



CYPRUS PERSONAL

TAX Income tax rate,
Exemptions & Deductions



www.ktc.com.cy

www.cypruscompanies.gr

Cyprus personal tax regime is one of the most attractive in Europe. Professionals, entrepreneurs and salaried people consider Cyprus as their tax residence for the advantages of the local personal tax. The advantages and deductions offer incentives for relocation, and operation in Cyprus, or under employment for a local establishment. Cyprus is an EU member, operating under a secure legal and stable financial environment, protecting and attracting businesses and individuals.



Personal Tax.

Cyprus tax residents (individuals) enjoy the benefits of the various levels of tax rating according to their income, with 0% tax on yearly income up to €19,500. In addition, tax deductions and benefits are given to individuals willing to move permanently to Cyprus.

An individual who spends more than 183 days in Cyprus in a calendar year is considered a Cyprus tax resident.

Days in and out of the Cyprus Republic are calculated as follows:

- The day of departing out of Cyprus is considered a day out of the republic
- The day of arrival in Cyprus is considered a day within the republic
- Arriving and departing out of the Cyprus in the same day counts as one day of residence in Cyprus
- Departing and returning in Cyprus the same day counts as a day out of the republic
- Foreign taxes paid can be credited against the personal income tax liability

INCOME TAX RATES FOR INDIVIDUALS

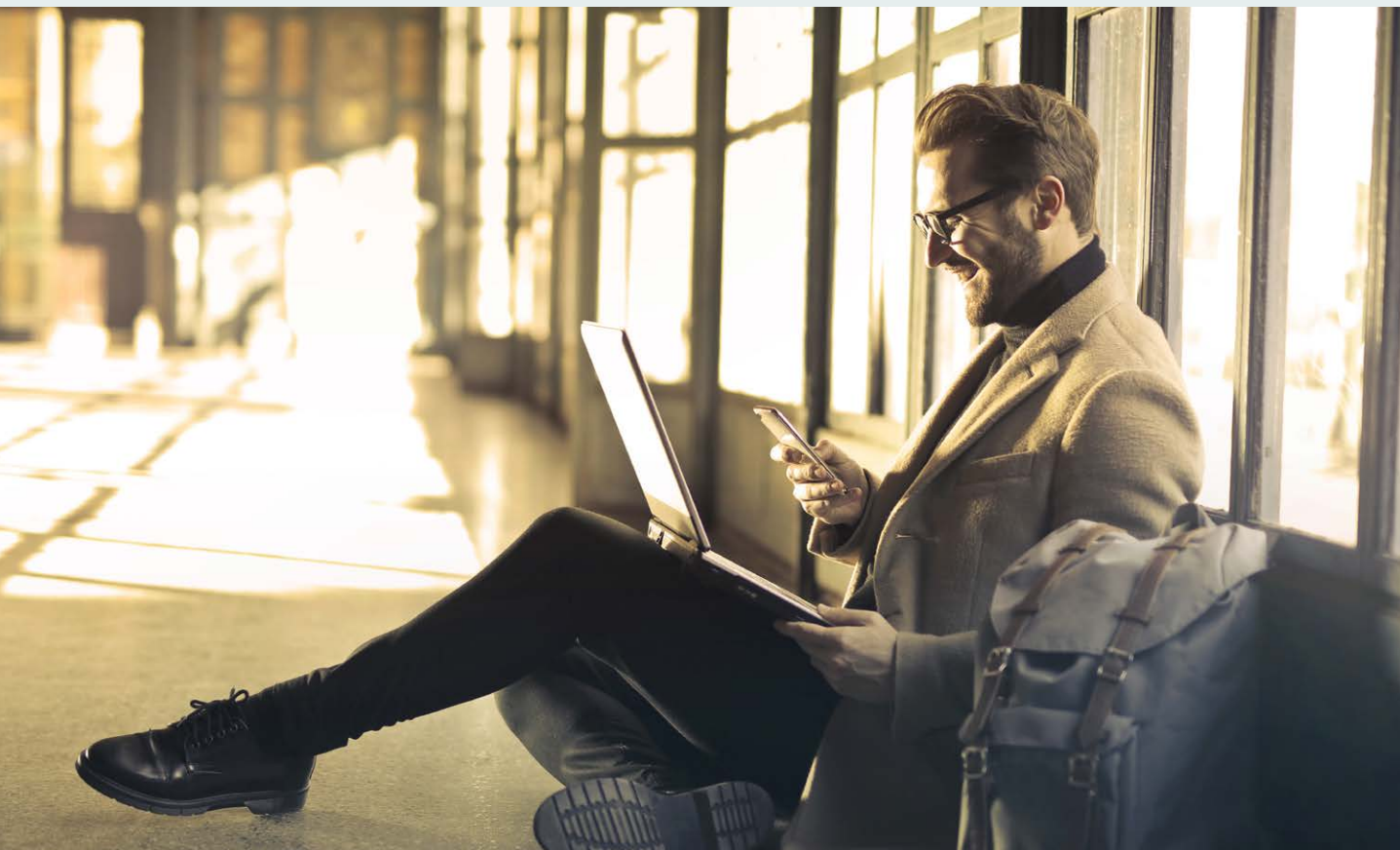
YEARLY INCOME	TAX RATE	ACCUMULATED TAX
0 - 19.500 €	0%	zero €
19.501 - 28.000 €	20%	1.700 €
28.001 - 36.300 €	25%	2.075 €
36.301 - 60.000 €	30%	7.110 €
60.001 - 100.00 €	35%	14.000 €

