

# CYPRUS TAX FACTS 2021

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*Prepared by Neoserve Tax department*

This publication contains useful information about the tax system in Cyprus. All information is based on Cypriot tax practice and legislation as of the date of this publication.

Our Cyprus Tax Facts 2021 contains information about individuals and legal entities and is a valuable source of general knowledge and guidance that will assist you to organize your tax planning and comply with your tax obligations.

However, this publication is only intended to provide general information and it cannot be construed as specialized financial professional advice.

We remain at your disposal to give you practical, commercially focused advice to find the best possible tax solution for yourself and your business.

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# 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.

## Tax deductions

The following are deducted from the income of individuals that is derived from employment and self-employment.

<b>Type of expense</b>	<b>Exemption</b>
Expenses incurred wholly and exclusively to perform the duties of the profession or trade, the non-deductible expenses for self-employed are similar with those listed under corporation tax	The whole amount
Subscriptions to trade unions or professional bodies	The whole amount
Donations to approved charitable organizations with receipts	The whole amount
Statutory deduction on rental income	20% of the gross rent
Interest paid in respect of rented property	The whole amount
Costs incurred in order to maintain buildings on which a Preservation order has been issue	Up to €1.200, €1.100 or €700 per square meter depending on the size of the building
W&T Allowance on rented property	3% on the cost of the building excluding land
Investments in approved innovative small/medium sized businesses (directly or indirectly) as from 1 January 2017 <sup>2,3</sup>	Up to 50% of the taxable income as calculated prior to this deduction (subject to a max of €150.000 per year)

## Personal Allowances

In addition to the above deductions an individual is entitled to personal allowances. However, the amount of total personal allowances is restricted to 1/5<sup>th</sup> of the NET INCOME (gross income less deductions) from 2019 onwards.

<b>Type of Personal allowances</b>	<b>Allowance</b>
Social Insurance contributions	The whole amount
Contribution to GESY and Medical fund	Restricted to 1.5% of the remuneration
Pension and provident fund payments	Restricted to 10% of the remuneration
Life Insurance policy on taxpayers name <sup>1</sup>	Restricted to 7% of the insured amount

## **Exempt Income**

The following types of income are exempt from income tax:

<b>Type of income</b>	<b>Exemption</b>
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
Dividends	The whole amount
Gains of a permanent establishment registered outside the Republic (subject to conditions) <sup>5</sup>	The whole amount
Lump sum payment on retirement, commutation of pension or compensation of death or injury	The whole amount
Sums paid to individuals from provident funds and life insurance policies	The whole amount
Gains from the disposal of securities <sup>6</sup>	The whole amount
Capital gains from the disposal of a qualifying IP asset – new regime <sup>7</sup>	The whole amount
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

## **Executive exemption**

Remuneration from any kind of employment in Cyprus by individuals who prior to that employment were not tax residents of Cyprus and its total annual remuneration exceeds €100,000 (including any benefits in kind) the exemption applies for 10 years, commencing on 1 January 2012. For employments commencing on or after 1 January 2015, this exemption does not apply where the individual was tax resident in Cyprus for 3 out of 5 years immediately preceding the year of his/her employment.

## **First employment exemption**

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.

## 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

Foreign pension income of a Cyprus tax resident is taxed at 5% flat on income 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.

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### 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 unutilized 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).
4. The dividends and interest are subject to Special Defense Contribution see the relevant section
5. 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.
6. 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.
7. 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.

# CORPORATION TAX

## Basis of taxation

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

The corporation tax rate is 12,5% on the tax adjusted profit.

## **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.

## Exempt Income

The following sources of income are exempt from corporation tax

<b>Type of income</b>	<b>Exemption</b>
Gains arising from the sale of Securities <sup>1</sup>	The whole amount
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) <sup>2</sup>	The whole amount
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 <sup>2</sup>	The whole amount
Profit of a foreign permanent establishment, subject to certain conditions <sup>3</sup>	The whole amount
Realized and unrealized 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

1. For a definition, refer to Note 3 in Personal income tax exemptions.
2. Dividends and Interest income arising from investments and is not taxed under Corporation tax and is taxed under Special defense contribution. However Collective Investment Schemes is considered interest arising from the ordinary activities or closely related to the ordinary activities of the Scheme and is taxed under corporation tax.
3. 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.

