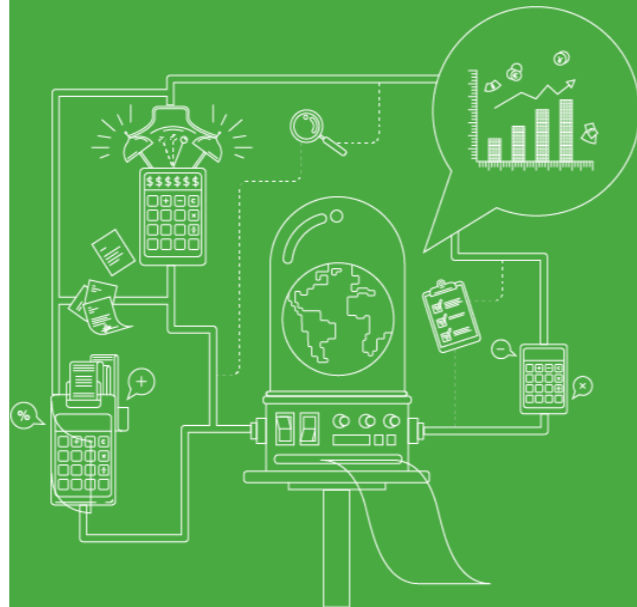
Our team of Certified Public Accountants, who are experts in their field and have many years of experience in providing audit, tax and consulting services, are committed to helping you overcome today's challenges and move forward with confidence.

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**George Themistocleous**  
CEO | Managing Partner  
RSM Cyprus Ltd



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relationships based on a  
genuine understanding.



# PERSONAL TAXATION

## BASIS OF TAXATION

Individuals who claim themselves Cyprus tax residents are taxed on their worldwide income accruing or arising from all sources. Where persons are not Cyprus tax residents, tax is imposed on specific incomes accrued and arising from certain sources (Cyprus sourced generated income).

Cyprus tax resident is a person who physically resides in Cyprus more than 183 days in aggregate during a calendar year. These days do not have to be consecutive, however they must be during the same calendar year. In addition to the classic definition of Cyprus tax resident, the '60-days rule' introduced in the Cyprus Tax Law as from 1 January 2017. An individual will then be considered as a Cyprus tax resident, if she/he satisfies either the existing '183-days rule' or the '60-days rule'. The '60-days rule' applies to persons who in the relevant tax year:

1. Do not reside in any other state for more than 183 days in aggregate.
2. Are not considered tax residents in any other state.
3. Spend at least 60 days in Cyprus.
4. Own or rent a permanent home in Cyprus.
5. Are employed in the Republic or hold an office, as Directors, in a legal person who is tax resident in Cyprus at any time during the calendar year. Also, a person who exercises business activities in the Republic can satisfy the conditions to be considered as a Cyprus tax resident.

If any of the above (holding of office, exercise business activities or employment) terminates during the year, the individual ceases to be considered as Cyprus Tax resident.

For purposes of calculating the days of presence in Cyprus the following are important:

- The day of departure from the Republic is considered as a day out of the Republic.
- The day of arrival in Cyprus is considered a day in Cyprus.
- Arrival in and departure from Cyprus in the same day is considered a day in Cyprus.
- Departure from and arrival in Cyprus in the same day is considered a day outside Cyprus.



### Notes:

1. Due to 2020 Covid19 travelling restrictions, it has been established that the period from 21 March 2020 until 9 June 2020, should not be taken under consideration for the calculation of days to establish a tax residence in Cyprus. Therefore, the periods that should be considered for the above provisions should be the period prior to 21 March 2020 and after 9 June 2020. This is governed by the non-binding guidance issued by the OECD and followed by the Cyprus Tax Department. However, each taxpayer has the option to elect whether to apply the relevant Directive.

2. As from 2021, the preparation and submission of the personal tax returns of the tax year 2020 becomes mandatory for all taxpayers. Exemption from that rule will be given to certain categories of taxpayers that will be determined by a decree issued by the Council of Ministers.



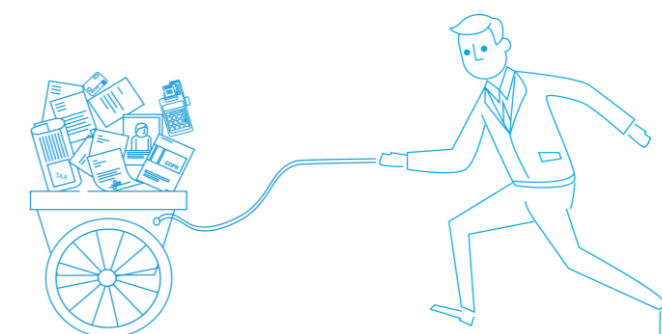
# PERSONAL TAX RATES

The applicable rates for personal income tax rates for the year 2021 are as follows:

Chargeable income for the year (€)	Tax rate (%)
First 19.500	0
From 19.501 to 28.000	20
From 28.001 to 36.300	25
From 36.301 to 60.000	30
Over 60.000	35

Pension incomes of a Cyprus tax resident are taxed at 5% flat on incomes over €3.420. However, on an annual basis the taxpayer is free to elect to be taxed at the normal tax rates and bands as described above.

Widow(er)'s pension sourced from Cyprus is taxed separately at 20% if it exceeds €19.500. The taxpayer, however, on an annual level can elect to add the pension on the total income and be taxed at the normal tax rates and bands as described above.



## EXEMPTIONS

The following types of income are exempt from income tax:

Type of Income	Exemption	Note
Interest income, except for interest income incurred due to ordinary course of business or closely linked to the ordinary business of an individual	The whole amount	1
Dividends	The whole amount	1
Remuneration from any kind of employment in Cyprus by individuals who prior to that employment were not tax residents of Cyprus. This exemption is given provided the remuneration exceeds the €100.000 per annum. The exemption ultimately applies for 10 years, commencing from 1 January 2012. For employments commencing on or after 1 January 2015, the exemption is not applied in case the individual was tax resident of Cyprus for the 3 out of 5 years immediately preceding the year of his/her employment. In some cases, it might be possible to claim this exemption where the income is below €100.000	50% of the remuneration	



## Type of Income

Type of Income	Exemption	Note
Remuneration from any kind of employment exercised in Cyprus by individuals who were not Cyprus tax residents the year before their employment commencement. For individuals who commenced employment during 2012 until 2025, the exemption is applicable for 5 years and specifically from the tax year after the year of their employment. The last eligible year for the deduction is 2030. It is noted that, the particular exemption cannot be applied in addition to the above 50% exemption.	20% of the remuneration earned or €8.550, whichever is lower in each case	
90-day rule: remuneration from services rendered to a non-Cyprus tax resident employer or a permanent establishment outside Cyprus of a Cyprus tax resident employer for more than 90 days in a tax year.	The whole amount	
Gains of a permanent establishment registered outside the Republic (subject to conditions).	The whole amount	2
Lump sum payment on retirement, commutation of pension or compensation of death or injury.	The whole amount	
Sums paid to individuals from payments to approved funds e.g. provident funds, medical schemas etc and/or repayments from life insurance schemas as well.	The whole amount	
Gains from the disposal of securities.	The whole amount	3
Capital gains from the disposal of a qualifying IP asset – new regime.	The whole amount	4

### Notes:

1. The dividends and interests mentioned above can however be subject to Special Defence Contribution, if certain conditions are met – refer to Special Contribution for Defence Section.
2. As from 1 July 2016, taxpayers are free to elect to tax the profits generated by a foreign permanent establishment, with a tax credit relevant to the tax already paid abroad on those profits generated by the permanent establishment. There are transitional rules in place for cases where foreign permanent establishments were previously exempt and subsequently were elected to be taxed on the profits earned.



### Notes:

3. The 'Securities' term include shares, bonds, debentures, founders' shares and other securities of companies or other legal entities, incorporated in the Republic or abroad and options thereon. Additionally, the term, among others, includes options on Securities, short positions on Securities, futures/forwards on Securities, swaps on Securities, depositary receipts on Securities (ADRs, GDRs), rights of claim on bonds and debentures (rights on interest of these instruments are not included), index participations only if they result on Securities, repurchase agreements or Repos on Securities, units in open-end or close-end collective investment schemes. Circulars drafted from the Tax Authorities from time to time, also clarify specific types of participation in foreign entities which are considered as Securities.
4. As of 1 January 2020, the taxpayers who dispose qualifying IP assets, given that the transaction is of a capital nature, will not be subject to tax in Cyprus. Where the transaction is deemed as being of a trading nature, then an accounting gain or loss should be calculated and taxed accordingly.



## TAX DEDUCTIONS

The following are deducted from income (expenses incurred wholly and exclusively to perform the duties of the profession, thus the production of the income, of each individual):

Type of Expense	Exemption	Note
Subscriptions to trade unions or professional bodies.	The whole amount	
Losses for current and previous financial years (relevant to individuals required to present and submit audited annual financial statements). Only the losses of the current and the previous 5 years are deductible.	The whole amount	
Rental income.	20% of gross rental income	
Interest paid in respect of rented property.	The whole amount	
Donations to approved charitable organisations (with receipts).	The whole amount	
Costs incurred in order to maintain buildings on which a Preservation Order has been issued (subject to conditions).	Up to €1.200, €1.100 or €700 per square meter (depending on the size of the building)	



## Type of Expense

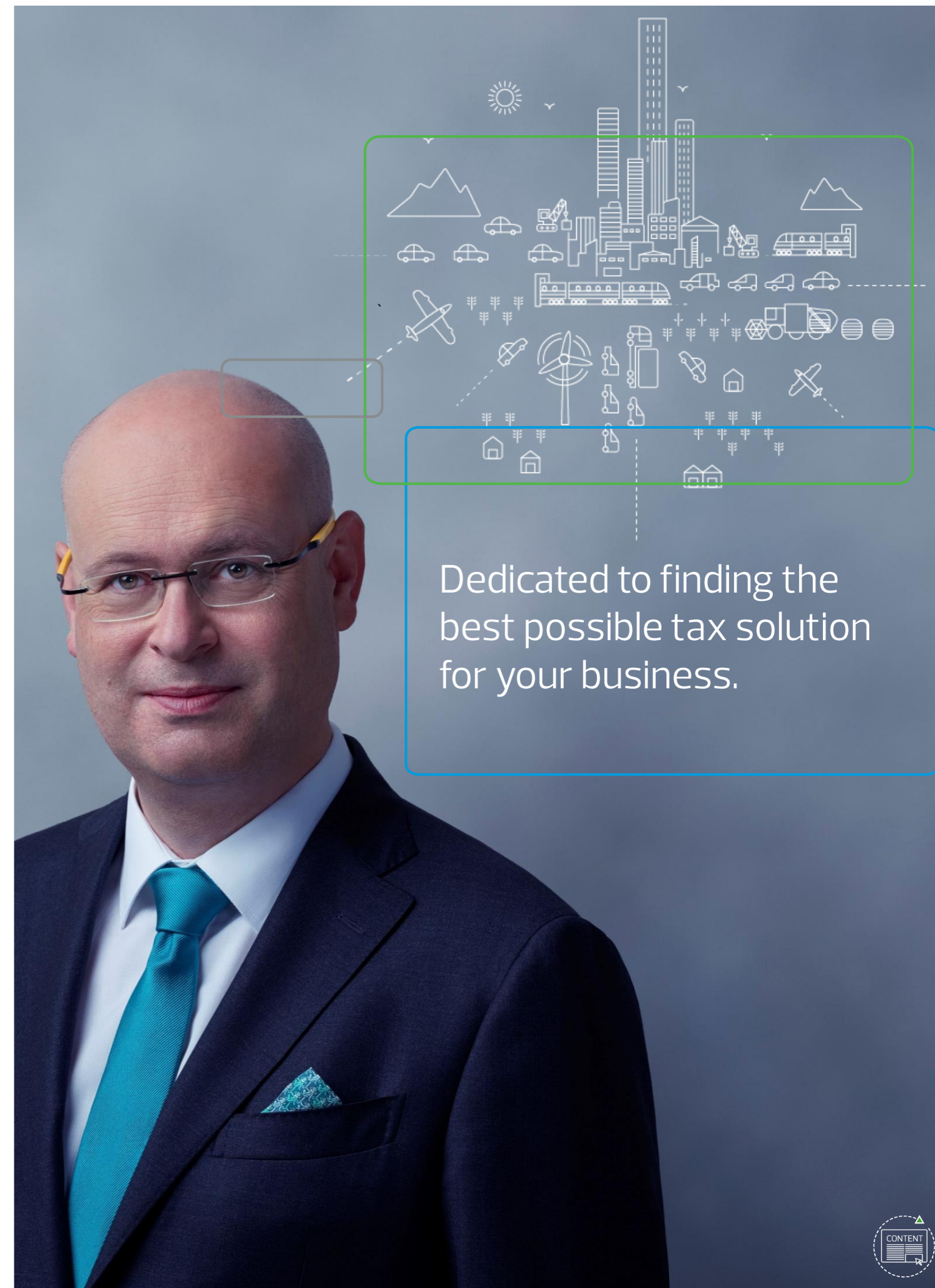
Type of Expense	Exemption	Note
Sum of: Social Insurance contributions, Contribution to National Health System, Medical Fund contributions (should not exceed the 1.5% of the remuneration), Pensions and Provident Fund payments (should not exceed the 10% of the remuneration) and Life Insurance Premiums (should be up to 7% of the insurable amount).	Up to 1/5 of the taxable income	1
Investments in approved innovative small/medium sized businesses (directly or indirectly) as from 1 January 2017.	Up to 50% of the taxable income as calculated prior to this deduction (subject to a maximum of €150.000 per year)	2 3

### Notes:

1. In cases where a life insurance policy was cancelled within 3 years from the day it was initially entered into force, a 30% of the premiums allowed in previous years is now taxable. In cases where the cancellation takes place within 4–6 years from the date the contract was initially issued, a 20% of the premiums is now taxable.
2. Despite the initial duration of the present provision of taxation being three (3) years i.e. until 1 January 2020, it has been amended to extent until the 31st of June 2021.
3. Any unutilised deduction can be carried forward and claimed in the following 5 years (subject to the maximum 50% of taxable income and overall maximum of €150.000 per year).



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# CORPORATE TAX

## BASIS OF TAXATION

Companies that are considered Cyprus tax residents are taxed on their annual income accrued and derived from all taxable sources in Cyprus and abroad.

Companies that are registered in Cyprus, but their exercise of management and control is held outside the Republic, are considered tax residents in Cyprus, given that they are not tax residents in any other jurisdiction. This is applicable as from 31 December 2022.

A company which is not Cyprus tax resident, is taxed on income accrued or derived from activities undertaken through a permanent establishment located in Cyprus and on income deriving from Cyprus taxable sources of income.

A company is considered Cyprus tax resident if its management and control are exercised in Cyprus. In cases where foreign taxes are paid, these can be credited against the ultimate tax liability in Cyprus.



**Note:**

As with the Individual taxation residency status test, due to Covid-19 restrictions on travelling, the tax residency of legal persons may be under question. Due to this fact, the Cyprus Tax Department will follow the non-binding guidance issued by the OECD in relation to the tax residency of legal persons and permanent establishments. Each taxpayer has the option to elect whether to apply the relevant Directive.

**12.5%**

## CORPORATE TAX RATE

Corporation tax rate for all companies is 12,5%.