INCOME TAX RATES WITH 50% DEDUCTION ON INCOME

50% of remuneration from employment in Cyprus is exempted from income tax for the first 10 years. This rule applies for individuals that were not tax residents before the commencement of the employment and provided that the annual remuneration exceeds €100.000.

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An alternative of 20% exemption is also valid for 3 years if employee annual remuneration is less than €100.000.



EXEMPTIONS OF INCOME TAX FOR INDIVIDUALS

TYPE OF INCOME

EXEMPTIONS

Dividends

Whole amount

Remuneration from any employment exercised in Cyprus by an individual who was not a resident of Cyprus before the commencement of the employment. Exemption applies for a period of 10 years provided that the annual remuneration exceeds €100.000.

50% of the remuneration

Remuneration from any employment exercised in Cyprus by an individual who was not a resident of Cyprus before the commencement of the employment, for 3 years since the 1st of January of the year following the year the employment started. For employments commencing after the 1st of January 2012 or later the exemption applies for a period of 5 years starting from the tax year following the year of commencement of the employment with the last eligible tax year being 2020. This exemption may not be claimed in addition to the immediately above mentioned 50% exemption for employment income.

20% of the remuneration with a maximum amount € 8.550 annually.

Remuneration from salaried services outside Cyprus for more than 90 days to a non-Cyprus resident employer or to a foreign permanent establishment of a Cyprus resident employer.

Whole amount

Profits from the sale of securities.

Whole amount

Lump sum received by way of retiring gratuity, commutation of pension or compensation for death or injuries.

Whole amount

Capital sums accruing to individuals from any payments to approved funds (e.g provident funds).

Whole amount

Profits of a foreign permanent establishments under certain conditions.

Whole amount

TAX DEDUCTIONS ON INCOME

TYPE OF INCOME

EXEMPTIONS

Donations to approved charities

Whole amount

Since the 1st of January 2017 any amount invested each tax year in approved innovative small and medium size enterprises, either directly or indirectly.

Up to the 50% of taxable income as calculated prior to this deduction (maximum of €150.000 deductions per year) The amount of discount that was not used can be transferred and claimed in the next 5 years.

Contributions to trade unions or professional bodies.

Whole amount

Income from property rental.

20% of rental income

Social insurance contributions, medical funds (maximum 1.5% of remuneration), pension and Provident fund contributions (maximum of 10% of remuneration) and life insurance (maximum 7% of the insured amount)

Up to 1/6 of the chargeable income

Loss of current year and previous years (for individuals required to prepared audited financial statements, current year losses and losses of the previous five years only may be deducted)

Whole amount