## Tax deductible expenses

Type of Expenses	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)Gains arising from the sale of Securities <sup>1</sup>	80% deduction of net profit from the exploitation of qualifying intangible assets, calculated based on a modified nexus approach
Gains from the exploitation of intellectual property rights derived as described in the old Cyprus IP box regime <sup>2,3</sup>	80% deduction on the profit of the exploitation of the qualifying intangible assets and from the disposal of such assets
Tax amortization on an expenditure of a capital nature for the acquisition or development of IP (provision applies with effect from the 1st of July 2016) <sup>4</sup>	Allocated over the lifetime of the IP, with maximum 20 years
Donations to approved charitable organizations with receipts	The whole amount
Costs incurred 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>
Interest expense incurred exclusively in relation to rented property	
Expenses related to entertainment while on business.	Lower of €17.086 or 1% of the gross income of the business
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 <sup>5</sup>	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)



## 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 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 utilizing 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. The old IP Box regime included intangible assets such as trademarks, patents, and copyrights. The old regime closed from 30 June 2016, however it can be still utilized under grandfathering rules for a further 5 years e.g., until 30 June 2021, if taxpayers have intangible assets that were already used in the old regime. In cases where intangible assets are acquired directly or indirectly from related parties during the period between 2 January 2016-30 June 2016, a shorter grandfathering period until 31 December 2016 applies, unless at the time of the acquisition these intangible assets were enjoying IP Box benefits (including Cyprus' regime) or were not acquired with the main purpose being tax avoidance. Embedded income and income earned from intangible assets economically but not legally owned will only qualify in the relevant transitional/ grandfathering period if earned from those type of intangible assets that would qualify for the new Cyprus IP box (i.e., patents, copyrighted software, etc.). Additionally, any expenditure of a capital nature incurred for the acquisition or development of such intangible assets may be claimed as a tax deduction in the year in which it was incurred and the immediate four following years on a straight-line basis.
4. Excluding goodwill and intangible assets falling under the transitional rules of the old Cyprus IP box which continue with that box's tax amortization (see 3 above). A taxpayer may elect not to claim all or part of the available tax amortization for a particular tax year.
5. 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.

### Not allowable expenses for Corporate Tax purposes

The expenses below are not allowable for Corporate Tax purposes:

<b>Type of income</b>	<b>Exemption</b>
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 related are not paid when due <sup>1</sup>	The whole amount
Cost of goods drawn from the business for private use <sup>2</sup>	The market price of goods drawn or the gross profit
Expenses not validated through proper supporting documentation	The whole amount
Any type of taxes paid including annual levy	The whole amount
Purchased goodwill <sup>3</sup>	The whole amount
Mortgage fees	The whole amount
Gifts to customers unless done for advertising purposes	The whole amount
Depreciation and loss on the sale of non-current assets	The Whole amount
Losses from the sale of securities if stock trading not the primary activity	The whole amount
All general provisions	The whole amount
Write off of employees' and directors' loans	The whole amount
Formation expenses	The whole amount
Legal fees for the issue of share capital	The whole amount
Loss from the sale of securities	The whole amount

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## Notes

1. In case such contributions are settled within a period of two years from the due date, the salaries and their related contributions will be allowed for tax purposes in the year of settlement.
2. If no entry was made in the books, the market price of the goods withdrawn is added back if the cost of the goods has been debited to the recipients account then the gross profit is added back.
3. The purchase goodwill is considered when the goodwill is sold to determine the profit or loss on the sale which is taxed accordingly. Any loss on the sale is tax deductible.

## Treatment of tax losses

### Company losses

Tax losses of a tax year that cannot be set off against other income are carried forward and set off against taxable profits for the next 5 years. For example, losses incurred during 2014 which are not utilized until 2019, cannot be carried forward in 2020.

Tax losses that are created from donations not utilized during the year cannot be carried forward.

