



TALIADOROS AUDIT FIRM

CHARTERED CERTIFIED ACCOUNTANTS

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Cyprus tax residents, 60 days rule

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Cyprus Tax Residents – 60 Days Rule

According to the Income Tax Law 118 (I)/2002, as of 1 January 2017, an individual will be considered a Cyprus tax resident if he/she:

- 1) does not spend more than a total of 183 days in any country within a tax year; and
- 2) is not a tax resident of another country within the same tax year

and provided that he/she satisfies the following three conditions:

- a) remains in Cyprus for at least 60 days during the tax year;
- b) carries on a business in Cyprus or is employed in Cyprus or holds an office in a Cyprus tax resident company as of the 31 December of each tax year; and
- c) maintains a permanent residence in Cyprus, which can be either owned or rented

If 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.

At the same time, an individual who is considered as non – domiciled of Cyprus can benefit at the same time the exemptions from special defense contribution on dividend income, rental income and interest income.

Finally, it worth mentioning that for employment purposes in Cyprus there are additional incentives which a Cyprus tax resident individual can enjoy. Tax incentives were introduced for the employment in Cyprus of highly paid Cypriots and non-Cypriots, who, before their recruitment in Cyprus lived abroad and were non-tax residents of Cyprus, with effect from the fiscal year 2012.

For employments commencing as from 1st January 2015 the exemption does not apply in case the said individual was a Cyprus tax resident for 3 (or more) tax years out of the 5 tax years immediately prior to the tax year of commencement of the employment nor in the presiding tax year. If the income from employment exceeds €100.000 per annum, a 50% deduction is allowed for such income for the first 10 years of employment.

For employments commencing during or after 2012 the exception applies for a period of 5 years commencing from 1st January following the year of commencement of the employment with the last eligible tax year being 2020. The exemption is 20% of income subject to maximum of €8.550 annually and this exemption may not be claimed in addition to the above 50% exemption for employment income. If for example the employment starts in any month during 2017, the exception is applicable from January of 2018 until 2020.

We remain at your disposal should you require any information of clarification on the above.