## EXEMPTIONS

The following are exempt from corporate taxation:

Type of Income	Exemption	Note
Gains arising from the sale of Securities.	The whole amount	1
Dividend income (as from 1 January 2016, the exemption will not apply to the extent that the paying company has been benefited from tax deduction in their tax jurisdiction in respect of such dividends).	The whole amount	2
Any interest income arising from sources other than the ordinary course of business of the company or from activities closely related to those activities undertaken by the company.	The whole amount	3 4
Gains of a foreign permanent establishment, subject to certain conditions.	The whole amount	5
Foreign exchange difference gains, except from such gains in case of dealing with trading in foreign currencies and related derivatives (ordinary course of business).	The whole amount	
Capital gains from the disposal of a qualifying IP asset – new regime.	The whole amount	



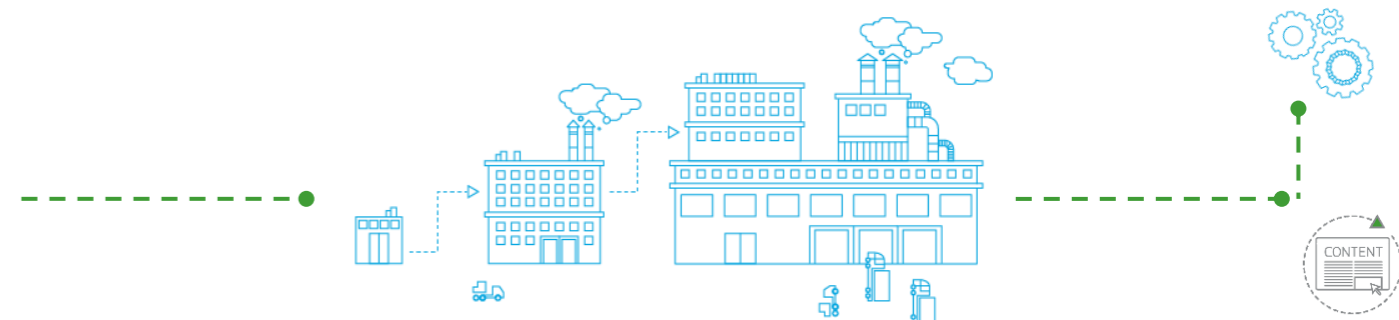
## Notes:

- For a definition, refer to Note 3 in Personal income tax exemptions.
- Such dividend income can be taxed under the Special Contribution for Defence – Refer to Special Contribution for Defence section.
- Interest income arising from Collective Investment Schemes is considered interest arising from the ordinary activities or closely related to the ordinary activities of the Scheme
- Such interest income can be taxed under the Special Contribution for Defence – Refer to Special Contribution for Defence section
- As from 1 July 2016, taxpayers are free to elect to tax the profits generated by a foreign permanent establishment, with a tax credit relevant to the tax already paid abroad on those profits generated by the permanent establishment. There are transitional rules in place for cases where foreign permanent establishments were previously exempt and subsequently were elected to be taxed on the profits earned.
- See note 4 in the personal income tax exemptions in the Personal Taxation section.

## CORPORATION TAX DEDUCTION FOR EXPENSES

All expenses taken place wholly and exclusively in order to produce the chargeable income are deductible for corporation tax purposes:

Type of expense	Deduction limit	Note
Interest expenses associated to the direct / indirect acquisition of 100% of the share capital of a subsidiary, provided that the subsidiary owns assets that are utilised in the production of taxable income. In cases where, the subsidiary company does not own assets utilised in the production of taxable income, the interest expense deduction will be restricted to the percentage which relates to the assets which are used to the business. This deduction applies from 1 January 2012.	The whole amount of interest expense is deducted if it is proved that the subsidiary owns assets that are in their entirety used in the business. In case where the subsidiary directly/indirectly owns assets that are not used in the business, the interest expense is restricted to the percentage related to the assets that are used for the business. As from 1 January 2019 an interest limitation rule applies in accordance with the EU relevant Directive.	



Type of expense

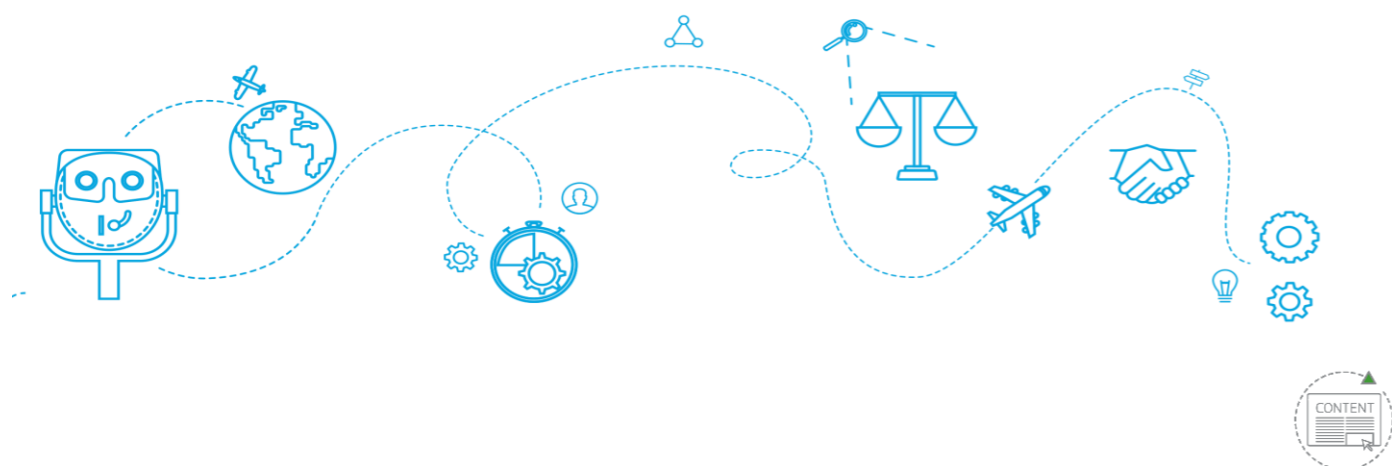
Deduction limit

Note

As from 1 January 2015, new equity introduced to the entity in the form of paid up share capital or share premium (and is used for the generation of income) can be eligible for an annual Notional Interest Deduction (NID). The NID is calculated as a percentage on the new equity. The percentage (reference rate) is the yield on the 10-year government bond (31 December of the prior tax year) of the country where the funds are employed plus a premium of 5%. Taxpayers can elect not to claim all or in part the available NID in each tax year.

NID shall not exceed the 80% of the taxable profit generated by the injection of new equity (as this is calculated before the NID deduction).

Gains from the exploitation of intellectual property rights, as described in the new Cyprus intellectual property (IP) box (applied as from 1 July 2016).	80% deduction on the net profit from the exploitation of qualifying intangible assets, calculated based on a modified nexus approach.	1 2
Tax amortisation on an expenditure of a capital nature for the acquisition or development of IP (provision applies with effect from the 1st of July 2016).	Allocated over the lifetime of the IP, with maximum 20 years.	3
Donations to approved charitable organisations (with receipts).	The whole amount	
Employer's contributions to Social Insurance, medical scheme and other approved funds on salaries of employees.	The whole amount	
Employer's contributions to: - Medical fund for employees. - Provident/Pension fund for employees.	1% on employee's remuneration 10% on employee's remuneration	



Type of expense

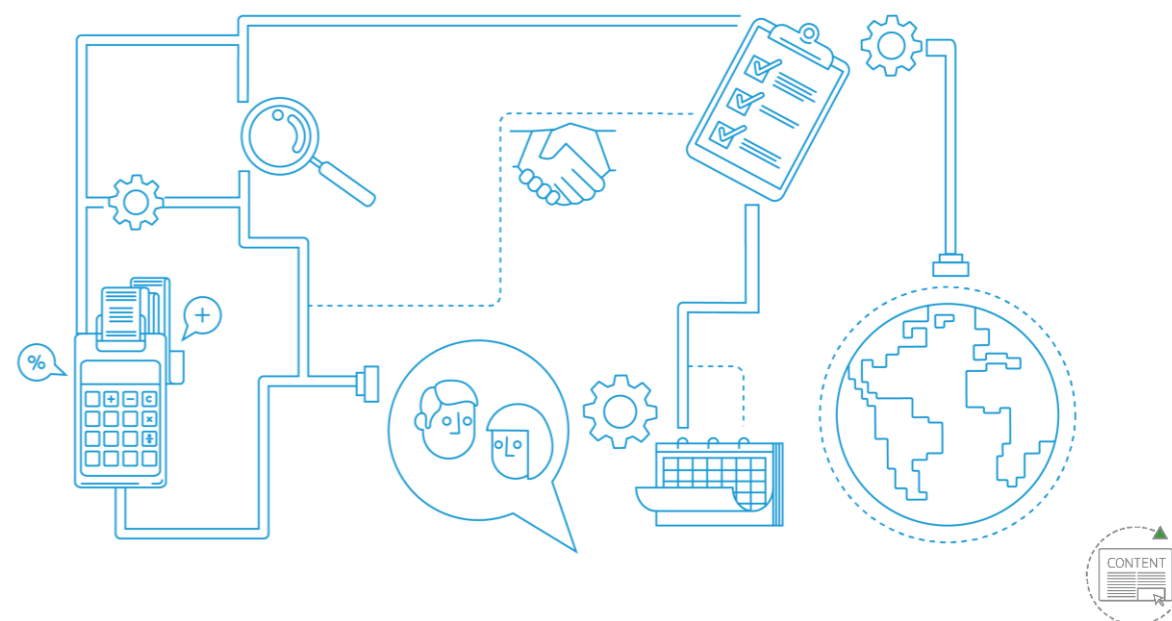
Deduction limit

Note

Costs incurred in order to maintain buildings on which a Preservation Order has been issued (subject to conditions).	Up to €700 for buildings above 1.000m <sup>2</sup> , €1.100 for buildings with area between 121m <sup>2</sup> -1.000m <sup>2</sup> , or €1.200 for buildings with area up to 120m <sup>2</sup>	
Expenses related to entertainment while on Business.	Lower of €17.086 or 1% of the gross income of the business.	1 2
Interest expense incurred exclusively in relation to rented property.	The whole amount	3

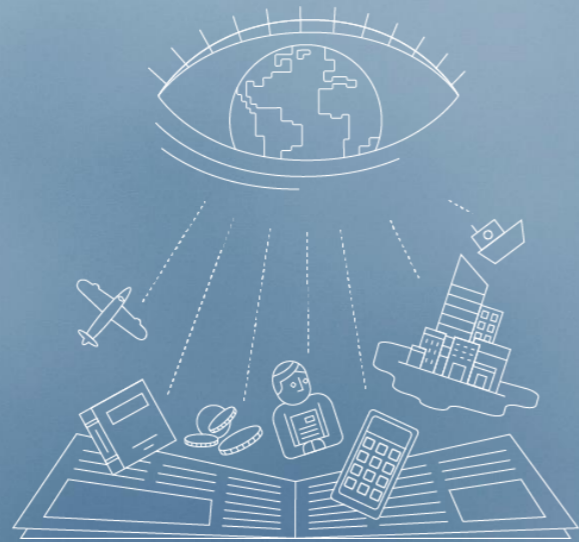
Notes:

1. Qualifying intangible assets, are assets which have been acquired, developed or exploited by a person for the purpose of carrying out their business, which is the result of research and development activity. Economic ownership must be verified in order to allow for such assets be considered as qualifying intangible assets for this purpose. It comprises of patents, copyrighted software, utility models, intangible assets that grant protection to plants and genetic material, orphan drug designations, extensions of patent protection. It also comprises of other intangible assets which are non-obvious, useful and novel, that are certified as such by a designated authority, and where the person utilising such does not generate annual IP related revenues more than €7.5m for the taxpayer (€50m is the cap for group of companies). Intangible assets related to marketing e.g. trademarks, business names, image rights etc do not qualify.
2. This is a fraction which is applied on the net profit generated based on the research and development (R&D) activity. The higher the R&D activity by the taxpayer itself or via a taxable foreign permanent establishment or via unrelated third-party outsourcing, the higher the fraction it is.
3. A taxpayer may elect not to claim all or part of the available tax amortization for a particular tax year.





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## NOT ALLOWABLE EXPENSES FOR CORPORATE TAX PURPOSES



The expenses below are not allowable for Corporate Tax purposes:

Type of income	Exemption	Note
Private motor vehicle (saloon car) expenses.	The whole amount	
Interest expense related to the acquisition of motor vehicles or any other assets that are not used in the business.	Applies separately for 7 years for each non-tax generating asset from the date of the acquisition	
Wages and salaries paid during the year on which social insurance contributions and contributions to other related funds (provident fund, pension fund etc) are not paid at due time.	The whole amount	1
Cost of goods drawn from the business for private use.	The whole amount	
Expenses not validated through proper supporting documentation	The whole amount	
Taxes	The whole amount	

### Note:

1. In case such contributions are settled within a period of two years from the due date, the salaries and their relate contributions will be allowed for tax purposes in the year of settlement.

## LOSSES CARRIED FORWARD

Tax adjusted losses of a tax year, that cannot be set off against other income, are carried forward and set off against tax adjusted profits for the next 5 years i.e. losses incurred during 2014 and which were not utilised until 2019, cannot be carried forward in 2020.

The loss of one company can be set off against the profits of another company, provided the two companies are Cyprus tax residents of a "tax group" (Note 1). A group is formed if:

- A Cyprus tax resident company directly or indirectly holds at least 75% of the voting rights of another Cyprus tax resident company, or
- Both companies are at least 75% owned by a third company.

As from 1 January 2015, the interposition of a non-Cyprus tax resident company will not affect its eligibility for group relief if such company remains tax resident in either an EU state or in a country with which Cyprus maintains a tax treaty or a bilateral or multilateral agreement for information exchange.

Where a partnership or a sole trader's business are transformed into companies, they can carry forward tax losses into the company for utilisation against future profits.



Losses incurred during the maintenance of a foreign permanent establishment can be utilised against profits of the head company located in Cyprus. Under such condition, future tax profits of the foreign permanent establishment are taxable up to the amount of the losses that were previously utilised.

**Note:**

- From 1 January 2015 onwards, the tax losses of a group company which is tax resident in another EU jurisdiction can be claimed through the Cyprus tax resident company, provided the other EU company firstly exhausted all the available possibilities to utilize such losses in their country of tax residence or in the country of tax residence of its immediate EU holding company.

**REORGANISATIONS**

Reorganisations could be seen as a tax effective manner when taxpayers wish to transfer assets and liabilities between companies. Additionally, tax losses can also be carried forward by the receiving company. The above however are subject to certain conditions.