Losses carried forward cannot be used to set off profits of subsequent years in the following cases.

- Within 3 years there is a change in ownership of the shares of the company
- There was substantial change in the nature of the business.
- At any time, the activities of the company have diminished or have become negligible, and before any substantial reactivation of the business there is a change in the ownership of the company shares.

### Group losses

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 for the whole of the year, or
- Both companies are at least 75% owned by a third company for the whole of the year.
- If a subsidiary was incorporated during the year can be considered part of the group

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 utilization against future profits.

### Losses from permanent establishment

Losses incurred during the maintenance of a foreign permanent establishment can be utilized 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 utilized. (see also overseas aspects section)

## Note

1. 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.

### 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</b>	%	
Plant and machinery	10	
Furniture and fittings	10	
Industrial carpets	10	
Boreholes	10	
Plant and machinery purchased between 2012-2018	20	
<b>Buildings</b>	%	
Commercial buildings and flats <sup>1</sup>	3	
Industrial, agricultural and hotel buildings <sup>1,2</sup>	4	
Industrial, agricultural and hotel buildings purchased 2012-2018	7	
Metallic greenhouses structures	10	
Wooden greenhouses structures	33 1/3	
<b>Vehicles and other means of transportation</b>	%	%
Commercial specialized motor vehicles	20	
Motorcycles	20	
Excavators, tractors, bulldozers, self-propelled loaders and drums for petrol companies	25	
New airplanes and helicopters	8	
Sailing vessels	4,5	
Motor Yachts, Steamers, tugs and fishing boats	6	
Ship motor launches	12,5	
New cargo vessel	8	
New passenger vessels	6	
Used cargo/passenger vessels: Over their useful life		

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

#### Notes

1. Depending on the age of buildings (second-hand) , the wear and tear allowance rates are amended. The above stated rates refer to new buildings.
2. 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.

## 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.

Since 16 July 2015 Cyprus residence that are not Cyprus domiciled and not subject to Special Defence contribution

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

### SDC tax rates

	Tax rates (%) Individuals	Legal entities
Dividend income from Cyprus tax resident companies <sup>1,2</sup>	17	Nil
Dividend income from non-Cyprus tax resident companies <sup>1,2</sup>	17	Nil
Interest income arising from the ordinary activities or closely related to the ordinary activities of the business <sup>3</sup>	Nil	Nil
Interest from Cyprus Government bonds and Cyprus government development bonds	30%	3%
Interest from Local and overseas corporate bonds	3%	30%
Other interest income (“passive”) <sup>4</sup>	30	30
Gross rental income (reduced by 25%) <sup>5</sup>	3	3

### Notes

- 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%.
- Exempted since this interest income is subject to personal income tax or corporation tax.
- 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.

### **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**

Several 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 assets was originally gifted from the individual shareholder or his/her relative up to 2nd degree.

### **Liquidation or dissolution of a company**

In liquidation cases, the cumulative profits of the last five years prior to the company's dissolution, should be deemed to have been distributed. This is 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 Reorganization.

### **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.

# 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 recognized stock exchange are excluded from these provisions.

## Exemptions

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

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Gifts made between parent and child or between spouses or between relatives up to 3rd degree

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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.

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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

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Gifts to charitable organizations, to the Republic, to the local authority

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Donations to a political party

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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

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Transfer by reason of death

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Transfer by way of approved reorganization schemes

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Exchange or disposal of immovable property under the Agricultural Land (Consolidation) Laws Expropriations

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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

## Indexation allowance.

The acquisition cost is adjusted for inflation up the date of disposal using the Consumer price index in Cyprus (see table B). If the chargeable asset was purchased before Jan 1980 the cost of acquisition is taken to be the value on 1 Jan 1980 as stated on the title deed.

Expenses that are related to the acquisition and disposal of immovable property are also deducted, subject to certain conditions, however not all of these expenses are subject to indexation.



## Deductible expenses

The following expenses are deductible for determining the taxable gain.

