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Tax Guide 2021 Cyprus



Dear Reader,

Throughout its history in Cyprus, CFA Auditors Ltd (CFA) has striven to display the highest values and standards in serving its clients and people. As a result, our Company has experienced unprecedented growth and targets to establish itself as one of the business leaders of the island.

At CFA, we seek to always set a standard for business, be among the leading firms in the profession and achieve the highest standards of quality in delivering client focused services that would help you create the value in your business that you are looking for. What sets us apart from other service providers is our dedication in serving our clients. Each service line of our firm has a robust commitment to quality and is driven by the value of support our clients need.

Together we build relationships based on trust and through open discussions we are dedicated to assist you on tomorrow's challenges by sharing our knowledge and expertise through our diverse teams and network of professionals.

To continue to be among the best professional services organisation, we must maintain our tradition of excellence for our business, and especially for our clients. Our core values of Commitment, Excellence, Teamwork and Leadership are our Company's founding principles. We uphold these values, through a "Code of Conduct", by respecting and understanding other points of view. Along with proper communication, it defines how we conduct our business and ourselves.

Our Vision is to be recognized as one of the leading firms in Cyprus, best known for its professional conduct and client focused services which in a demanding and challenging business environment we can assist on your increasingly complex needs.

We look forward to be of service to you.

Yours Sincerely

Nicolas Trikkis
Managing Director





Foreword

This publication aims to provide a general description of the tax system in Cyprus. The information contained is based on the tax legislation and practice as at January 2021 and should be used only for general information purposes and cannot substitute professional advice.

Please do not hesitate to contact us at our office at the address shown at the back of this publication.

CFA Auditors Limited
Cyprus

January 2021

Exemptions for individuals

Income from interest. Interest accruing to any person from the ordinary carrying on of any business including any interest closely connected with the ordinary carrying on of the business, is not exempted but included in the calculation of profit	100%
Dividends	100%
Capital sums from approved provident funds	100%
Lump sum payment on retirement of pension, or a gratuity on death or injuries	100%
Remuneration from any office or employment exercised in Cyprus by an individual who was resident outside Cyprus before the commencement of his employment. This exemption applies for a period of 5 years for employments commencing during or after 2012 and it applies from 1 January following the year of commencement of employment, with the last eligible tax year being 2030. In case the 20% is claimed, the 50% exemption does not apply	20% of income or €8.550 (lower of)
Remuneration from any office or employment exercised in Cyprus by an individual who was resident outside Cyprus before the commencement of his employment. This exemption applies for a period of 10 years for employments commencing as from 1 January 2012 if the annual remuneration exceeds €100.000. As from 1 January 2015, the exemption does not apply in case the individual was a Cyprus tax resident for 3 out of 5 years preceding the year of employment or to be tax resident of Cyprus in the year preceding the year of commencement of employment	50% of income
Remuneration for the rendering outside Cyprus of salaried services for more than 90 days in a tax year to an employer not resident in Cyprus or to a foreign permanent establishment of a Cypriot resident employer	100%
Profit from the sale of securities	100%
Profits from a permanent establishment	100%
Foreign exchange gains (realized and unrealized), unless they result from trading in currencies and/or currency derivatives	100%

Deductions for individuals

Rental income	20% on gross rental income
Interest paid in respect of rented buildings	100%
Subscriptions to trade unions or professional associations	100%
Donations to approved charitable institutions, supported by receipts	100%
Social insurance contributions, provident fund, pension fund and medical fund (maximum 1,5% of remuneration) and life insurance premiums (annual premiums restricted to 7% of the insured amount)	Up to 1/5 of taxable income before the deduction of these allowances (1/6 up to tax year 2018)
In the case of cancellation of a life insurance policy within 6 years from the day of its issue, a percentage of the premiums, which were previously allowed, is taxable as follows: - Cancellation within 3 years - Cancellation from 4 to 6 years	30% 20%
Expenditure made for maintenance of a building in respect of which there is in force a Preservation Order	Up to €1.200, €1.100 or €700 per square meter (depending on the building size)
Loss of current year and previous 5 years for individuals that prepare audited financial statements	100%
As from 1 January 2017, expenditure incurred by a person, who is an investor in an approved innovative small and medium sized business	Up to 50% of the taxable income before this deduction (subject to maximum of €150.000 per year)
Eligible infrastructure and technological equipment expenditure in the audiovisual industry	20%

Corporation Tax

Cyprus resident companies are taxed on their income accrued or derived from all sources in Cyprus and abroad.

