



CYPRUS - August 2017

CYPRUS TAX REGIME 1

Cyprus Tax Regime

Cyprus has a very favourable tax system that is fully aligned with the European Union legislation and international regulations. Some key features are listed below and include a series of incentives for foreign investors and companies registered in Cyprus. Furthermore, the procedures for registering a company with the relevant authorities in Cyprus can be completed within approximately 4-5 working days, at a fairly low cost.

As a result, international businesses operating in the region often choose Cyprus as a base and include it in their tax-structuring plans.

Corporate Tax

Corporate tax is charge at a flat rate of 12.5% on the taxable profits of a Cyprus tax resident company.

Various tax exemptions apply such as:

- exemptions in respect of dividends received from other companies
- no tax on capital gains derived from the disposal of securities, provided the disposed company does not hold any immovable property in Cyprus.
- generally no withholding taxes on payments from Cyprus.
- tax relief of foreign tax paid

Introduction of Notional Interest Deduction (“NID”) on ‘New Capital’ contributed and paid to Cypriot companies from 2015 onwards

Cyprus tax resident companies benefit from Cyprus’ extensive double taxation treaty network with over 43 countries worldwide

Individual Tax:

Non-domiciled tax resident status

The recent introduction of the non-domiciled (“non-dom”) tax resident status applies to individuals who physically spend less than 183 days on the island. Non-domiciled residents are entitled to exemption from the special defense contribution (SDC) on dividends, interest and rental income, even if derived from sources within Cyprus and regardless of whether such income is used in Cyprus. Contact us for full details.

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Property Tax:

Immovable Property Tax (IPT) was abolished as from 01 January 2017.

Low municipality taxes for property owners

Exemption from future Capital Gains Tax on properties (land and land with buildings) purchased by the end of 2016

In general, the taxes associated with property ownership in Cyprus are relatively low compared to other EU countries.

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