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### Indexation Allowed

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Planning Permission fees

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Water installation

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Leveling of land

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Architect fees

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Civil engineer fees

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Enhancement expenditure such as swimming pool or installation of heating

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### No indexation Allowed

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Transfer fees

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Advertising

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Valuation fees

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Disposal costs

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Interest

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Legal fees

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Commission to licensed agent

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## Non-deductible expenses

The following expenses are not deductible for determining the taxable gain

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Immovable property tax

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Sewage board and immovable property fees

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Tax Advice

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Fees paid to accountants

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Commission given to persons that are not estate agents. Such commissions paid to companies

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## Lifetime exemptions

Individuals only are allowed a lifetime exemption that can be claimed only once during their lifetime.

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Disposal of private principal residence (subject to certain conditions)	€85.430
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Disposal of agricultural land by a farmer	€25.629
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Any other disposal	€17.086
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If the property is owned by two or more persons each person is entitled to the exemption. However, in the case of private principal residence jointly owned the max allowance for each party is €42.715

# 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 more than 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:

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A period of eight months has elapsed from the date the VAT became refundable

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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

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The input VAT relates to zero rated transactions

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The input VAT relates to the purchase of capital assets of the company

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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.

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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)

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No VAT cash outflow arises on intra-community acquisition of goods (except for 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 below tax rates:

Zero rate	0%
Reduced rate	5% and 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 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 apply 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 several 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 passed 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 considered 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 if 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) if 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.

## SOCIAL INSURANCE

Contributions to the social insurance apply to the gross emoluments of the employees. However, upper limits apply on such emoluments which is revised every year. For 2021 the maximum annual emoluments shall not exceed €57.408 (weekly €1.104/ monthly €4.784).

From 2020 and 2021, the contributions for social insurance and other contributions as stated below.

	2020	2021
<b>Employer Contributions</b>		
Social Insurance	8,3%	8,3%
Redundancy Fund <sup>1</sup>	1.2%	1,2%
Industrial fund <sup>1</sup>	0.5%	0.5%
Social cohesion fund <sup>2</sup>	2.0%	2.0%
Holiday fund <sup>3</sup>	8.0%	8.0%
General Health care	2.90%	2.90%
<b>Total</b>	<b>22.9%</b>	<b>22.9%</b>
<b>Employee Contributions</b>		
Social Insurance	8.3%	8.3%
General Health care	2.65%	2.65%
<b>Total</b>	<b>10.95%</b>	<b>10.95%</b>

### 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.
3. A company can apply for an exception to the holiday fund. The contribution to the holiday fund may be higher depending of the nature of business and the working days in a week.
4. A national health system has been introduced in 2019 see below for more details.

### 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 with the profession of the self-employed person.

A self-employed person can apply to make contributions based on his/her actual income.

## GENERAL HEALTHCARE SYSTEM

As per General Healthcare 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 or public health care sector.

Contributions relating to the implementation of the General Healthcare System (GHS) will start from 1<sup>st</sup> of March 2019, and will increase from 1<sup>st</sup> 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.

# OVERSEAS ASPECTS OF CYPRUS TAXATION

The Cyprus Income Tax Law has several sections that deal with overseas aspects of taxation in Cyprus, these sections cover the following areas.

## 1. Permanent Establishment

A permanent establishment abroad (PEA) is a fixed place of business through which the business of an enterprise is wholly or partly carried on. Examples of (PEA) includes

- A place of management
- A branch
- An office
- A factory
- A workshop
- Place of extraction of natural resources.
- Construction / installation project or building site (if it lasts for more than 3 months).

The profits from PEA are not taxed in Cyprus are not taxed in Cyprus.

However, if more than 50% of the profits of the PEA are derived from Investment activities (i.e interest dividends and rents AND the tax paid overseas is substantially lower than that paid in Cyprus (Less than 6.25%) then the profits of the PEA are taxed in Cyprus. Note that both conditions must hold for the profits to be taxed in Cyprus.

The treatment of losses of PEA are covered in the treatment of losses in the corporation tax section of this report.