**Reorganisations include:**

- Mergers
- Demergers
- Partial divisions
- Transfer of assets
- Exchange of shares
- Transfer of registered office of a European company (SE) or a European cooperative company (SCE)

**ANNUAL WEAR AND TEAR ALLOWANCES ON TANGIBLE FIXED ASSETS**

The following allowances are given as a percentage on the cost of acquisition of the asset. These are deductible from the taxable income:

<b>Plant and Machinery (Note 1)</b>	<b>%</b>
Plant and machinery	10
Furniture and fittings	10
Industrial carpets	10
Boreholes	10
Machinery and tools used in agricultural business	15
<b>Building (Note 2)</b>	<b>%</b>
Commercial buildings	3
Industrial, agricultural and hotel buildings (3) and 94)	4
Flats	3
Metallic greenhouses structures	10
Wooden greenhouses structures	33 1/3



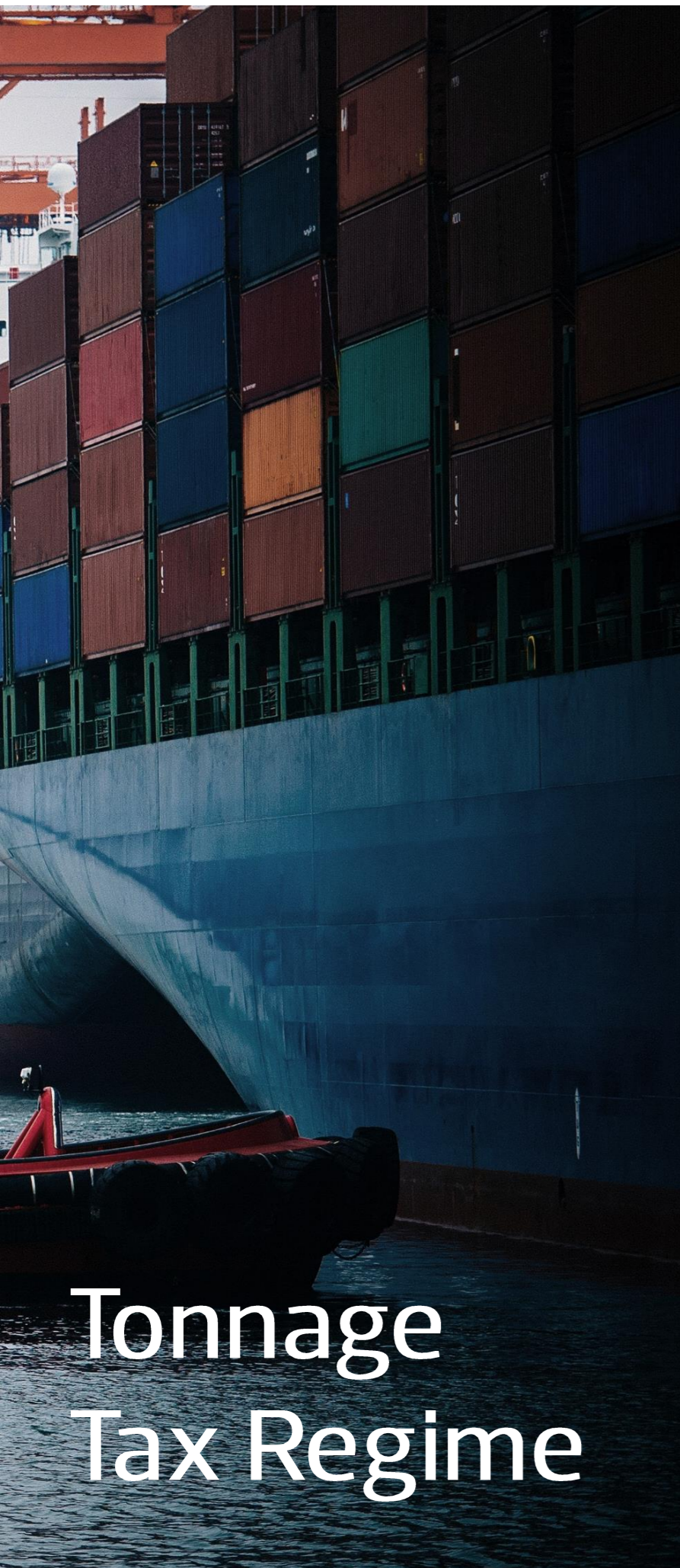
<b>Vehicles and other means of transportation (Note 1)</b>	<b>%</b>
Commercial motor vehicles	20
Motor cycles	20
Excavators, tractors, bulldozers, self-propelled loaders and drums for petrol companies	25
Armoured Motor Vehicles (e.g. used in Security Services)	20
Specialised machinery for the laying of Railroads (e.g. Locomotive engines, Ballast Wagons, Container wagons and Container sleeping wagons)	20
New airplanes	8
New helicopters	8
Sailing vessels	4,5
Motor Yachts	6
Steamers, tugs and fishing boats	6
Shipmotor launches	12,5
New cargo vessel	8
New passenger vessels	6
Used cargo/passenger vessels	Over their useful lives

<b>Other (Note 1)</b>	<b>%</b>
Television and videos	10
Computer hardware and operating systems	20
Application software 33 1/3	33 1/3
Expenditure on application software less than €1.709	100
Wind power generators	10
Photovoltaic Systems	10
Tools in General	33 1/3
Videotapes property of video clubs	50

**Notes:**

- For acquisitions of such assets (Plant and machinery, motor vehicles used for business purposes and other assets) between 2012–2018 (inclusive), the legislation allows for accelerated depreciation at the rate of 20% per annum.
- Depending on the age of buildings (second-hand), the wear and tear allowance rates are amended. The above stated rates refer to new buildings.
- Industrial and hotel buildings acquired within the period 2012–2018 (inclusive), are eligible for an accelerated wear and tear allowance of 7% per annum.
- Buildings acquired for agricultural and livestock production activities, during the period 2017–2018 (inclusive), allow for a wear and tear rate of 7% per annum.





# Tonnage Tax Regime

## TONNAGE TAX REGIME

### A. Shipping companies

Taxation for shipping activities is governed by the Merchant Shipping (Fees and Taxing) Legislation which provides for exemption from Income tax on the shipping activities. It, however, provides for the Tonnage Tax System (TTS) which applies to qualifying ship owners, managers and charterers. TTS can apply to qualifying community ships (ships registered to the Shipping Registry of an EU member or of a country within the European Economic Area) and to non-community ships.

#### Non-community vessels owners

They must comply with certain conditions in order to enjoy the perks of being taxed under the TTS. These include among others:

1. At least 60% of the fleet should comprise of EU flag ships. The percentage is measured in terms of tonnage.
2. If the fleet is less than the requested 60%, the Tonnage Tax regime can still be utilized if:
  - a) The commercial and strategic management of the fleet must be carried out from the EU/EEA.
  - b) A share of the fleet should comprise of EU flag ships and this share shall not be reduced in the following 3 years from the first year of TTS election.



### B. Ship owners

For companies owning Cyprus flag ships, the application of the tonnage tax system is compulsory and optional for owners of non-Cyprus flag ships, charterers and ship managers.

#### Income that is exempted under the TTS:

- Profits from shipping operations.
- Interest income relating to the working capital of the company.
- Gains from disposal of ships.
- Dividend income relevant to the distribution of the profits above.
- Profits from the sale of shares held in ship owning companies.

The exemption also applies to the bareboat charterer of a vessel flying the Cyprus flag under parallel registration.

#### Note:

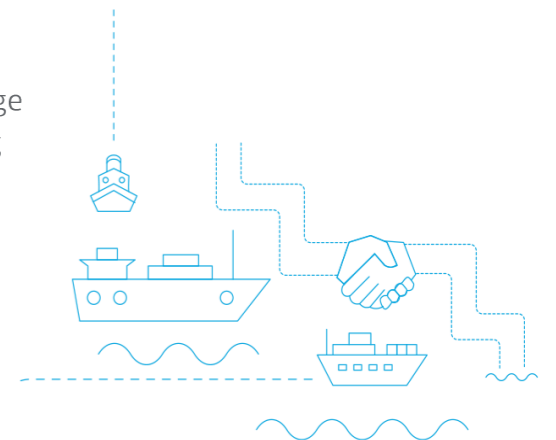
It has been defined that as from 1 January 2020, an owner who benefits from the tonnage tax regime can be considered as a qualifying owner of qualifying ships, in case the qualifying ship has been chartered out on bareboat chartered terms if:

- a) The ship was chartered out to a charterer who belongs to the same group as the actual owner of the ship, thereby allowing for the transaction to be considered as an intra-group transaction, or
- a) The owner sufficiently demonstrates to the Permanent Secretary that the ship was bareboat chartered out due to short-term over capacity and the term does not exceed three (3) years.

It is noted that for the above provisions, it should be proved that the 50% of the tonnage taxed fleet is still operated by the owner. It is highlighted that the above provisions do not apply on existing bareboat charter agreements until their expiration or until 31 December 2022, whichever takes place earlier.



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### C. Charterers

Exemption is given to:

- Profits from the exploitation of qualifying ships.
- Interest income relating to the working capital of the company.
- Dividend income from the profits generated above.

The law grants the exemption provided that the option to register for Tonnage Tax is exercised for all vessels and provided a composition requirement is met: at least 25% (reduced to 10% under conditions) of the net tonnage of the vessels owned or bareboat chartered in.

### D. Ship managers

The exemption covers:

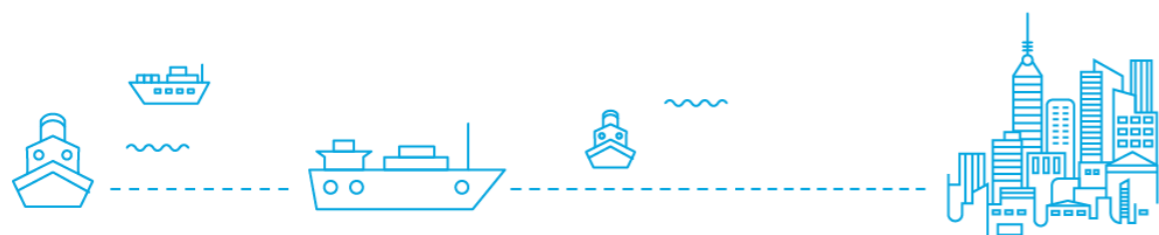
- Profits of rendering of technical and crewing ship management services to qualifying ships.
- Dividend income from the profits generated above.
- Interest income relating to the working capital of the company.

In order to qualify ship managers must satisfy the following additional requirements:

- Maintain a fully fledged office in Cyprus with sufficient, appropriate and qualified staff (of which at least 51% should be EU community residents).
- At least 51% of all onshore personnel must be community citizens.
- More than 2/3 of the total tonnage under the ship management activities should be managed within EU territory. In case less than 2/3 of the tonnage is managed in the community, it is taxed under normal corporation tax rates.

Important general notes:

- All or nothing rule – in case a shipowner/ charterer/ ship manager of a group elects to be taxed under the Tonnage Tax regime, all shipowners/ charterers/ ship managers of the group should elect the same.
- The emoluments of the captain, officers and crew members of a qualifying Cyprus ship are exempted from taxation in Cyprus.
- Ship owners and ship managers who elected to be taxed under the Tonnage Tax system, must remain under the regime for 10 years, unless they have a valid and solid reason to exit.



### Note:

Ship management services, are the services provided by a ship manager to an owner or bareboat charterer of a ship, based on specific and exclusive written ship maintenance agreement relating to the crew management services and/or to the technical management services of the ship. Commercial management services offered, are not considered qualifying activities under the Tonnage Tax regime. For this reason, such services are subject normally to corporation tax.

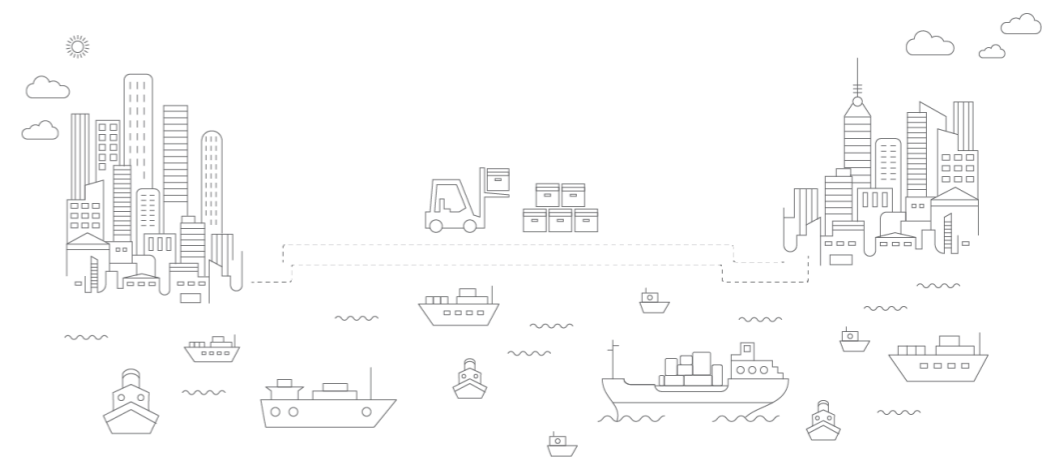
### E. Tonnage System administration and tax rates

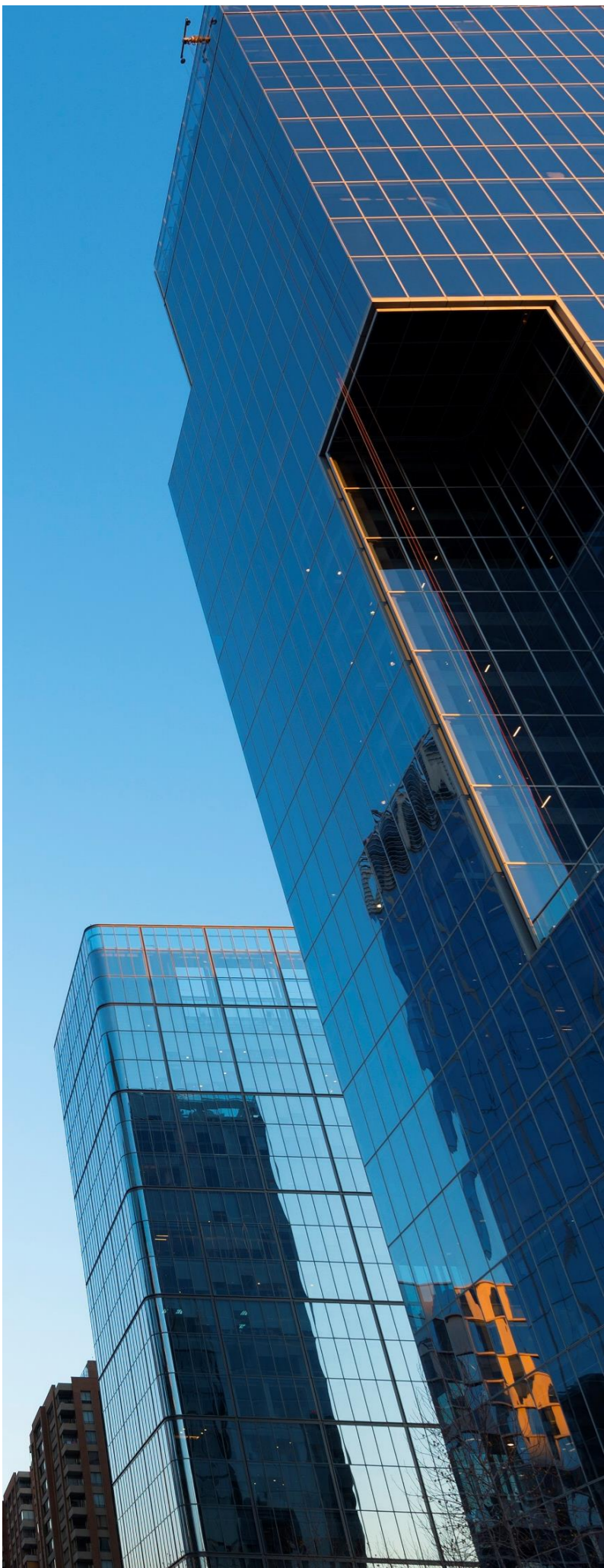
Qualifying owners/managers/charterers of foreign flag ships have the responsibility to submit tonnage tax return and pay tonnage tax by the 28th of February of the year following the tax year.

Qualifying owners of Cyprus ships shall submit the tonnage tax declaration by the end of 31st March of the year following the tax year.

The applicable rates are:

Units of net tonnage	Rate per 100 units of the net tonnage	
	Ship owners / charterers	Ship managers
0 – 1.000	€36,50	€9,13
1.001 – 10.000	€31,03	€7,76
10.001 – 25.000	€20,08	€5,02
25.001 – 40.000	€12,78	€3,20
In excess of 40.000	€7,30	€1,83





## THE CYPRUS ALTERNATIVE INVESTMENT FUNDS (AIFs) AND UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES (UCITS)

The Alternative Investment Funds, as these are explicitly stated in the Alternative Investment Funds Law 124(I)/2018, are collective investment undertakings, which:

- Collect investment funds from a number of investors, with a view to investing those based on a predefined investment policy for the benefit of those investors, and
- Do not need to be authorised through section 9 of Law 78(I)/2012, or through the legislation of another member state that has similar provisions with Article 5 of the Directive 2009/65/EC, as amended.

