

**PERSONAL TAXATION CYPRUS**

**SCOPE OF TAX LAW-DEFINITIONS**

* **Worldwide:** Taxation is on Worldwide income of Cyprus Tax residents
* **Tax Resident Definition:** Any individual residing in Cyprus for 183 days or more in a Tax Year. The Cyprus Tax resident is obliged to obtain the T.I.C number. (Tax Identification Number).
* **Non Tax residents:** Tax is imposed only on income derived or arising from sources within the Republic of Cyprus.

**TAXABLE INCOME:**

* Salaries
* Dividends (under defence fund if the person is tax resident- if non tax resident 20% is deducted at source)
* Interest receivable (under defence fund and is deducted at source)
* Profit arising from operations within Cyprus (if the profit is arising from Company’s operations no Income tax is required).
* Capital Profits
* Pensions

**INCOME TAX RATES ON CHARGEABLE INCOME**

|  |  |  |  |
| --- | --- | --- | --- |
| **EURO** | **UNTIL 2010** | **EURO** | **FROM 2011-** |
| 0-19.500 | 0% | 0-19.500 | 0% |
| 19.501-28.000 | 20% | 19.501-28.000 | 20% |
| 28.001-36.300 | 25% | 28.001-36.300 | 25% |
| 36.301- | 30% | 36.301-60.000 | 30% |
| --- | --- | 60.000- | 35% |

**SALARY RELIEF FOR NEW RESIDENTS:**

* Individuals moving to Cyprus to work are allowed 20% exemption on their taxable income for the first 3 full tax years of employment, (with a ceiling of Euro 8.543).
* The relief does not apply in the first year of arrival, which can be partial, in order to give full advantage to the new resident to full year’s relief.

**SALARY DEDUCTIONS:**

* Professional subscriptions.
* 20% Of the total Rent Receivable-personal
* Donations to approved organisations.
* Life insurances (the highest amount to be deducted 7% over the insured value)
* Social insurance
* Provident Fund
* Special contribution fund.