## 2. The 90 Days rule

When an individual is employed by a non-resident employer or a CY-PEA situated outside the Republic and the total aggregated period the individual is working abroad exceed the 90 days, then the employment income arising from the specific overseas employment is tax exempted.

## 3. Double tax conventions under unilateral treaties

The council of Ministers has the power to make any agreement with any other Government to offer a relief due to Double taxation of an Income (i.e., an Income may be taxed in an overseas country but due to Residence rules may be taxed again in Cyprus). This is called Double Tax Agreement. It must be noted that any agreement made may be revoked a subsequent order.

There are two types of Double Tax Agreements.

The exemption of Income: The exemption of the income in the source country and tax the income in the country of residence. The result is not to permit the Income to be taxed twice.

The credit of foreign tax: Under this method the foreign tax paid in the foreign country is credited against Cyprus tax (on the same income). That means that the Income will only be taxed once based on local tax. In case the foreign tax is higher than local tax, no refund is possible.



#### **4. Tax credits – Double tax credit relief**

Any foreign tax deducted on any incomes paying tax in Cyprus is given as a credit. How the relief is given depends on the double tax treaty. The foreign credit should not exceed the Cyprus tax (Charged on that income). What is deducted is the lower of Cyprus tax and foreign tax. The taxpayer should submit the original certificates of the foreign tax deduction. If the foreign tax on the foreign income is higher than Cyprus tax, no refund is possible.

The double tax agreements that Cyprus has with other countries can be found at

<http://mof.gov.cy/en/taxation-investment-policy/double-taxation-agreements/double-taxation-treaties>

#### **5. Unilateral Relief**

In case Cyprus and the foreign country do not have a double Tax agreement the Commissioner of Taxation shall grant relief in respect of the foreign income, not exceeding the amount paid in the foreign country in respect of such income. Theoretically it is up to the Commissioner to give the relief or not.

**It must be noted that interest and dividends received by non-residents from Cyprus by both individuals and companies are not taxed in Cyprus neither under Income tax and nor under Special Defense Contribution**

## 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 170.000	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' reorganizations, 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.

**TABLE A**  
**(Regulation 16)**

**OCCUPATIONAL CATEGORIES AND INSURABLE EARNINGS OF SELF-EMPLOYED FOR 4.1.2021 - 2.1.2022**

<b><u>OCCUPATIONAL CATEGORY</u></b>	<b>Basic weekly earnings €</b>	<b>Coefficient</b>	<b>Minimum Weekly Earnings (€)**</b>
1. Medical Doctors, Pharmacists, Health Professionals - a. For a time period that does not exceed ten (10) years b. For a time period that exceeds ten (10) years	183.96 183.96	2.20 4.45	<b>404.71</b> <b>818.62</b>
2. Accountants, Economists, Lawyers and other Professionals - a. For a time period that does not exceed ten (10) years b. For a time period that exceeds ten (10) years	183.96 183.96	2.20 4.45	<b>404.71</b> <b>818.62</b>
3. Directors (Entrepreneurs), Estate Agents, Wholesalers	183.96	4.45	<b>818.62</b>
4. Teaching Professionals (University and Higher, Secondary, primary and Pre-primary, Special Education, Teaching Assistants) - a. For a time period that does not exceed ten (10) years b. For a time period that exceeds ten (10) years	183.96 183.96	2.15 4.30	<b>395.51</b> <b>791.03</b>
5. Builders and other professions related to construction industry	183.96	2.70	<b>496.69</b>
6. Farmers, Dairy and Livestock Producers, Poultry Producers, Fishermen and related workers	183.96	1.50	<b>275.94</b>
7. Drivers, Excavator Operators and related workers	183.96	2.15	<b>395.51</b>
8. Technicians, Telecommunication Cooperators, Machine Operators not related to Construction Industry and Metal-, Rubber-, Plastic-, Wood- and similar product assemblers	183.96	2.15	<b>395.51</b>
9. Clerks, Typists, Cashiers, Secretaries	183.96	2.15	<b>395.51</b>
10. Workers not classified in any other occupational category	183.96	2.15	<b>395.51</b>
11. Shop owners/supervisors (Including kiosks, hairdressers, barbers, beauticians)	183.96	2.05	<b>377.12</b>
12. Butchers, Bakers, Pastry-cooks, Meat, Dairy-, Fruit and tobacco products makers/preservers and related professionals	183.96	1.65	<b>303.53</b>
13. Street Vendors, Mail Carriers, Garbage Collectors, Mining / Stone labourers, Ships' Crews, Underwater Construction Specialists, Riggers and Cable Splicers and Sweepers, Services' Supervisors and Salespersons	183.96	1.50	<b>275.94</b>
14. Cleaners, Messengers, Porters, Cleaning Shop Owners	183.96	2.05	<b>377.12</b>
15. Draughtspersons, Computer Equipment Operators, Ships' Engineers, Agents and related professionals, Musicians, Magicians	183.96	2.20	<b>404.71</b>
16. Persons not classified in any other occupational category	183.96	2.20	<b>404.71</b>

