

EXPATRIATES

Cyprus

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

Resident/Domiciled

An individual is considered a Cyprus tax resident (in addition to the normal 183 days of stay in Cyprus tax residency rules in the calendar year) if he/she:

- Does not spend more than a total of 183 days in any country within a tax year, and;
- Is not a tax resident of another country within the same tax year and satisfies the following three conditions:
 - Remains in Cyprus for at least 60 days during the tax year;
 - Carries on a business in Cyprus; or is employed in Cyprus; or holds an office in a company that is a tax resident of Cyprus at any time during the tax year; and;
 - Maintains a permanent residence in Cyprus, which is either owned or rented.

Where the employment/business or holding of an office as per (b) above is terminated, then the individual shall cease to be considered a Cyprus tax resident for that tax year under the 60 days tax residency scheme.

Cyprus tax residents are taxed in Cyprus on their worldwide income (any foreign taxes paid outside of Cyprus on foreign sourced income can be reclaimed against taxable income).

A Cyprus tax resident individual can deduct personal allowances from his/her declarable income (i.e. payments to social insurance, provident fund contributions, personal life insurance payments, subscriptions etc.) up to 1/5 of the chargeable income.

Non-Resident

Non-resident individuals are taxed in Cyprus only on income generated from Cyprus sources.

Additionally, there are other personal benefits provided in the tax legislation such as the expatriate allowance for 5 years (lower of 20% of gross salary of €8,550) or the 10-year deduction for new employments in Cyprus (50% exemption of income where the annual gross salary exceeds €100,000).

The filing period of the personal income tax return (IR1 Form) for the calendar year is due July 31st of next year (starting from the 2017 tax year, personal tax returns are submitted only electronically through the online TAXISnet system of the Tax office).

INCOME TAX RATES

Tax rate	Chargeable income €	Tax €
0%	0 - 19,500	0
20%	19,500 - 28,000	1,700
25%	28,001 - 36,300	2,075
30%	36,301 - 60,000	7,110
35%	60,000 and above	-

SOCIAL TAX RATES

Employee:

- 8.3% social insurance contribution on monthly gross salary
- 2.6% contribution to the national health scheme

Employer:

- 8.3% social insurance contribution on monthly gross salary
- 2% social cohesion fund contribution on monthly gross salary
- 1.2% redundancy fund contribution on monthly gross salary
- 0.5% industrial training fund contribution on monthly gross salary
- 2.9% contribution to the national health scheme

The current maximum insurance yearly gross salary for the purposes of the above (except for the social cohesion fund) is €54,864.

An employee that does not earn any income from salaries services provided in Cyprus does not have an obligation to pay social insurances.

For further information and to register for future updates contact expat@bdo.global

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