### Three types of AIF are allowed to be established in Cyprus:

- Alternative Investment Funds with Limited Number of Persons (50) (AIFLNPs)
- Alternative Investment Funds with Unlimited Number of Persons (AIFs)
- Registered AIFs (RAIFs)

The various legal forms in which either type of AIFs can manifest are as follows:

#### AIFLNP:

- Variable Capital Investment Company (VCIC)
- Fixed Capital Investment Company (FCIC)
- Limited Partnership (LP)

#### AIF/RAIF:

- VCIC
- FCIC
- Common Fund (CF)



## UCITS:

A UCITS is an undertaking the sole object of which is the collective investment of capital raised from the public in transferable securities and/or other liquid financial instruments, as such are referred to in the UCI Law. It also operates on the principle of risk spreading and the units/shares of which are, at the request of the investor, redeemed or repurchased, directly or indirectly, out of this undertaking's assets.

### UCITS can take the following legal forms:

- CF
- VCIC

### Taxation of funds

Funds whose management and control is exercised in Cyprus are considered tax residents in Cyprus and are subject to taxation in Cyprus.

In cases where the funds have compartments, each compartment is taxed separately.

Under circumstances and depending on the legal form of the fund, some funds may be transparent for tax purposes.

### Additional key provisions which are relevant to funds are set out below:

#### Sale of Fund Units

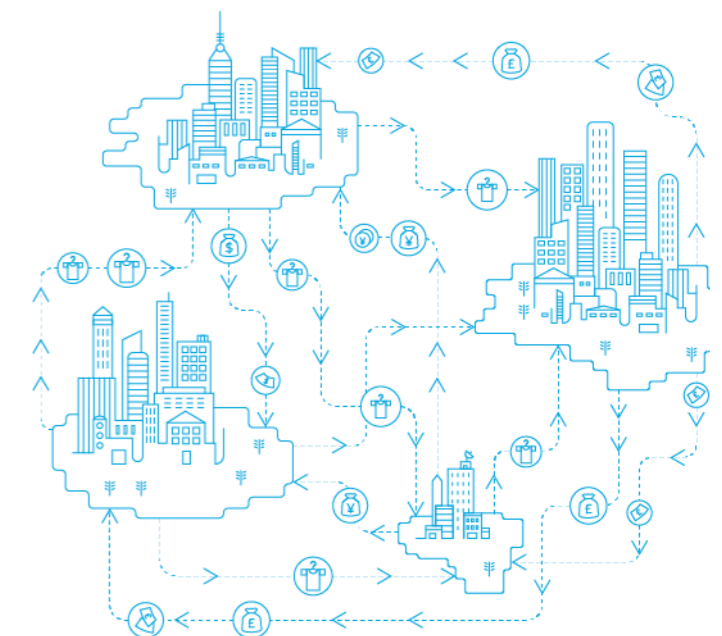
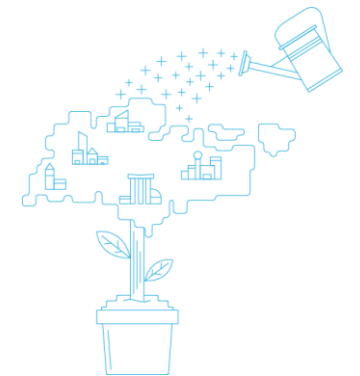
No Capital Gains Tax applies on the sale or redemption of units in funds, unless the funds own immovable property in Cyprus. However, if a fund owns immovable property, no Capital Gains Tax applies, if this fund is listed in a recognised stock exchange.

However, even if it owns immovable property in Cyprus, no Capital Gains Tax arises if the Fund is listed on a recognized stock exchange.

#### Stamp Duty

No stamp duty obligation exists in cases of subscription, redemption, conversion or transfer of fund's units.

20



## No creation of a permanent establishment

In accordance to the Cyprus tax legislation, a permanent establishment does not exist:

- I. For non-Cyprus tax resident investors, who created investments in Cyprus tax transparent investment funds.
- II. As a result of management of non-Cyprus investment funds from Cyprus.

## Management services

Management fees charged to investment funds for collective management services are exempt from VAT, under certain conditions.

## Variable remuneration of individuals employed in the Funds industry

The employees and/or executives of the following investment fund management companies are free to elect a different mode of personal taxation:

- Alternative Investment Fund Managers authorised under the Alternative Investment Fund Managers Law 56(I)/2013, as amended (hereinafter, the 'AIFM Law');
- Internally managed AIFs authorised under the AIFM Law;
- UCITS Management Companies authorised under the UCI Law; and
- Internally managed UCITS authorised under the UCI Law.

The variable remuneration of the employees and executives of the above investment fund management companies, which is effectively connected to the carried interest, is taxed at the flat rate of 8% with a minimum tax liability of €10.000 per annum. The particular special mode of taxation is available for a period of 10 years.

## Implementation of the EU Anti-Tax Avoidance Directive by Cyprus

On 5 April 2019, Cyprus' House of Representatives, voted into Law the provisions of the EU Anti-Tax Avoidance Directive. The Directive was published on 12 July 2016. The Income Tax Law has been amended on 25 April 2019, upon publication in the Official Gazette of the Republic, with the incorporation of three measures:

- Interest limitation rule.
- Controlled Foreign Company (CFC) rule.
- General Anti-Abuse rule (GAAR).

The three measures above will have retroactive effect as from 1 January 2019.

However, the Anti-Tax Avoidance implementation measures are not limited to the above. On 24 May 2017, a second Directive was published in respect of a) exit taxation rules and b) hybrid mismatch rules. The applicable date of the two measures above is 1 January 2020. The provisions of this Directive have been implemented in Cyprus Income Tax Law on 19 June 2020 and published in the Official Gazette on 3<sup>rd</sup> of July 2020.

**EU Directive 2016/1164 of 12 July 2016. Specifies rules against tax avoidance practices that impact the sound functioning of the internal market.**

**EU Directive 2017/952 of 29 May 2017. Amending the EU Directive 2016/1164 with regards to exit taxation rules and tackling hybrid mismatches.**



We devote time to understand you, to provide you with tailored solutions that deliver the best possible results.

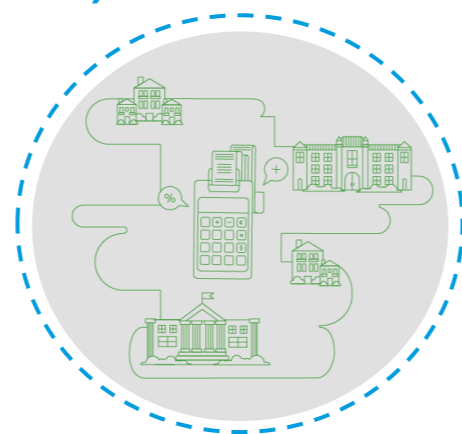


## SPECIAL DEFENCE CONTRIBUTION (SDC)



Special Contribution on Defence (SDC) is a local tax of Cyprus, applicable to Cyprus tax resident individuals and companies only and applies only on dividend income, passive interest income and rental income. Cyprus tax resident individuals should also be domiciled in Cyprus in order to be subject to SDC.

Any foreign tax paid, can be credited against SDC liability.



### SDC TAX RATES

	Tax rates (%)	
	Individuals (Note 1)	Legal entities (Note 1)
Dividend income from Cyprus tax resident companies	17 (Note 5)	Nil (Note 2)
Dividend income from non –Cyprus tax resident companies	17 (Note 5)	Nil (Note 3)
Interest income arising from the ordinary activities or closely related to the ordinary activities of the business	Nil (Note 4)	Nil (Note 4)
Other interest income ("passive")	30 (Note 5)	30 (Note 5)
Gross rental income (reduced by 25%)	3 (Note 5 and 6)	3 (Note 5 and 6)

#### Notes:

- The condition that should be met in order for a legal entity to be subject to Special Defence Contribution, is to be tax resident in Cyprus. Prior to July 16, 2015, the SDC applied to all Cyprus tax resident individuals and legal entities without being necessary for them to be domiciled in Cyprus. From that date on, the definition of domiciliation was introduced for Cyprus tax resident individuals, who should be both tax residents of Cyprus and domiciled in Cyprus in order for them to be subject to SDC. For Special Defence Contribution purposes, a person is considered domiciled in Cyprus via domicile of origin (acquired at birth) and domicile of choice (indication of an intention of permanent residence). In case the taxpayer resides in Cyprus at least 17 out of the 20 years immediately prior to the tax year of assessment, this person is considered domiciled in Cyprus.
- Dividends received from a Company resident in Cyprus from other Cyprus company, are exempt. This does not apply if dividends were paid 4 years after the end of the year in which the dividends were generated.
- The exemption does not apply if:
  - At least 50% of the activities of the paying company directly or indirectly generate investment income and
  - If the foreign tax burden is significantly lower than that of Cyprus. Significantly lower means an effective tax rate lower than 6.25% on the profit distributed.

In cases where the exemption is not applied, the dividend income is subject to SDC at 17%. Since 1 January 2016, in case where the paying company is eligible for deduction of such dividends for tax purposes, the dividend income is subject to corporation tax at the rate of 12.5% instead of Special Contribution on Defence.



- Exempted due to the fact that this interest income is subject to personal income tax or corporation tax.
- The Special Contribution for Defence rate on interest income of 30% is effective for interest received or credited from 29 April 2013 onwards.

Individuals who receive interest income from Cyprus government savings bond and Cyprus government development stock, from an approved provident fund and social insurance fund, are subject to SDC at 3% instead of 30%.

An individual whose total income for the year, including interest, does not exceed €12,000 has the right to a refund of the amount of defence contribution suffered in excess of 3%. For rental income generated from Cyprus, where the tenant is a Cyprus company, partnership, the state or a local authority, Special Contribution on Defence on rental income is withheld at source. It is payable at the end of the next month of the month in which the rental income is earned. In all other cases the Special Contribution for Defence on rental income is payable by the landlord in 6 monthly intervals on 30 June and 31 December each year.

Special Contribution for Defence on interest and dividends from Cyprus sources, is withheld at source and is payable at the end of the month following the month in which they were paid.

However, Special Contribution for Defence on interest and dividends from foreign sources, is withheld at source and is payable in 6 month intervals on 30 June and 31 December each year.

- Rental income is also subject to personal income tax / corporation tax.

### DEEMED DIVIDEND DISTRIBUTION

All Cyprus tax resident companies are deemed to have distributed to their Cyprus tax resident (physical or legal) shareholders as a dividend, 70% of their accounting profits (as adjusted for Special Contribution for Defence purposes), at the end of two years from the end of the year in which the accounting profits are generated.

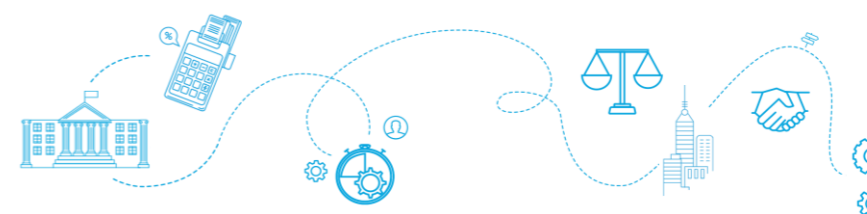
The amount of deemed dividend distribution is reduced by the amount of actual dividends distributed during the year in which the profits were generated.

The remaining deemed dividend will be taxed at 17% Special Defence Contribution, provided that the ultimate direct/indirect shareholder is Cyprus tax resident and domiciled in Cyprus. Prior to 16 July 2015, the Special Defence Contribution applied to the extent that the ultimate direct/indirect shareholder was Cyprus tax resident.

When an actual dividend is paid after the deemed dividend distribution date, then if Special Contribution for Defence is due on such a dividend, the 17% is imposed only on the amount of the actual dividend paid which exceeds the dividend that was previously deemed to have been distributed and previously suffered Special Contribution for Defence.

#### Note:

A number of adjustments to the accounting profit are required for deemed distribution purposes, including for tax years 2012, 2013 and 2014 if the company has acquired in those years plant, machinery or buildings (excluding private motor vehicles) for business purposes; the full cost of these assets will be deductible against the accounting profits.



## TRANSFER OF ASSETS TO SHAREHOLDER AT AN UNDERVALUE

In cases where a company disposes or gifts an asset to its individual shareholder or a relative of such a shareholder of up to 2nd degree, for a price under its market value, the difference between the actual consideration paid and the market value will be considered as deemed dividend to the shareholder. The said provision does not apply, if the particular assets was originally gifted from the individual shareholder or his/her relative up to 2nd degree.

## LIQUIDATION OR DISSOLUTION OF A COMPANY

On liquidation cases, the cumulative profits of the last five years prior to the company's dissolution, should be deemed to have been distributed. This applied if such profits have not already been distributed or deemed to be distributed.

This provision is not applicable if there is a dissolution following a Reorganisation.

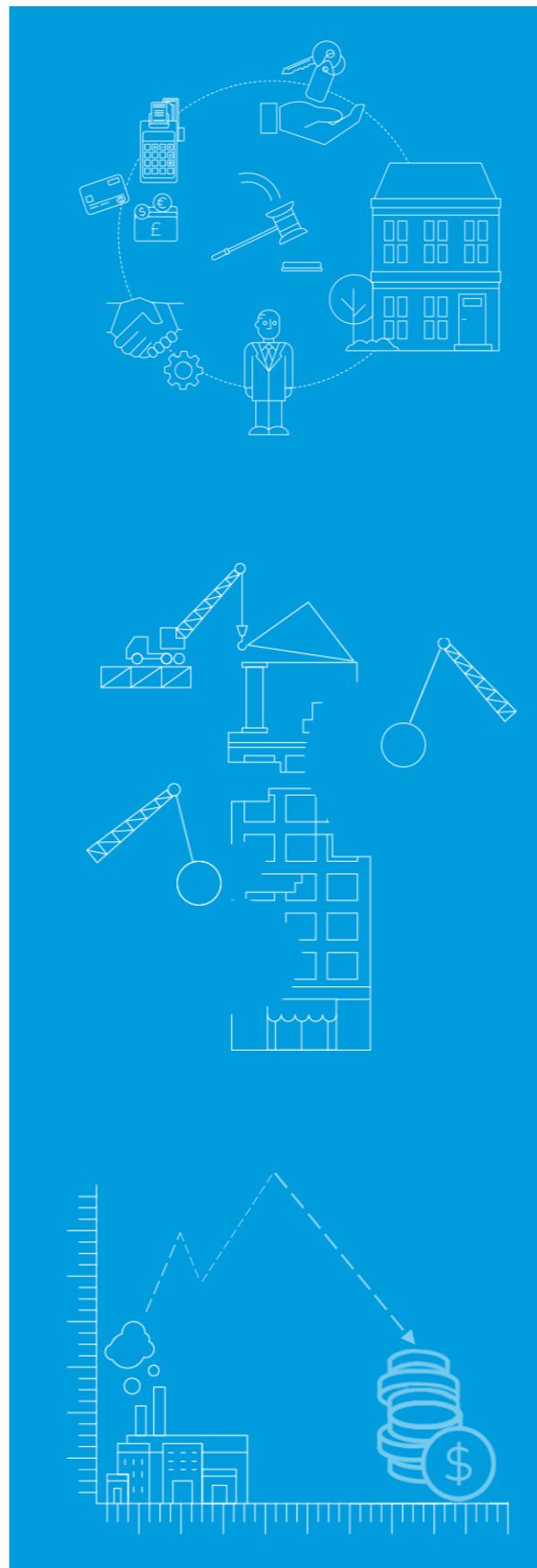
## REDUCTION OF CAPITAL

The amount paid to individual Cyprus tax resident shareholders from a reduction of share capital, in excess of the amount they already paid to acquire the paid up share capital, is considered as a form of deemed dividend and is subject to Special Contribution on Defence at 17%.

The redemption of units or shares in a Collective Investment Scheme is not subject to the above provisions.

### Note:

It is noted that as from 16 July 2015, the Cyprus tax resident individuals shall also be domiciled in Cyprus in order to be eligible for taxation under the three cases above.



Our client relationships are based on mutual respect, understanding, integrity and collaboration.