Non-Cyprus resident companies are taxed on income accrued or derived from a business activity which is carried out through a permanent establishment in Cyprus and on income arising from sources in Cyprus.

A company is considered as resident in Cyprus if it is managed and controlled in Cyprus.

The corporation tax rate for all companies is 12,5%.

Exemptions

Dividends	100%
Profit from the sale of securities	100%
Profits from a permanent establishment	100%
Interest not arising from the ordinary activities or closely related to the ordinary activities of the company	100%
Foreign exchange gains (realized and unrealized), unless they result from trading in currencies and/or currency derivatives	100%
Profits from the production of films, series and other related audiovisual programs	The lower of 35% of the eligible expenditure and 50% of the taxable income. Any restriction may be carried forward for 5 years



Tax deductions

In general expenses incurred wholly and exclusively for the production of taxable income and supported by documentary evidence, are deductible for corporate tax purposes.

Expenditure on patents, patent rights or intellectual property rights	80% of the net profit (old IP box), 80% of the net profit using the nexus approach as from 1 July 2016
Donations to approved charities	100%
Employer's contributions to social insurance, General Health System and approved provident funds on employees' salaries	100%
Employer's contributions to: <ul style="list-style-type: none"> • Medical fund for employees • Provident/Pension fund for employees 	1% on employee's remuneration 10% on employee's remuneration
Expenditure incurred for the maintenance of a building in respect of which there is a Preservation Order	Up to €700, €1.100 or €1.200 per square meter (depending on the building size)
Entertainment expenses for business purposes	Lower of €17.086 or 1% of the gross income of the business
Eligible infrastructure and technological equipment expenditure in the audiovisual industry	20% for small / 10% for medium enterprises

Interest expense deductibility

Interest expense incurred for the direct or indirect acquisition of 100% of the share capital of a subsidiary company will be treated as deductible for income tax purposes provided that the 100% subsidiary company does not own (directly or indirectly) any assets that are not used in the business. If the subsidiary owns (directly or indirectly) assets not used in the business the interest expense deduction is restricted to the amount which relates to assets used in the business. This applies for such acquisitions of subsidiaries from 1 January 2012.

Notional interest deduction (NID)

Equity introduced to a company as from 1 January 2015 (new equity) in the form of paid-up share capital or share premium may be eligible for an annual notional interest deduction (NID).

NID deduction is calculated as the new equity multiplied by the NID interest rate. The relevant interest rate is the yield on 10-year government bonds (as at December 31 of the prior tax year) of the country where the funds are employed in the business of the company plus a 5% premium, and there is no minimum reference rate.

Where the country in which the new equity is invested does not have an issued 10-year government bond on 31 December of the year preceding the tax year, the reference interest rate will be based on the government bond yield of Cyprus increased by 5%.

The NID deduction cannot exceed 80% of the taxable profit derived from the assets financed by the new equity (as calculated prior to the NID deduction). In the event of losses, the NID will not be available.

EU Anti - Tax Avoidance Provisions

Cyprus has implemented in its legislation all the provisions of the EU Anti – Tax Avoidance Directive, with some of the provisions being introduced as from 2019 and others in 2020.

Interest Limitation Rules

Interest limitation rules apply as from 1st January 2019.

Maximum deduction

The maximum amount which can be claimed is the **higher of:**

- the actual amount of the exceeding borrowing costs if below €3 million;
- 30% of the taxable earnings before interest, tax, depreciation and amortisation of assets (“EBITDA”).