\* Minimum amount of insurable earnings is equal to basic insurable earnings (€183,96) times the coefficient.

\*\* The maximum weekly amount of insurable earnings is equal to €1104.

**TABLE B - Retail price index for Capital Gains Tax purposes**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1980	67,99	68,53	69,14	71,51	70,56	70,70	72,12	72,16	73,41	74,00	74,50	75,21
1981	76,09	76,72	77,43	77,98	78,02	78,77	79,71	80,21	80,63	81,29	82,49	82,98
1982	82,94	83,70	83,48	84,60	84,40	83,81	83,44	83,99	84,89	85,23	86,22	86,80
1983	87,57	87,70	88,51	89,63	88,95	87,76	87,77	88,49	88,67	89,59	89,88	90,37
1984	91,16	91,78	92,31	92,92	93,73	93,83	94,92	94,41	94,13	95,33	96,81	97,77
1985	97,68	97,75	98,55	98,79	98,57	97,63	97,20	98,76	100,09	101,13	99,73	99,58
1986	100,22	100,12	100,33	99,53	98,44	98,36	99,39	99,37	99,34	100,65	101,92	102,39
1987	101,32	101,08	102,23	101,87	102,58	103,49	102,00	103,37	103,56	103,17	104,02	104,74
1988	104,61	105,44	106,05	107,16	106,06	105,11	104,39	105,09	106,30	107,51	108,92	109,12
1989	110,36	109,81	110,02	110,38	107,74	108,81	109,25	109,53	110,24	112,21	112,25	112,20
1990	111,80	112,84	114,04	115,72	116,19	115,32	114,27	115,11	115,48	116,78	117,16	118,70
1991	119,43	118,49	119,42	120,33	121,14	119,93	120,29	118,51	120,76	123,96	124,40	126,45
1992	127,91	126,18	127,76	129,79	127,72	127,15	127,93	127,18	128,77	130,44	132,09	134,65
1993	135,27	131,93	132,68	135,54	134,07	133,75	134,77	133,55	135,77	138,20	139,22	138,90
1994	138,52	135,29	138,64	139,99	140,23	141,13	141,68	139,57	144,27	146,90	146,57	146,14
1995	144,69	141,09	143,89	144,95	144,99	144,95	145,65	143,33	145,00	147,54	148,63	148,54
1996	148,32	144,76	148,61	149,23	149,68	149,58	150,06	148,10	150,64	151,97	152,04	152,26
1997	152,26	149,90	154,07	155,46	154,29	154,18	155,98	153,45	155,86	157,65	158,66	158,26
1998	155,27	155,06	156,03	157,95	158,20	158,87	158,10	159,15	161,66	161,07	160,35	159,70
1999	158,66	155,71	158,83	159,56	159,85	161,01	161,87	160,26	163,42	164,92	164,85	165,66
2000	165,52	163,60	166,72	167,40	168,05	167,16	167,12	166,74	168,78	169,81	170,68	170,92
2001	167,89	167,53	169,11	170,32	170,90	172,19	168,81	169,74	172,24	174,41	174,09	174,98
2002	172,43	172,05	173,11	174,83	174,93	175,69	174,42	176,15	178,11	178,79	179,06	180,13
2003	179,49	179,68	183,44	184,59	183,87	182,76	180,24	181,33	184,59	186,10	186,32	184,61
2004	182,74	183,03	184,18	185,48	186,61	187,87	186,18	187,13	188,97	190,81	191,88	192,36
2005	188,43	188,16	189,51	191,21	191,17	191,07	189,73	191,07	194,51	196,68	197,38	196,18
2006	193,03	193,26	195,55	197,16	197,33	197,58	195,01	196,12	198,29	199,45	199,87	199,75
2007	196,20	196,07	198,47	200,66	201,67	201,25	199,75	200,88	203,52	205,42	206,92	207,57
2008	204,70	205,73	207,80	209,93	211,64	212,26	210,99	211,74	214,37	216,17	214,02	211,93
2009	206,97	207,09	210,05	211,41	212,99	212,70	209,30	209,64	211,74	214,45	216,94	216,27
2010	212,01	213,04	215,08	216,58	216,41	216,83	214,68	216,44	219,23	220,98	220,17	219,82
2011	218,02	218,96	221,11	223,68	224,80	225,91	222,59	222,71	224,45	227,70	228,43	228,47
2012	224,82	225,72	228,56	230,58	231,43	229,91	227,43	228,66	230,10	231,66	231,18	230,98
2013	228,93	229,43	231,00	229,89	229,83	230,08	226,72	226,49	227,74	227,95	226,32	225,66
2014	222,32	223,51	225,72	226,22	226,70	227,35	225,39	224,86	225,66	226,83	225,97	222,36
2015	219,40	220,36	221,48	221,53	222,19	221,84	218,69	218,86	219,96	221,09	221,19	219,63
2016	216,16	214,43	215,87	216,22	217,57	217,26	217,68	217,50	218,62	218,80	218,67	219,68
2017	217,28	218,03	219,99	220,54	219,86	218,73	216,17	217,17	217,79	219,06	219,29	218,38
2018	215,71	217,34	218,91	220,23	222,64	223,81	221,23	222,68	224,60	225,57	225,13	222,09
2019	219,99	220,06	221,89	222,81	223,12	223,36	220,56	221,23	222,48	223,36	224,05	223,67
2020	222,35	223,23	223,47	220,12	219,84	218,91	217,26	218,54	220,41	221,64	222,68	221,12