## CAPITAL GAINS TAX (CGT)



Capital Gains Tax (CGT) is applied to transactions that involve disposals of immovable properties situated in the Republic of Cyprus. These transactions include both direct disposal of an immovable property situated in Cyprus and disposal of shares in companies which directly own immovable properties in Cyprus. Further, as from 17 December 2015 shares of companies which indirectly own immovable property located in Cyprus and at least 50% of the market value of the said shares derive from such immovable property are subject to Capital Gains Tax. In the case of share disposals only that part of the gain relating to the immovable property situated in Cyprus is subject to CGT.

**The Capital Gains Tax is imposed at the rate of 20%.**

Disposal for the purposes of CGT specifically includes; exchange, leasing, gifting, abandoning use of right, granting of right to purchase, and any sums received upon cancellation of disposals of property.

Shares listed on any recognised stock exchange are excluded from these provisions.

### EXEMPTIONS

The following disposals of immovable property are not subject to CGT:

- Gain from subsequent disposal of land or land with immovable property acquired at market value during the period 16 July 2015 and 31 December 2016.
- Transfer by reason of death.
- Gifts made between parent and child or between spouses or between relatives up to 3rd degree.
- Gifts to a limited liability company of which the shareholders are and continue to be members of the family of the donor, for 5 years after the day of the transfer.
- Gifts made by a family limited liability company to its shareholders, provided that the property gifted was originally gifted to the company by them. The property must be kept by the donee for at least 3 years.
- Gifts to charitable organisations, to the Republic, to the local authority.
- Transfer by way of approved reorganisation schemes.
- Exchange or disposal of immovable property under the Agricultural Land (Consolidation) Laws.
- Expropriations.
- Exchange of immovable properties given that the gain made is used to acquire the new property. The gain that is not taxable is deducted from the cost of the new property, i.e. the payment of tax is deferred until the disposal of the new property.
- Donations to a political party.



**20%**



## CAPITAL GAIN FOR CGT PURPOSES

Liability arises only on gains accruing as from 1 January 1980, i.e. deducted from gross proceeds on the disposal of immovable property are its market value at 1 January 1980, or the costs of acquisition and improvements of the property, if made after 1 January 1980, as adjusted for inflation up to the date of disposal on the basis of the consumer price index in Cyprus.

Expenses that are related to the acquisition and disposal of immovable property are also deducted, subject to certain conditions e.g. interest costs on related loans, transfer fees, legal expenses etc.

### LIFETIME EXEMPTIONS

Individuals can deduct from the taxable capital gain the following:

Disposal of private principal residence (subject to certain conditions)	€85.430
Disposal of agricultural land by a farmer	€25.629
Any other disposal	€17.086



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## VALUE ADDED TAX (VAT)



VAT applies on the supply of goods and on the provision of services within the Republic, as well as on the acquisition of goods from Member states of the EU and importation of goods from third countries.

Through the relevant legislation, taxable persons charge VAT on their taxable supplies (output tax) and are charged by other taxable persons with VAT on goods and services they receive (input tax). Where, output tax is in excess of the input tax, a VAT tax liability is created and a payment is due to the Republic. If the opposite stands then a credit is created and either it is set off against future VAT tax liabilities or immediate refund to the taxpayer takes place.

### Immediate refund of excess input VAT can be obtained in the following cases:

- A period of eight months has elapsed from the date the VAT became refundable.
- Input VAT which cannot be set off against output VAT until the last VAT period of the year which follows the year in which the VAT period in which the credit was created falls.
- The input VAT relates to zero rated transactions.
- The input VAT relates to the purchase of capital assets of the company.
- The input VAT relates to transactions which are outside the scope of VAT but would have been subject to VAT had they been carried out within Cyprus.
- The input VAT relates to exempt financial and insurance services provided to non EU resident clients (services for which the right to recover the related input VAT is granted).

No VAT cash outflow arises on intra-community acquisition of goods (with the exception of goods subject to excise taxes) as VAT is accounted by using the acquisition accounting method. This involves a simple accounting entry in the books of the business whereby it self-charges VAT and at the same time claims it back, provided it relates to supplies for which the right to recover input VAT is granted, thereby creating no cost to the business.

In cases the acquisition relates to a transaction for which the right to recover the input VAT is not granted, the trader must pay the VAT that corresponds to the acquisition.

### VAT RATES

The VAT legislation provides for the tax rates shown below:

- Zero rate (0%)
- Reduced rate 5%
- Reduced rate 9%
- Standard rate 19%

### EXEMPTIONS

Transactions involving the below goods or services are exempt from VAT:

- Rental of properties used for residential purposes.
- Financial services (with exceptions).
- Hospital and medical care services.
- Educational and sports activities.
- Acquisitions of second-hand buildings.
- Services performed by the national postal authority.
- Lottery tickets and betting coupons.
- Management services provided to mutual funds.



## VAT ON IMMOVABLE PROPERTY

### i. Leasing of immovable property

VAT at the standard rate must be charged on lease of immovable property when the lessee is a taxable person and is engaged in taxable activities by at least 90%. The lessor has the right to opt not to impose VAT on the specific property. The option is irrevocable.

### ii. Sale of non-developed building land

As from 2 January 2018 non-developed building land sale attracts VAT at the standard rate of 19%. Non-developed land definition includes land intended for the construction of one or more structures that should be used in carrying out a business activity. VAT does not apply on purchases or sales of land which is located in livestock zones or areas which are not intended for development.

### iii. Repossession of immovable property by financial institutions

As from 2 January 2018, any transactions taking place during the process of loan restructurings or for compulsory transfer to the lender (financial institution), should be taxed under VAT accounted under the reverse charge provisions.

### iv. Leases of immovable property which effectively transfer the risks and rewards of ownership of immovable property

As from 1 January 2019 leases of immovable property which effectively transfer the risks and rewards of ownership of immovable property are considered to be supplies of goods. They also become subject to VAT at the standard rate.

## IMPOSITION OF THE REDUCED RATE OF 5% ON THE ACQUISITION AND/OR CONSTRUCTION OF RESIDENCES FOR USE AS THE PRIMARY AND PERMANENT PLACE OF RESIDENCE

As from 1 October 2011, contracts conducted that relate to acquisitions and/or constructions of residential properties to be used as primary place of residence, attract a reduced VAT rate of 5%. The residents shall prove that they intend to stay there for the next 10 years at least.

For such cases, the reduced rate of 5% applies to the first 200 square meters of the buildable area of the residence. In cases where the residence is of more than 200 square meters, the standard rate applies to the remaining.

The reduced rate is imposed only after obtaining a certified confirmation.

The eligible person must submit an application on a special form, which will state that the house will be used as the primary and permanent place of residence. The applicant must attach a number of documents supporting the ownership rights on the property and evidencing the fact that the property will be used as the primary and permanent place of residence. The application must be filed prior to the actual delivery of the residence to the eligible person.

As from 8 June 2012 eligible persons include residents of non-EU Member States, provided that the residence will be used as their primary and permanent place of residence in the Republic.

The documents supporting the ownership of the property must be submitted together with the application. The documents supporting the fact that the residence will be used as the primary and permanent place of residence (copy of telephone, water supply or electricity bill or of municipal taxes) must be submitted within six months from the date on which the eligible person acquires possession of the residence.



In cases where persons who cease using the residence as their primary residence before the lapse of the 10 years, must notify the Tax Commissioner within a period of 30 days. In such cases, the person must pay the difference between the reduced rate and the standard rate of VAT attributable to the remaining period of 10 years of which the property will not be used as primary residence.

Persons who have already acquired a residence on which the reduced VAT rate was imposed, can re-apply and acquire a new residence on which the reduced VAT rate will be imposed, irrespective of whether the 10 year prohibition period for using the initial residence has lapsed or not. A condition for this to apply is that in case the 10 year period of using the residence as the main and permanent place of residence has not lapsed, the persons must return to the Tax Department the difference in the VAT between the standard and reduced VAT rates applicable at the time of the acquisition or construction of the residence.

Persons who make a false declaration to benefit from the reduced rate are required by law to pay the difference of the additional VAT due. Furthermore, the legislation provides that such persons are guilty of a criminal offence and, upon conviction, are liable to a fine, not exceeding twice the amount of the VAT due, or imprisonment up to 3 years or may be subject to both sentences.

## IMPOSITION OF THE REDUCED RATE OF 5% ON THE RENOVATION AND REPAIR OF PRIVATE RESIDENCES

The reduced rate of 5% applies to all the residences in which renovations and repairs are necessary. There is a condition though, that a period of 3 years has lapsed from the first day the residence was used. In cases where the value of the materials intended to be used in the renovation and repair works exceed by more than 50% the value of the services, then the value of these materials is subject to the standard VAT rate. The reduced rate also applies on any additions made to a private residence, subject to the condition that at least three years have past since it was first occupied.

Additionally, the reduced rate of 5% is applicable to the renovation and repairs of old private residences, for which a period of 3 years has lapsed from the first day the residence was used and which are used by vulnerable groups of people or which are residences located in remote areas.

## ZERO Vs EXEMPT SUPPLIES

The difference between zero rate and exempt supplies is that businesses that make exempt supplies are not entitled to recover the VAT charged on their purchases, expenses or imports.

## IRRECOVERABLE INPUT VAT

There are some cases where VAT input cannot be recovered:

- Acquisitions used for exempt supplies.
- Purchases, importations and hiring of private saloon cars.
- Expenses related to entertainment and hospitality.



## OBLIGATION FOR REGISTRATION

Individuals and companies have the obligation to register if their turnover for the prior 12 months exceeded the threshold of €15.600 or if they expect that their turnover will exceed the threshold in the next 30 days. However, there are businesses that can register voluntarily. Such businesses are those whose turnover does not exceed the threshold or those whose supplies are outside the scope of VAT.

Obligation for registration also exists when the businesses acquire goods from other EU member states which are more than €10.251,61 during any period. Obligation for registration arises for businesses who are engaged in activities involving supply of services in the EU, for which the recipient shall apply VAT under the reverse charge provisions. Similarly, businesses in Cyprus which carry activities through the receipt of services from abroad, for which the Cyprus business is obliged to apply VAT through reverse charge provisions, an obligation exists if these services exceed the threshold of €15.600.



No registration threshold exists for the provision of intra-community supplies of services.

Exempted products and services, and disposals of items of capital nature are not taken into account for determining annual turnover for registration purposes. Registration is effected by completing the appropriate application form.

During August 2020, legal of physical persons who are not established in Cyprus and who are engaged in taxable activities in the Republic are obliged to register to the VAT authorities for VAT purposes. There is no VAT registration threshold for those persons.

## VAT DECLARATION. PAYMENT OR REFUND OF VAT

The businesses shall submit electronically the VAT returns on a quarterly basis. In case where VAT is payable i.e. VAT output is more than VAT input, the payment must take place the 10th day of the second month following the end of the VAT period.

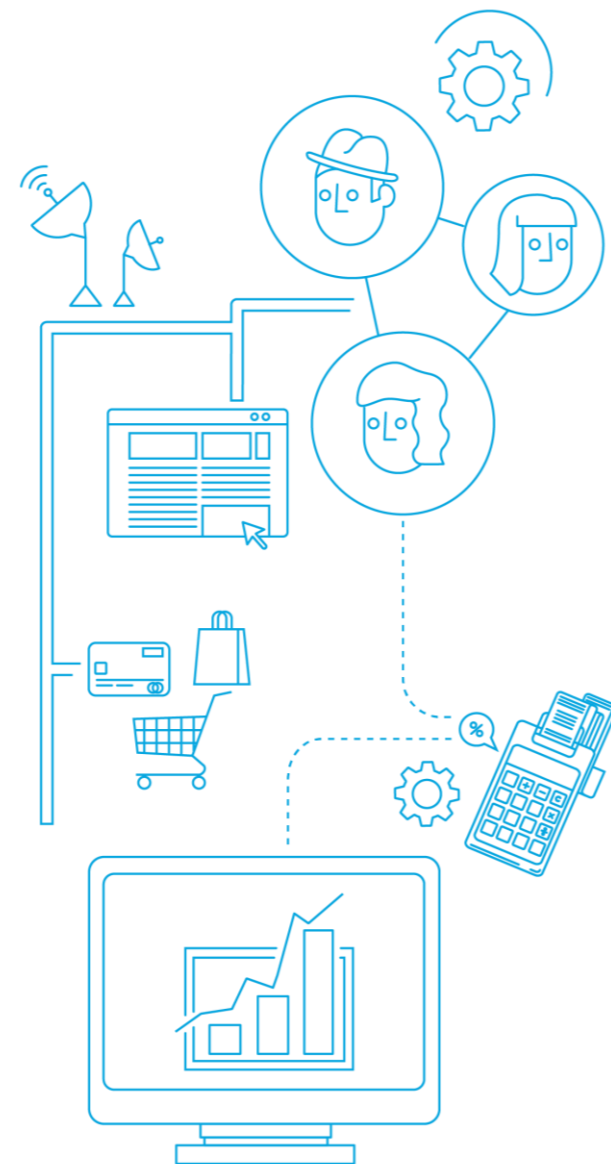
VAT registered persons have the right to request for a different filing period. The approval of the Commissioner of Taxation is required. The Commissioner of Taxation also has the right to request from a taxable person to file his VAT returns for a different period.

In cases where VAT input is more than VAT output, there is a refundable amount which will be either received in hands or it will be set off with the next VAT period, in case this will result to a payable amount.

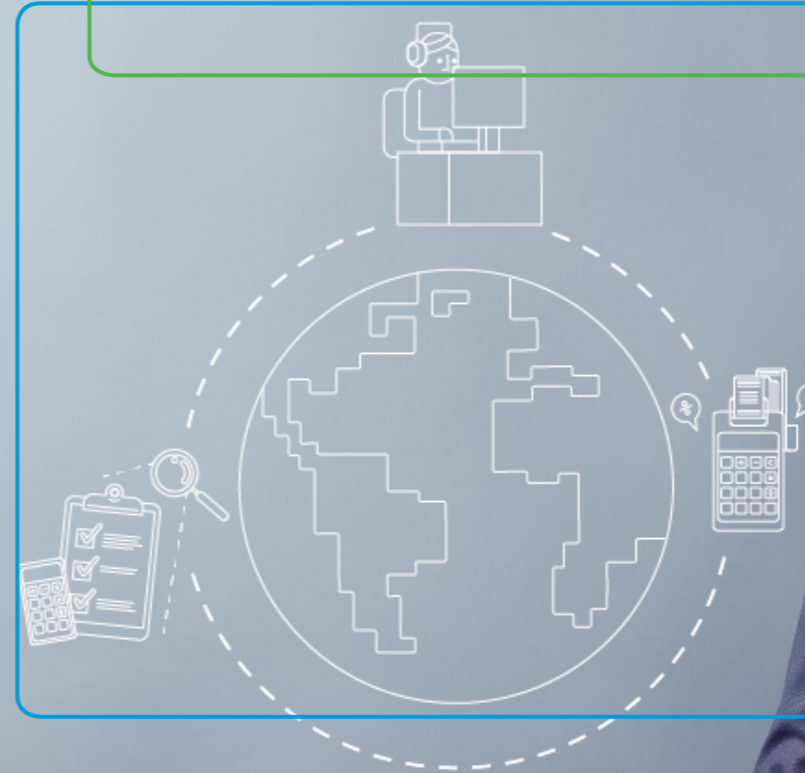
As from 19 February 2013 taxpayers who make a claim for VAT refund will be entitled to repayment of the principal amounts together with interest in the event that the repayment is delayed for a period exceeding four months from the date of the submission of the claim.

The grace period for the Tax Department to repay the refundable amounts is extended by another four months (i.e. eight months in total) in the event that the Commissioner of Taxation is carrying out an investigation in relation to the submitted claim. In addition to that, the following are applicable as from 20 August 2020:

- A suspension of VAT refunds with interest will take place, in case the income tax returns of the taxpayer were not submitted by date of the submission of the VAT refund claim. The VAT refund can be repaid as soon as the taxpayer complies with all their obligations; and
- The applications for VAT refund should be limited to six (6) years from the end of the relevant VAT period.



With so much to consider when running your business, you could find yourself in need of corporate tax support.