“**Taxable EBITDA**” is defined as the total of net taxable income (calculated as per the Cypriot income tax laws) increased by the exceeding borrowing costs, the depreciation and amortization of fixed assets and intangibles and the notional deduction of 80% on the gross profit as a result of the Intellectual Property (“IP”) Box regime. Losses brought forward are not taken into consideration or group loss relief.

Borrowing costs

“**Exceeding borrowing costs**” is defined as the excess of borrowing costs over interest income and other economically equivalent taxable revenues.

Controlled Foreign Company (CFC) rule

The undistributed income of a Controlled Foreign Company (CFC) or of a foreign permanent establishment arising from non genuine arrangements which are controlled by the controlling company resident in the Republic, is added to the taxable income of the controlling company resident in the Republic, subject to certain exceptions.

Any foreign tax paid on the income of the CFC is credited against income tax payable in the Republic.



Annual wear and tear allowances on fixed assets

The following allowances are given as a percentage on the cost of acquisition and are deductible from the chargeable income:

	Annual wear & tear allowance %
Fixed assets	
Plant and machinery (Note 1)	
Plant and machinery	10
Furniture and fittings	10
Industrial carpets	10
Boreholes	10
Machinery and tools used in agricultural business	15
Buildings	
Commercial buildings/flats	3
Industrial, agricultural and hotel buildings (Note 2)	4
Metallic greenhouse structures	10
Wooden greenhouse structures	33 1/3
Vehicles and Means of Transportation	
Motor vehicles	20
Motor cycles	20
Excavators, tractors, bulldozers, self-propelled and drums for petrol companies	25
Armoured Motor Vehicles (e.g. used by security services)	20
Specialised Machinery for the laying of Railroads (e.g. Locomotive engines, Ballast wagons, Container wagons and Container Sleeper Wagons)	20
New Airplanes	8
New Helicopters	8
Sailing vessels	4,5
Motor Yachts	6
Steamers, tugs and fishing boats	6
Shipmotor launches	12,5
New cargo vessels	8
New passenger vessels	6
Used cargo / passenger vessels	Over their useful lives

Fixed Assets

Other	
Televisions and videos	10
Computer hardware and operating systems	20
Application software	33 1/3
Expenditure on application software less than €1.709, is written off in the year of acquisition	
Wind Power Generators	10
Photovoltaic Systems	10
Tools in general	33 1/3
Videotapes property of video clubs	50

Increased capital allowances

- For all plant and machinery acquired during the tax years 2012-2018 (inclusive), a deduction for wear and tear at 20% per annum will be allowed (increased from 10% per annum). Assets which are already eligible for a higher wear and tear allowance are excluded.
- For industrial and hotel buildings acquired during the tax years 2012-2018 and for agricultural and livestock production buildings acquired during the tax years 2017-2018 (inclusive), a deduction for wear and tear at 7% per annum will be allowed (increased from 4% per annum)

Transfer Pricing

Loans or other cash advances financed by debt

As from July 2017, loan transactions between related parties are subject to Transfer Pricing Guidelines in order to confirm whether these are market compliant. Therefore, all intra-group back-to-back financing arrangements are required to follow the arm's length principle under the transfer pricing framework.

The intra-group back-to-back financing arrangements apply where loans are granted by a financing company to related parties, and which are financed by financial means and instruments, such as private loans, cash advances, bank loans and debentures.

The transfer pricing study shall be prepared by a transfer pricing expert. Upon tax authorities' request, the study should be submitted to the Tax Department by a person who has a license to act as an auditor according to the Cyprus Companies Law.

Special Contribution for Defence

All individuals who are tax resident and domiciled in Cyprus are subject to defence contribution on the sources of “passive” interest income and rental income indicated in the table below.

Non-resident individuals and resident individuals considered as non-domiciled are not subject to the defence contribution.