**Table C: TAX CALENDAR 2021**

Submission of income tax return for Companies and Self Employed who prepares audited accounts for the year 2019 – Note 1 Submission of income tax return for Companies and Self Employed who prepares audited accounts for the year 2020 – Note 2	31 March
Payment of special Defence fund contribution and GHS on dividends paid out of profits of year 2018. Submission of the electronic deemed dividend distribution declaration (T.D 603) via Taxisnet	30 April
Payment of special Defence fund contribution for the 1st installment of the Payment of personal income tax under self-assessment method by individuals who are not preparing audited accounts for the year 2020 – Note 1	30 June
Submission of personal income tax return 2020. Electronic submission of employer's return 2020 Submission and payment of 1st or 2nd installment (respectively) of provisional tax for the year 2021	31 July
Payment of the final tax for companies and individuals who prepares audited accounts for the year 2020 – Note 1 Payment of premium tax for life insurance companies for the year 2021 (2nd installment)	1 August 31 August
Submission of personal income tax return 2020 for self-employed, when no audited accounts are prepared.	30 September
Payment of special Defence fund contribution for the 2nd half of the year (rents and dividends or interest from abroad) Submission and payment of 1st or 2nd instalment (respectively) of provisional tax for the year 2021 Last day for the submission of revised provisional tax assessment for the year 2021	31 December
Payment of P.A.Y.E. deducted from employees' salaries. Payment of employer's contribution and employee's deductions to the Social Insurance Payment of Defence Contribution deducted from Dividends, Interest and Rent	End of the following month

**Note:** Non compliance with the above deadlines may result in penalties and interest

**Note 1.** – refers only to electronic submission

**Note 2.** – refers to the 31 March 2022



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