## TRANSFER FEES BY THE DEPARTMENT OF LAND AND SURVEYS



The department of land and surveys charges the acquirer of the immovable property transfer fees on the transfer of the ownership of immovable property.



Market Value (€)	Rate (%)	Fee (€)	Accumulated fee (€)
First 85.000	3	2.550	2.550
From 85.001 to 170.000	5	4.250	6.800
Over 170.000	8		

In the case of free transfers of property, the transfer fees are calculated on the value of the property as follows:

- From parents to children Nil
- Between spouses 0,1%
- Between third degree relatives 0,1%
- To trustees €50

'Value' in these cases refers to values as at 1 January 2013.

Mortgage registration fees are 1% of the current market value.

In the case of companies' reorganisations, transfers of immovable property are not subject to transfer fees or mortgage registration fees.

On transactions of immovable property on which VAT has been imposed, no transfer fees apply.

On acquisitions of properties that are not subject to VAT, a 50% discount on transfer fees is allowed.



## SOCIAL INSURANCE



Contributions to the social insurance apply to the gross emoluments of the employees. However, upper limits apply on such emoluments e.g. for 2022 the maximum annual emoluments shall not exceed €58.080 (weekly €1.117/ monthly €4.840).



As from 1 January 2019, the contributions and deductions for social insurance are of 8,3% and will be applicable for the next 5 years. e previous rate of 7,8% was used until 31 December 2018.

### Contributions

Employer	8.3%	8.3%
Employee	8.3%	8.3%

### OTHER EMPLOYER'S CONTRIBUTIONS

The following contributions to the social insurance and other funds are made by the employer based on the gross emoluments of the employee:

Market value (€)	2022
Redundancy fund	1.2% (1)
Industrial fund	0.5% (1)
Social cohesion fund	2.0% (2)
Holiday fund	8.0% (1)

### Notes:

1. Restricted to the maximum level of emoluments as with the social insurance contributions.
2. Social cohesion fund is calculated on total emoluments and has no maximum level.

### SELF – EMPLOYED CONTRIBUTIONS

The contributions to the social insurance of the self-employed individuals will be 15,6% of their income. The contributions are based on minimum and a maximum level of emoluments in accordance to the profession of the self-employed person.



## GENERAL HEALTHCARE SYSTEM



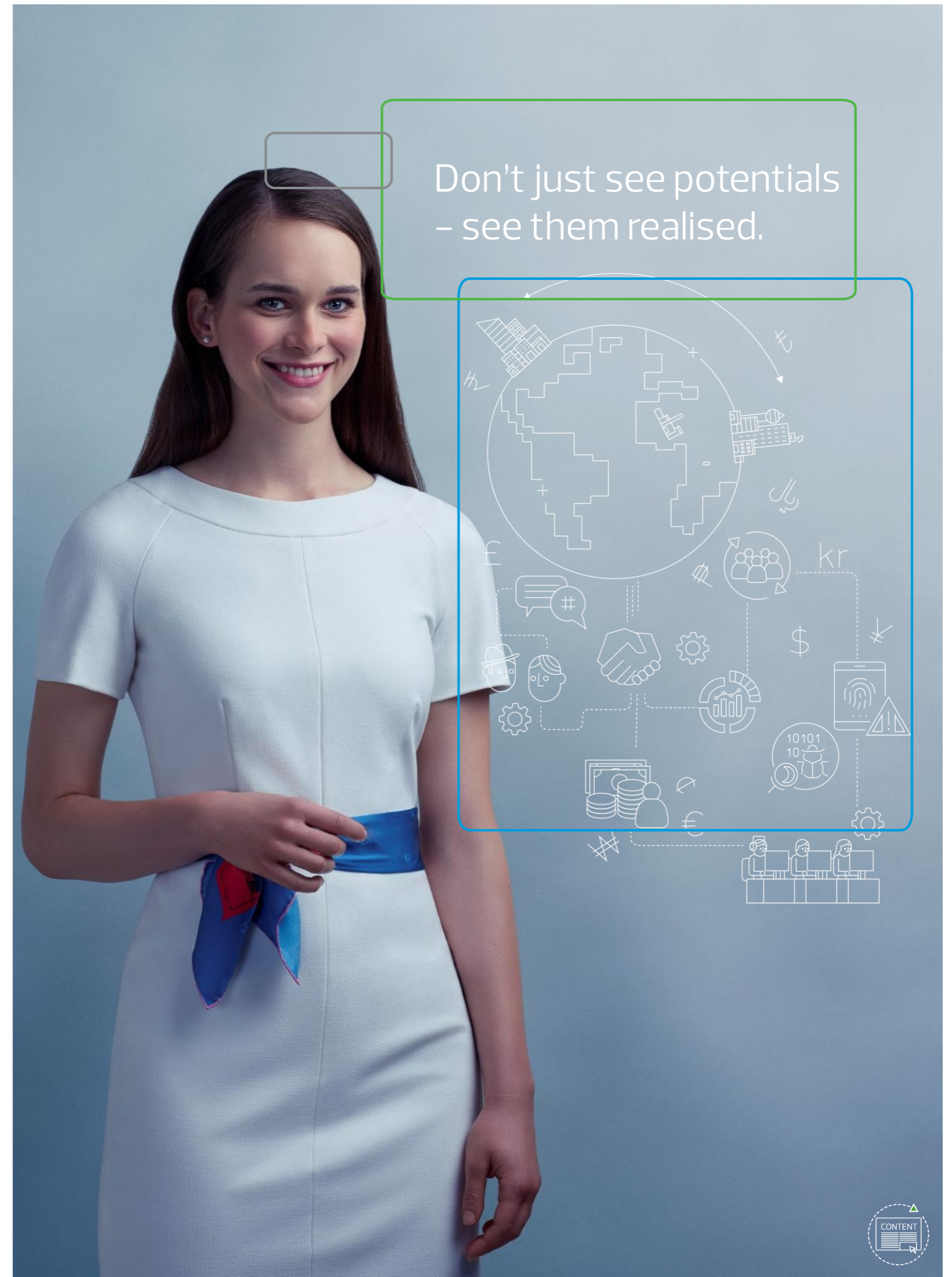
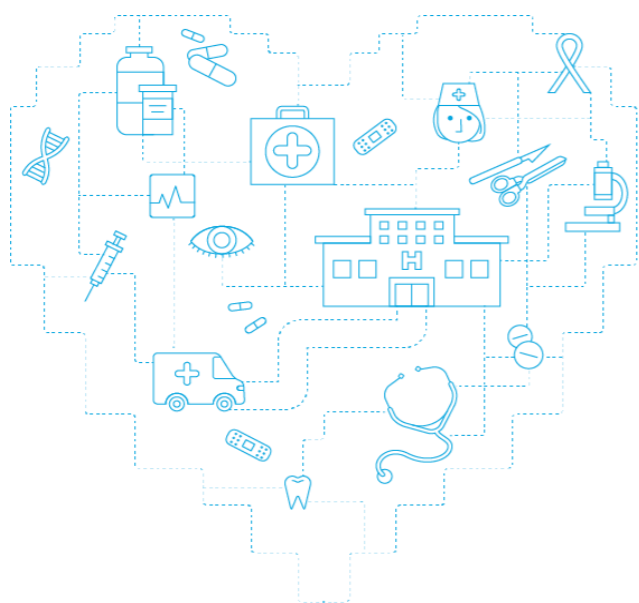
As per General Health System Law of 2001 (89(I)/2001) as amended 2017, a national health system is introduced in Cyprus aimed to provide to the population equal access to a holistic health care system. Patients will have the option to select a health care provider from the private as well as the public health care sector.

Contributions relating to the implementation of the General Healthcare System (GHS) started from 1st of March 2019, and increased from 1st of March 2020 as per the table below:

Income Category	Applied on	Rate
Employees	Own emoluments	2,65%
Employers	Employee's emoluments	2,9%
Self-employed	Own income	4,0%
Pensioners	Pension	2,65%
Persons holding office *	Officer's remuneration	2,65%
Republic of Cyprus or Natural/Legal person responsible for the remuneration of persons holding an office	Officer's remuneration	2,9%
Persons earning rental, interest, dividend and other income	Relevant income	2,65%
Republic's Consolidated Fund	Emoluments/pensions	4,7%

\* Relates to holders of public or local authority office or other office, the income out of which does not come within the scope of (i) or (iii) or (iv) of (vii).

GHS contributions are capped at €180.000 annual income.



# MANDATORY DISCLOSURE REQUIREMENTS (MDR) – DAC6

## Legal Background

On 25 May 2018, the European Council has adopted the Directive 2018/822, amending the Directive 2011/16/EU. The new Directive is also known as the DAC6 and it was designed for the purpose of the automatic exchange of reportable cross border tax arrangements.

On 31 March 2021, Cyprus Parliament voted for the DAC6 to be transposed to the existing Law of Administrative Cooperation in the field of Taxation and will be referred to as the Law of Administrative Cooperation in the field of Taxation of 2012 to 2021.

Furthermore, on 29 October 2021, relevant Administrative Guidelines (in the form of Decree) were issued by the Cyprus Tax Department, so to provide further clarifications on the definitions of the main terms, the provisions of the Law and its practical application.

## Purpose and Reportable Arrangements

The purpose of the DAC6 Law is to increase tax transparency by providing to the relevant tax authorities information about potentially tax abusive or aggressive tax arrangements.

A reportable arrangement is a single cross-border arrangement or a series of cross-border arrangements that contain the criteria designating for a potential risk for tax abuse i.e. the 'Hallmarks'.

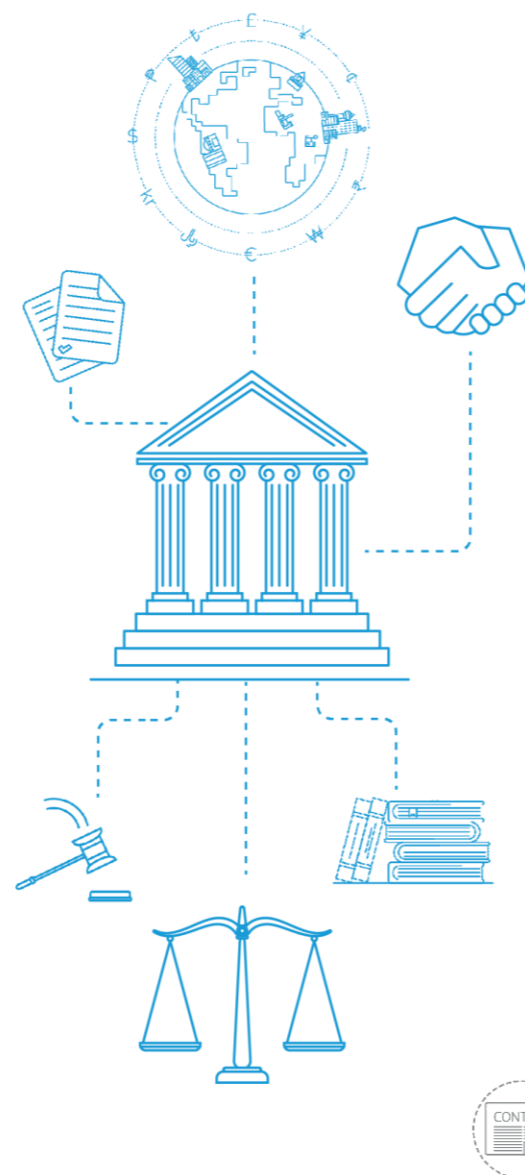
## Cross-border dimension

For a cross-border arrangement to exist, at least one the participating parties must be within a EU Member State or a EU Member State and a third country.

## Hallmarks

The hallmarks are generally indicating a reporting obligation given that they either fulfil the 'Main Benefit Test' or they give rise to a reporting obligation alone.

The main benefit test will be satisfied if it can be established that the main benefit or one of the main benefits which a person might reasonably expect is to obtain a tax advantage.



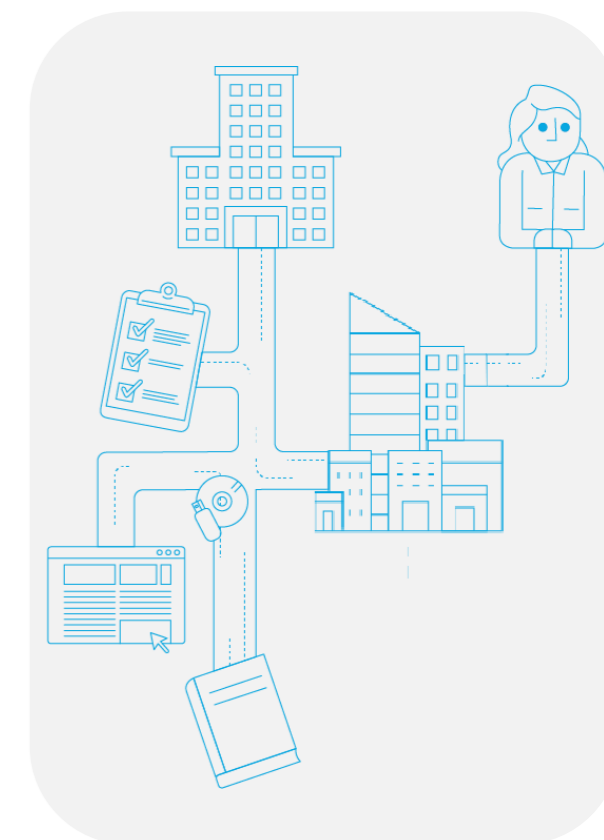
## Who has to report

The principal reporting obligation rests with the "Intermediary", a legal or physical person who designs, markets, organizes or makes available for implementation or manages the implementation of a reportable cross border arrangement.

It can also be a legal or physical person who, directly or indirectly, provides aid, assistance or advice in designing, marketing, organizing, making available for implementation or managing the implementation of a reportable cross border arrangement.

Such a person can be relieved from its reporting obligations if it can satisfactorily prove that they were not obliged to know or reasonably expected to know about an arrangement.

If none of the reporting criteria above are met, then the obligation is on the relevant taxpayer to report.

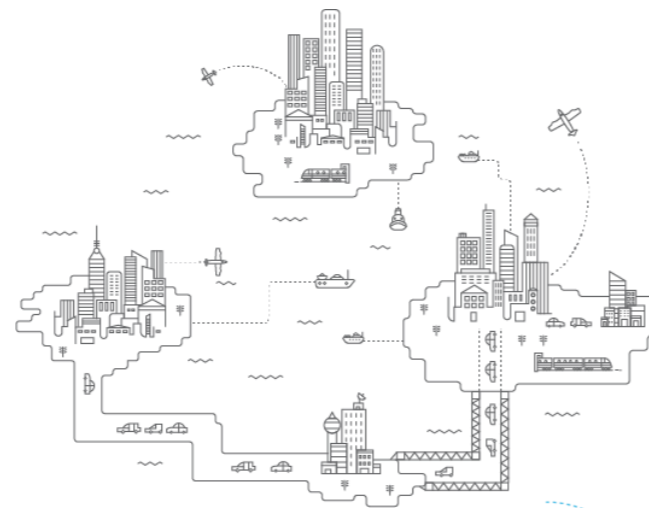
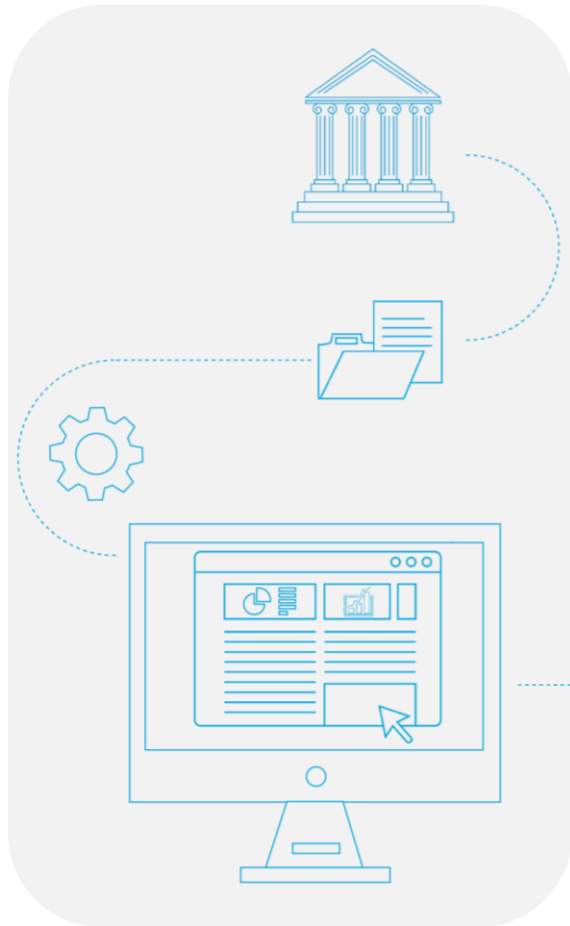


## Reporting deadlines

Administrative fines for overdue submission of DAC6 information that will be submitted until the 31st of January 2022 in the below cases, will not be imposed.