Tax rates

	Individuals resident and domiciled %	Individuals resident and non-domiciled %	Legal entities %
Dividend income from Cyprus resident companies	17	Nil	Nil
Dividend income from non-Cyprus resident companies	17	Nil	Nil
Interest income arising from the ordinary activities or closely related to the ordinary activities of the business	Nil	Nil	Nil
Other interest income (“passive”)	30	Nil	30
Rental income (reduced by 25%)	3	Nil	3

- Dividend income from abroad is exempt from defence fund contribution.
- This exception does not apply if:
 - the company paying the dividend engages directly or indirectly more than 50% in activities that lead to investment income, and
 - the foreign tax is substantially lower than the tax burden in Cyprus
- When the exemption does not apply, the dividend income is subject to special contribution for defence at the rate of 17%.
- Interest income from corporate bonds (as from 26 June 2019), Cyprus government savings bonds, development bonds and all interest earned by a provident fund is subject to special contribution for defence at the rate 3% (instead of 30%).
- In the case where the total income of an individual (including interest) does not exceed €12.000 in a tax year, then the rate is reduced to 3%.
- Rental income is subject to personal income tax / corporation tax.
- Foreign taxes paid can be credited against the defence tax liability.

Deemed dividend distribution

A Cyprus resident company is deemed to distribute as a dividend the 70% of its accounting profits as adjusted (net of corporation tax, special contribution, capital gains tax and foreign taxes) within two years from the end of the tax year in which the profits were generated (i.e. 2018 profits are subject to deemed distribution rules as at 31 December 2020).

Special contribution for defence at 17% is imposed on deemed dividend distribution applicable to shareholders who are residents of Cyprus.

When an actual dividend is paid after the deemed dividend distribution, then special contribution for defence is imposed only on the dividend paid over and above the dividend that was previously deemed to have been distributed.

Deemed distribution does not apply in respect of profits that are directly or indirectly attributable to shareholders that are not tax resident of Cyprus or to individuals who are tax residents but are not considered to be domiciled in Cyprus.

Disposal of assets to shareholder at less than market value

In the case where a company disposes an asset to an individual shareholder or a relative of his up to second degree or his spouse for a consideration less than its market value, the difference between the consideration and the market value will be deemed to have been distributed as a dividend to the shareholder. This provision, does not apply for assets originally gifted to the company by an individual shareholder or a relative of his up to second degree or his spouse.

Company dissolution

The cumulative profits of the last five years prior to the company's dissolution, which have not been distributed or deemed to have been distributed, will be considered as distributed on dissolution and will be subject to special contribution for defence at the rate of 17%.

The above will not apply in the case of dissolution under a Reorganisation.



Capital Gains Tax

Capital Gains Tax (CGT) in Cyprus is imposed at the rate of 20% on:

- gains from the disposal of immovable property situated in Cyprus,
- gains from the disposal of shares in companies which own such immovable property in Cyprus, excluding shares listed on any recognised stock exchange,
- as from 17 December 2015 gains from the disposal of shares in companies which indirectly own such immovable property in Cyprus and derive at least 50% of their market value from such immovable property.

Disposals for the purposes of CGT include:

- Transfer of ownership of the property by sale, gift or exchange
- Transfer of a registered lease over 15 years
- An abandonment of the use of right

VAT declaration payment/refund of VAT

VAT returns must be submitted electronically on a quarterly basis.

The payment of the VAT must be made by the 10th day of the second month that follows the month in which the tax period ends.

Where in a quarter input tax is higher than output tax, the difference is refunded by completing form 4B via the Taxisnet system or is transferred to the next VAT quarters.

Taxpayers who make a claim for VAT refund will be entitled to repayment of the principal amounts together with interest in the event that the repayment is delayed for a period exceeding four months from the date of the submission of the claim.

The grace period for the Tax Department to repay the refundable amounts is extended by another four months (i.e. eight months in total) in the event that the Commissioner of Taxation is carrying out an investigation in relation to the submitted claim.

