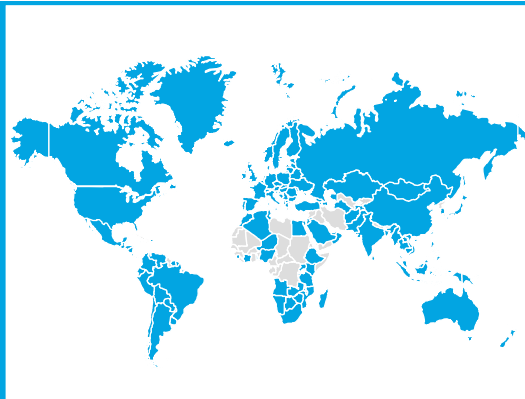


INPATRIATES

Cyprus

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

Resident/Domiciled

An individual is considered a Cyprus tax resident (in addition to the normal 183 days of stay in Cyprus tax residency rule 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 company 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 resident persons are taxed in Cyprus on their worldwide income (any foreign taxes paid outside 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 its 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).

REGISTRATION/FORMALITIES

Registration with the Cyprus Tax and social insurance authorities is required by completing the necessary forms.

Slips/permits from immigration office must be obtained for the individual prior to registration with the authorities (yellow slip for EU individual and pink slip for non-EU individual).

Basic personal and documentation must be provided to the authorities (ID card, passport, proof of permanent address, employment contract etc.) for the purposes of the registration.

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
- 2.65% 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.

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

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations. The information contained within this publication is based upon information available up to the version date indicated in the document footer, and is accurate only as of such version date. While every reasonable effort has been taken by BDO to ensure the completeness and accuracy of the matter contained in this publication, the information contained herein does not constitute an examination of any recipient's compliance with laws, regulations, or other matters. You should not act, or refrain from acting, upon the information contained herein without obtaining specific professional advice. Please contact the appropriate BDO Member Firm to discuss these matters in the context of your particular circumstances. Neither the BDO network, nor the BDO Member Firms or their partners, employees or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO is an international network of public accounting, tax and advisory firms, the BDO Member Firms, which perform professional services under the name of BDO. Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee that is the governing entity of the international BDO network. Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium. Each of BDO International Limited, Brussels Worldwide Services BVBA and the member firms of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© Brussels Worldwide Services BV, December 2020

www.bdo.global