- Reportable cross-border arrangements that have been made between 25 June 2018 and 30 June 2020 and had to be submitted by 28 February 2021.
- Reportable cross-border arrangements that had been made between 1 July 2020 and 31 December 2020 and had to be submitted by 31 January 2021.
- Reportable cross-border arrangements made between 1 January 2021 and 1 January 2022, that had to be submitted within 30 days from the date they were made available for implementation or were ready for implementation or the first step in the implementation has been made, whichever occurred first.
- Reportable cross-border arrangements for which secondary intermediaries provided aid, assistance or advice, between 1 January 2021 and 1 January 2022 and had to submit information within 30 days beginning on the day after they provided aid, assistance or advice.
- The first periodic report on marketable arrangements.





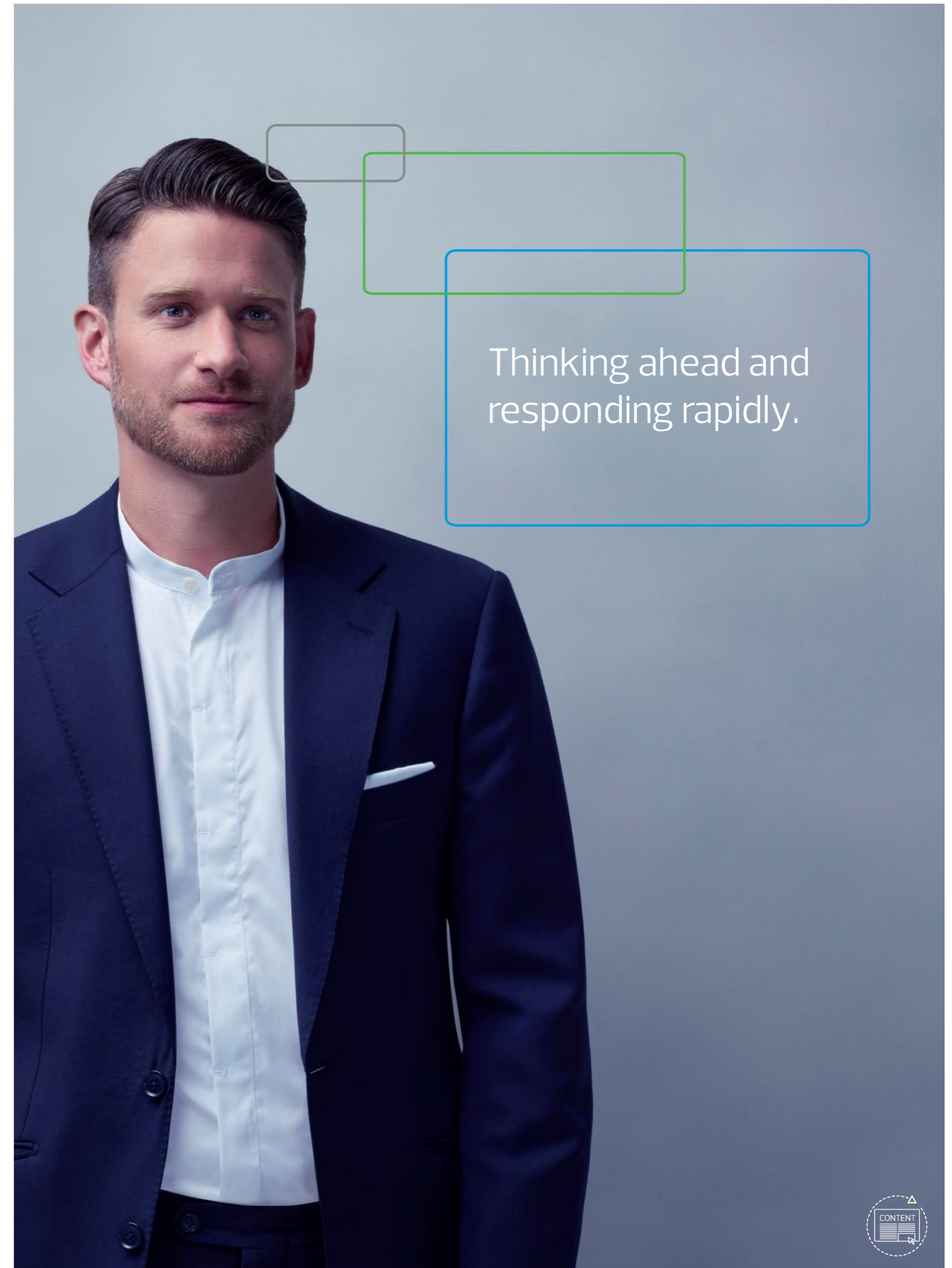
### Filing process

The intermediaries or the taxpayers who are responsible for reporting cross-border arrangements under the DAC6 Law, must register in the Government Gateway Portal "Ariadni", where they will be requested to submit their report by uploading an XML file.

### Penalties

The penalties for not complying with the DAC6 Law, depend on the type of the case. A maximum penalty per case of €20,000 with an annual cap at €120,000 per intermediary or taxpayer and it will vary based on the type of the offense. Please refer to the table below:

Offense	Penalty
Failure to report	From €10,000 to €20,000
Delay to report	Up to 90 days: €1,000 to €5,000
	More than 90 days: €5,000 to €20,000
Incomplete or incorrect reporting	From €1,000 to €10,000
Failure to notify for exemption due to LPP	From €10,000 to €20,000
	Up to 90 days: €1,000 to €5,000
Delay to notify for exemption due to LPP	Up to 90 days: €1,000 to €5,000
	More than 90 days: €5,000 to €20,000



Thinking ahead and responding rapidly.





# DOUBLE TAX TREATIES



## Paid from Cyprus

## Paid to Cyprus

	Paid from Cyprus				Paid to Cyprus		
	Dividends %(1)	Interest %(1)	Royalties rights not used in Cyprus % (1)	Royalties rights used within Cyprus %	Dividends %	Interest %	Royalties %
Non-treaty countries	Nil	Nil	Nil	5/10 (2)	-	-	-
Andorra(59)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Armenia	Nil	Nil	Nil	5	0/5 (13)	0/5 (16)	5
Austria	Nil	Nil	Nil	Nil	10	Nil	Nil
Bahrain	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Barbados(60)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Belarus	Nil	Nil	Nil	5	5/10/15 (14)	5	5
Belgium	Nil	Nil	Nil	Nil	10/15 (15)	0/10 (16, 17)	Nil
Bosnia (7)	Nil	Nil	Nil	5/10 (5)	10	10	10
Bulgaria	Nil	Nil	Nil	10	5/10 (18)	0/7 (16, 19)	10 (19)
Canada	Nil	Nil	Nil	0/5/10 (4, 5)	15	0/15 (20)	0/10 (4)
China	Nil	Nil	Nil	10	10	10	10
Czech Republic	Nil	Nil	Nil	10 (11)	0/5 (21)	Nil	10 (11)
Denmark	Nil	Nil	Nil	Nil	0/15 (16,22)	Nil	Nil
Egypt(56)	Nil	Nil	Nil	10	5/10 (55)	10	10
Ethiopia	Nil	Nil	Nil	5	5	5	5
Estonia	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Finland	Nil	Nil	Nil	Nil	5/15 (23)	Nil	Nil
France	Nil	Nil	Nil	0/5 (3)	10/15 (24)	0/10 (25)	0/5 (26)
Georgia	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Germany	Nil	Nil	Nil	Nil	5/15 (27)	Nil	Nil
Greece	Nil	Nil	Nil	0/5 (5)	25	10	0/5 (5)
Guernsey	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Hungary	Nil	Nil	Nil	Nil	5/15 (15)	0/10 (16)	Nil
Iceland	Nil	Nil	Nil	5	5/10 (44)	Nil	5
India	Nil	Nil	Nil	10	10 (28)	0/10 (49)	10 (29)
Iran	Nil	Nil	Nil	6	5/10 (50)	5	6
Ireland	Nil	Nil	Nil	0/5 (5)	Nil	Nil	0/5 (5)
Italy	Nil	Nil	Nil	Nil	15	10	Nil
Jersey	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Paid from Cyprus

## Paid to Cyprus

	Dividends	Interest	Royalties rights not used in Cyprus	Royalties rights used within Cyprus	Dividends	Interest	Royalties
	%(1)	%(1)	% (1)	%	%	%	%
Jordan (64)	Nil	Nil	Nil	7	5/10 (44)	0/5 (65)	7
Kazakhstan (56)	Nil	Nil	Nil	10	5/15 (57)	0/10 (58)	10
Kuwait	Nil	Nil	Nil	5	Nil	Nil	5
Latvia	Nil	Nil	Nil	0/5 (12)	0/10 (47)	0/10 (47)	0/5 (48)
Lebanon	Nil	Nil	Nil	Nil	5	0/5 (16)	Nil
Lithuania	Nil	Nil	Nil	5	0/5 (30)	Nil	5
Luxembourg	Nil	Nil	Nil	Nil	0/5 (51)	Nil	Nil
Malta	Nil	Nil	Nil	10	Nil	10/ (16)	10
Mauritius	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Moldova	Nil	Nil	Nil	5	5/10 (32)	5	5
Montenegro (7)	Nil	Nil	Nil	5/10 (5)	10	10	10
Netherlands (64)	Nil	Nil	Nil	Nil	0/15 (66)	Nil	Nil
Norway	Nil	Nil	Nil	Nil	0/15 (42)	Nil	Nil
Poland	Nil	Nil	Nil	5	0/5 (31)	0/5 (16)	5
Portugal	Nil	Nil	Nil	10	10	10	10
Qatar	Nil	Nil	Nil	5	Nil	Nil	5
Romania	Nil	Nil	Nil	0/5 (10)	10	0/10 (16)	0/5 (10)
Russia(62)	Nil	Nil	Nil	Nil	5/15 (33)	0/15 (63)	Nil
San Marino	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Saudi Arabia	Nil	Nil	Nil	5/8 (54)	0/5 (53)	0	5/8 (54)
Serbia (7)	Nil	Nil	Nil	5/10 (5)	10	10	10
Seychelles(60)	Nil	Nil	Nil	5	Nil	Nil	5
Singapore	Nil	Nil	Nil	10	Nil	0/7/10 (16. 34)	10
Slovakia (9)	Nil	Nil	Nil	0/5 (10)	10	0/10 (16)	0/5 (10)
Slovenia	Nil	Nil	Nil	5	5	0/5 (16)	5
South Africa	Nil	Nil	Nil	Nil	5/10 (46)	Nil	Nil
Spain	Nil	Nil	Nil	Nil	0/5 (35)	Nil	Nil
Sweden	Nil	Nil	Nil	Nil	5/15 (15)	0/10 (16)	Nil
Switzerland	Nil	Nil	Nil	Nil	0/15 (45)	Nil	Nil
Syria	Nil	Nil	Nil	10/15 (44)	0/15 (36)	0/10 (20)	10/15 (43)
Thailand	Nil	Nil	Nil	5/10 (6)	10	10/15 (37)	5/10/15 (38)
Ukraine (61)	Nil	Nil	Nil	5/10 (8)	5/10 (39)	5	5/10 (40)
UAE	Nil	Nil	Nil	Nil	Nil	Nil	Nil
UK	Nil	Nil	Nil	Nil	0/15 (52)	Nil	Nil
USA	Nil	Nil	Nil	Nil	5/15 (41)	0/10 (25)	Nil

## NOTES:

1. Under Cyprus legislation, there is no WHT on dividends and interest paid to non residents of Cyprus. Further, there is also no WHT on royalties paid to non-residents of Cyprus for rights not used within Cyprus. However, as from 31 December 2022, Cyprus will adopt WHT on dividend, interest and royalty outbound payments made to non-tax resident persons that are based in jurisdictions listed in the Annex I of the EU list of non-cooperative jurisdictions for tax purposes.
2. Royalties earned on rights used within Cyprus are subject to WHT of 10% (except royalties relating to cinematographic films, where the WHT rate is 5%).
3. A WHT rate of 5% is applicable on royalties for cinematographic films including films and video tape for television.
4. 0% on literary, dramatic, musical, or artistic work (excluding motion picture films and works on film or videotape for use in connection with television).
5. The WHT rate of 5% is applicable on cinematographic film royalties.
6. 5% WHT applies for any copyright of literary, dramatic, musical, artistic, or scientific work.
7. Serbia, Montenegro and Bosnia apply the Yugoslavia/ Cyprus treaty.
8. A 5% WHT will be levied on payment of royalties in respect of any copyright of scientific work, any patent, trademark, secret formula, process, or information concerning industrial, commercial, or scientific experience and cinematographic films.
9. The Cyprus-Czechoslovakia treaty applies with the Slovak Republic.
10. 5% WHT rate applies for patents, trademarks, designs or models, plans, secret formulas, or processes, or any industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience. Nil on literary, artistic or scientific work including films.
11. 10% WHT rate applies for patent, trademark, design or model, plan, secret formula or process, computer software or industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.
12. NIL applies if the payer is a company that is a resident in Cyprus and the beneficial owner of the income is a company (other than partnership) that is a resident in Latvia. WHT rate applies for all other cases.
13. The WHT rate of 5% applies where a dividend is paid by a company in which the beneficial owner has invested less than €150,000.
14. A WHT rate of 5% applies where the investment is not less than €200,000 in the share capital of the company paying the dividend. If such investment is less than €200,000, dividends are subject to 15% WHT which is reduced to 10% if the recipient company controls 25% or more of the paying company.
15. A WHT rate of 15% applies if received by a company holding less than 25% of the share capital of the paying company and in all cases if received by an individual.
16. No WHT if paid to the government/Central Bank/Public Authority of the other state.
17. No WHT for interest on deposits with banking institutions.

18. The WHT 5% rate applies to companies holding directly at least 25% of the share capital of the company paying the dividend. In all other cases the WHT is 10%.
19. The treaty rates do not apply if the payment is made to a Cyprus entity by a resident of Bulgaria owning directly or indirectly at least 25% of the share capital of the Cyprus entity and the Cyprus entity pays tax in Cyprus at a tax rate lower than the usual tax rate.
20. Nil if paid to a government/Central Bank/Public Authority or for export guarantee.
21. Nil applies if received by a company (excluding partnership) which holds directly at least 10% of the share capital of the paying company for an uninterrupted period of no less than one year. A WHT rate of 5% applies in all other cases.
22. A WHT rate of 15% if received by a company controlling less than 10% of the share capital of the paying company or the duration of any holding is less than one uninterrupted year. A WHT rate of 15% also applies if received by an individual.
23. A WHT rate of 15% applies if received by a company controlling less than 10% of the voting power in the paying company and in all cases if received by an individual.
24. A WHT rate of 15% if received by a company (partnership is excluded) holding less than 10% of the capital of the paying company and in all cases if received by an individual. 10% in all other cases.
25. Nil if paid to a government, bank, or financial institution.
26. A WHT rate of 5% on royalties for cinematographic films including films and video tapes for television.
27. A WHT rate of 15% if received by a company holding less than 10% of the capital of the paying company and in all cases if received by an individual.
28. Prior to 1 April 2017, the applicable WHT rate is 15% if received by a company holding less than 10% of the shares of the paying company and in all cases if received by an individual.
29. A WHT rate of 10% is also applicable for payments of a technical, managerial, or consulting nature. Prior to 1 April 2017, a rate of 15% applies on royalties.
30. A WHT rate of 5% if received by a company (other than partnership) holding less than 10% of the capital of the company paying the dividend and in all cases if received by an individual.
31. Nil rate applies if the recipient company (partnership is excluded) holds directly 10% of the share capital of the paying company for an uninterrupted period of at least 2 years. 5% in all other cases.
32. A WHT rate of 5% applies if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends. 10% WHT rate in all other cases.
33. 5% if the beneficial owner is an insurance undertaking or pension fund, the Government or a political subdivision or a local authority, the Central Bank, or a company whose shares are listed on a registered stock exchange provided that no less than 15% of the voting shares are in free float and which holds directly at least 15% of the dividend paying company throughout a period of 365 days, that includes the day of the dividend payment. 15% in all other cases.



34. A WHT rate of 7% if paid to a bank or financial institution.
35. A WHT rate of 5% if received by a company holding less than 10% of the capital of the paying company and in all cases if received by an individual or a company not limited at least partly by shares.
36. A WHT rate of 15% if received by a company holding less than 25% of the share capital of the paying company and in all cases if received by an individual or a company not limited at least partly by shares.
37. A WHT rate of 10% on interest received by a financial institution or when it relates to sale on credit of any industrial, commercial, or scientific equipment or of merchandise.
38. A WHT rate of 5% applies for any copyright of literary, dramatic, musical, artistic, or scientific work. A WHT 10% rate applies for industrial, commercial, or scientific equipment. A 15% rate applies for patents, trade marks, designs or models, plans, secret formulas, or processes.
39. A WHT rate of 10% if a dividend is paid by a company in which the beneficial owner holds less than 20% of the share capital of the paying company and the beneficial owner has invested less than €100.000. 5% in all other cases.
40. A WHT 5% will be levied on payment of royalties in respect of any copyright of scientific work, any patent, trade mark, secret formula, process or information concerning industrial, commercial or scientific experience. 10% WHT will be levied in all other cases.
41. A WHT rate of 15% if received by a company controlling less than 10% of the voting power of the paying company and in all cases if received by an individual. If a company controls at least 10% of the voting power of the paying company in order to benefit from the WHT rate of 5% other conditions relating to the income of the paying company need to be satisfied, otherwise a WHT rate of 15%.
42. Nil rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends or if the beneficial owner of the shares is the Government of Cyprus or Norway. A WHT rate of 15% in all other cases.
43. 10% WHT rate applies on payment of royalties of any copyright of literary, artistic or scientific work including cinematograph films, and films or tapes for television or radio broadcasting. A rate of 15% applies on payments of royalties of any patent, trade mark, design or model, plan, secret formula or process, or any industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.
44. A WHT rate of 5% if received by company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividend. 10% in all other cases.
45. Nil rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 10 per cent of the capital of the company paying the dividends during an uninterrupted period of at least one year (the holding period condition may be satisfied post the date of the dividend payment). Nil rate also applies if the beneficial owner is a pension fund or other similar institution or relates to the Government of Cyprus or Switzerland. 15% in all other cases.
46. A protocol to the treaty entered into force on 18 September 2015 but may apply retrospectively. 5% WHT rate applies if the beneficial owner is a company which holds at least 10% of the capital of the company paying the dividend. 10% in all other cases.

47. Nil applies if the payer is a company that is a resident in Latvia and the beneficial owner of the income is a company (other than partnership) that is a resident in Cyprus. 10% rate applies for all other cases (except for certain governmental interest).
48. Nil applies if the payer is a company that is a resident in Latvia and the beneficial owner of the income is a company (other than partnership) that is a resident in Cyprus. 5% rate applies for all other cases.
49. Nil if paid to a government or any other institution agreed upon between the two States. Prior to 1 April 2017, nil rate also applies if paid to a bank or financial institution. 10% WHT rate applies in all other cases.
50. The WHT rate of 5% applies if the beneficial owner of the dividends holds directly at least 25% of the capital of the company paying the dividends.
51. Nil applies if the beneficial owner (other than a partnership) holds directly at least 10% of the capital of the company paying the dividends. 5% WHT rate applies for all other cases.
52. A WHT rate of 15% applies to dividends paid out of income (including gains) derived directly or indirectly from immovable property by an investment vehicle which distributes most of its income annually and whose income from such immovable property is exempt from tax, except for cases where the beneficial owner of the dividend is a pension scheme established in Cyprus. Nil rate applies in all other cases.
53. A 0% WHT rate applies to payments of dividends if the recipient is a company (other than partnership) that directly or indirectly holds at least 25% of the capital of the payer company. 5% WHT applies in all other cases.
54. 5% WHT rate applies on payments for the use of , or the right to use, industrial, commercial or scientific equipment. A rate of 8% applies in all other cases.
55. 5% if the beneficial owner is a company (other than a partnership) which holds directly at least 20% of the capital of the company paying the dividends throughout a period of 365 days, that includes the day of payment of the dividend. 10% in all other cases.
56. The treaty is effective as from 01 January 2021.
57. 5% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends. 15% in all other cases.
58. Nil if the beneficial owner is the Government of the other contracting state, a political sub-division, a central or local authority, the Central Bank or any other financial institution wholly owned by the Government of the other contracting state. 10% in all other cases.
59. The Treaty between Cyprus and Andorra is effective as from 1 January 2020 for both Cyprus and Andorra.
60. Withholding tax on dividends, interest and royalty payments to countries in Annex I of the EU list of non-cooperative jurisdictions on tax matters (currently the countries on the list are American Samoa, Anguilla, Barbados, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, US Virgin Islands, Vanuatu, Seychelles)
61. A new protocol for the DTT with Ukraine is effective as from 1 January 2020.



62. A new protocol signed on 8 September 2020 between Cyprus and Russia, amending the existing treaty is effective as from 1 January 2021.
63. NIL if the beneficial owner is an insurance undertaking or pension fund, the Government or a political subdivision or a local authority, the Central Bank, or a bank or if it is paid in respect of government or corporate bonds or Eurobonds, all listed on a registered stock exchange. 15% if the beneficial owner is a company whose shares are listed on a registered stock exchange provided that no less than 15% of the voting shares are in free float and which holds directly at least 15% of the dividend paying company throughout a period of 365 days, that includes the day of the dividend payment.
64. The treaty has been officially signed, however this has not entered into force as at the date of this publication
65. If the beneficial owner of the interest is a resident of the other contracting state, the tax shall not exceed 5%. NIL if the beneficial owner of the interest is the government, political subdivision or local authority or the National Bank of the other contracting state.
66. NIL if:
- The beneficial owner of the dividends is a company resident in the other contracting state holding directly at least 5% of the capital of the payee company, throughout a period of 365 days, that includes the day of the payment of the dividend.
  - The beneficial owner is a recognized pension fund of the other contracting state which is generally exempt from the Income Tax Law of the other state.

All other cases attract 15% WHT.



Minimize your risks and  
Maximize returns with  
advice designed for your  
specific business needs.



## TAX CALENDAR 2022

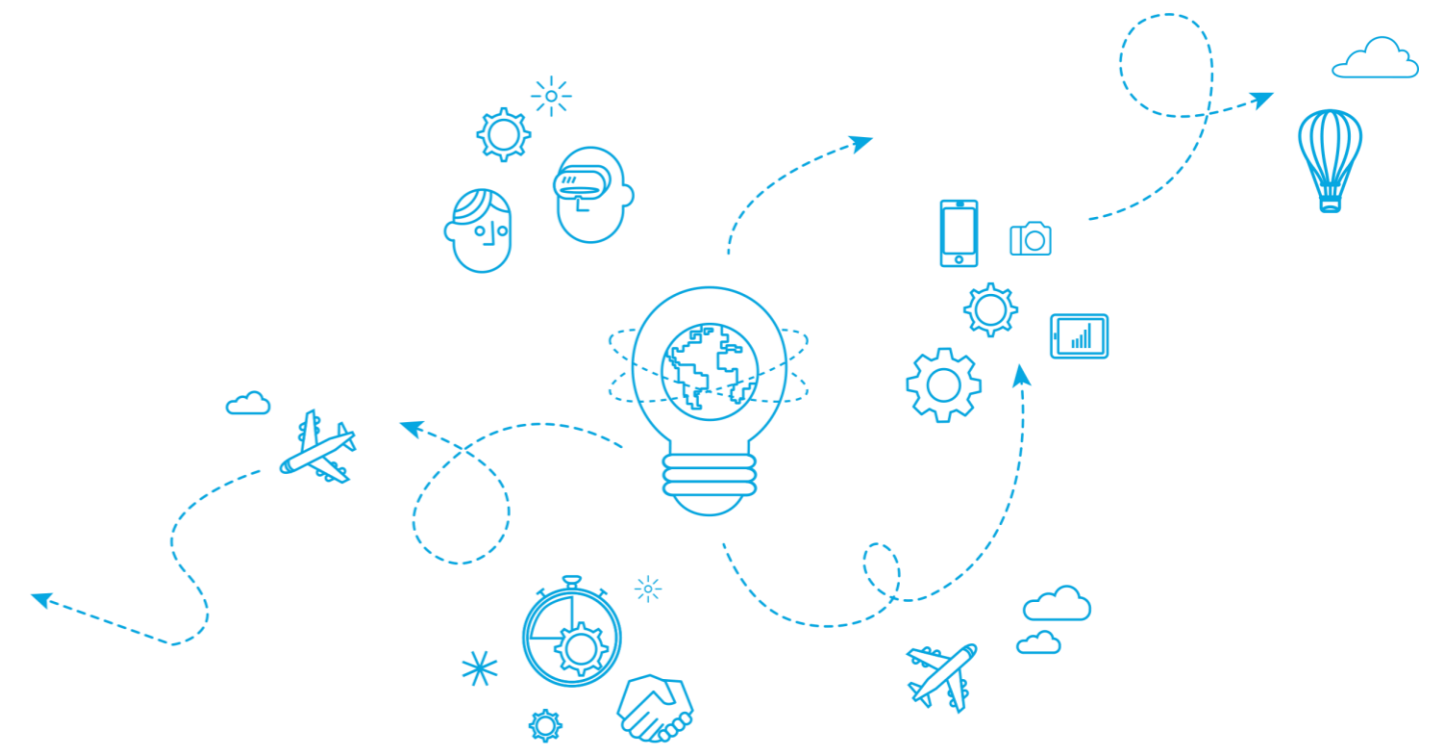


31 January	Payment of Special Defence Contribution on deemed dividend distribution from the profits generated of the tax year 2019  DAC6 Reporting through Ariadni Portal for the Reportable Cross Border Arrangements (RCBAs) made during the period 25 June 2018 and 31 December 2021.	
31 March	Submission of income tax return for Companies and Self Employed Individuals who prepare audited accounts for the year 2020	Note 1
30 April	Payment of premium tax for life insurance companies for the year 2022 (1st instalment)	
31 May	Electronic submission of the Employer's return (TD7)	Note 1
30 June	Payment of special defence fund contribution for the 1st instalment of the year (rents and dividends or interest from abroad)	
31 July	Submission of personal income tax return 2021 and payment of the 2021 tax under self-assessment  Submission and payment of 1st or 2nd instalment (respectively) of provisional tax for the year 2022	Note 1
1 August	Payment through self-assessment of the final tax for companies and self-employed individuals who prepare audited accounts for the year 2021	
31 August	Payment of premium tax for life insurance companies for the year 2022 (2nd instalment)	
31 December	Payment of special defence fund contribution for the 2nd half of the year (rents and dividends or interest from abroad)  Submission and payment of 2nd instalment of provisional tax for the year 2022  Last day for the submission of revised provisional tax assessment for the year 2022  Payment of premium tax for life insurance companies for the year 2022 (3rd instalment)	
End of following month	Payment of P.A.Y.E. deducted from employees' salaries for the previous month  Payment of employer's contribution and employee's deductions to the Social Insurance  Payment of Defence Contribution deducted from Dividends, Interest and Rent. It is noted that the respective tax declarations (TD603, TD602 and TD614) must be prepared and submitted through Taxisnet.	Note 1

### Note:

Non compliance with the above deadlines which are imposed by the Legislation, may result in imposition of penalties and / or interest.

(1) Refers only to electronic submission



## THE POWER OF BEING UNDERSTOOD

**EXPERIENCE THE POWER OF BEING UNDERSTOOD** is the principle we support and follow.

Whether serving public sector organizations, owner-managed businesses, private individuals or companies with overseas operations, our purpose is to assist and advise them to move forward with confidence and realize their business objectives.

We aim to fully understand your needs and business requirements to deliver the best possible advice,

guidance, and solutions based on your industry requirements, market trends, business objectives and strategies.

Building strong long-term relationships with our clients and being part of their business to support them on what matters the most is the norm we follow.

Mutual respect, integrity, teamwork, confidentiality, stewardship and delivering excellent quality services are the core values we serve and apply.



## WHO WE ARE

RSM in Cyprus is amongst the leading providers of professional services with experience of more than 25 years, offering a comprehensive range of audit, tax and consulting services with presence in Limassol, Paphos and Nicosia.

Over the years of our business operations, we provided our services to thousands of local and international clients across various industries, i.e. tourism, manufacturing, energy, real estate, shipping, insurance, retail, trading and others.

From the initial years of our foundation, we follow a proactive management approach that aims to effectively and efficiently address the challenges of the fast paced Business environment of the local and international market.

RSM Cyprus is part of RSM International, the 6th largest international audit, tax and consulting network globally, with firms in over 120 countries, including the world's top 40 major business centres.

As RSM, we have a workforce of over 51.000 people and 860 offices across the regions of Africa, Asia Pacific, Europe, Latin America, MENA and North America.

### Our Services

- Audit and Assurance Services
- Accounting Services
- Tax Services
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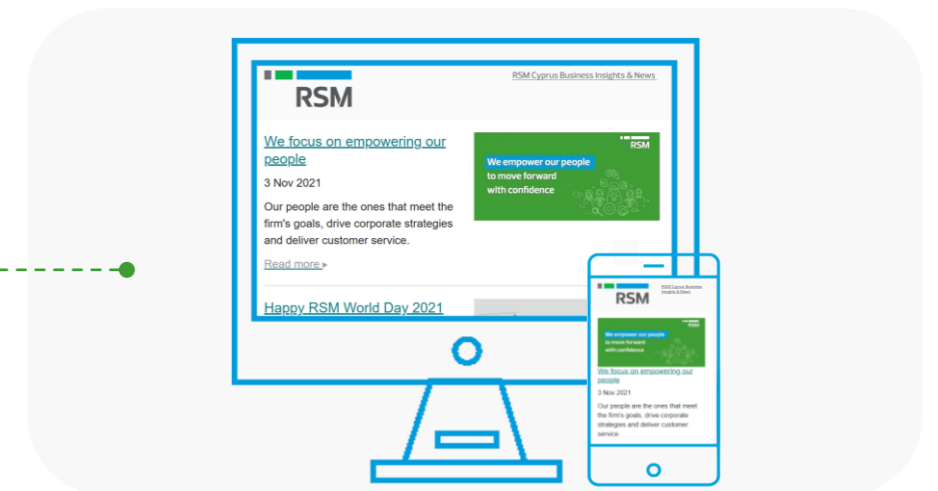
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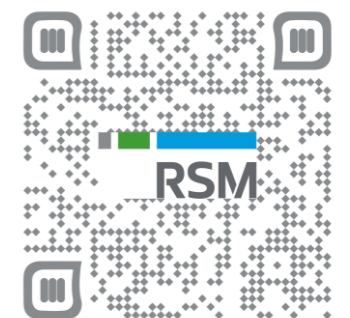
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