As from 20 August 2020, the Tax Commissioner reserves the right to suspend the payment of a VAT refund and interest in cases where taxpayers have failed to comply with the obligation to submit income tax returns. The refund is suspended until the taxpayer complies with the relevant obligations.

The right to request refund of a VAT credit balance will be limited to six (6) years from the end of the VAT period in which it arose. Any requests submitted after the six-year period has elapsed will be examined at the discretion of the Tax Commissioner.

Under Cyprus VAT Law, the domestic reverse charge mechanism is applicable to the following transactions:

Reverse charge	Article of the Law
Construction services	11B
Trade of specific goods	11C
Disposal of immovable property and plots to the Borrower as part of the loan restructuring	11D
Supply of certain electronic devices	11E

The failure of the reverse charge provisions application, will result to the imposition of €200 one-off penalty per VAT return but will not exceed the total penalty amount of €4.000.

Thresholds and penalties	Amount €
Registration threshold (taxable supplies in Cyprus)	15.600
Registration threshold for distance sales (sale of goods to persons not subject to VAT registration in Cyprus, by suppliers in another EU Member State)	35.000
Registration threshold for acquisition of goods in Cyprus from suppliers resident in another EU Member States	10.251,61
Registration threshold for intra-community supply of services	No threshold
Registration threshold for receipt of services from abroad for which the recipient must account for VAT under the reverse charge provisions	15.600
Penalty for late submission of VAT returns (from 20 August 2020)	100 for each return
Penalty for failure to apply the reverse charge provisions (from 1 July 2021)	200 for each return
Penalty for omission to keep proper books and records for a period of 6 years	341
Penalty for late submission of VIES return	50 for each return
Penalty for late submission of corrective VIES return	15 for each return
Omission to submit the VIES return constitutes a criminal offence with a maximum penalty of	850
Penalty for late registration with the VAT authorities	85 per month of delay

VAT on Immovable Property

As from 1st January 2019

For equal treatment purposes, a long-term lease of immovable property which effectively transfers the right to dispose the property as owner to the lessee constitutes a supply of goods subject to 19% VAT (under conditions).

As from 2nd January 2018

The transfer of non-developed building land intended for the construction of structures in the source of carrying out a business activity is subject to 19% VAT.

In the course of loan restructuring or compulsory transfer of property to the lender, the recipient of the property is liable to account for VAT (reverse charge mechanism).

As from 13th November 2017

Leasing of immovable property, except residential dwellings, to taxable persons for taxable business activities is subject to 19% unless a permanent non-imposition of VAT option is exercised by the lessor.

Social Insurance

Contributions to Social Insurance by employee for 2021 are 8.3% and by employer are 8.3%. The rate of 8.3% will apply as from 1 January 2019 and for the next five years. Thereafter, will increase by 0.5% every five years until it reaches 10.3% as from 1 January 2039. As from 1 January 2039 the rate will be 10.3%.

The maximum amount that applies for 2021 is €57.408 per annum for monthly paid employees, €4.784 per month for monthly paid employees and €1.104 per week for weekly paid employees (for the year 2020 the levels were €54.864, €4.572, €1.055, for the year 2019 the levels were €54.648, €4.554, €1.051 whereas for the years 2015-2018 the levels were €54.396, €4.533, €1.046 respectively).

Other employer's contributions

The employer makes the following other contributions based on employee's emoluments:

	%
Social cohesion fund	2.0*
Redundancy fund	1.2**
Industrial training fund	0.5**
Holiday fund (if is not exempt)	8.0**

* **Social cohesion fund is calculated on total emoluments and has no maximum level**

** **Restricted to the maximum level of emoluments as with the social insurance contributions**

The contributions of self-employed persons as from 1 January 2019 are 15.6% of their income (14.6% for 2014-2018). The rate will increase by 1% every five years until it reaches 19.6% as from 1 January 2039. The amount of the contributions is subject to a lower and a maximum limit, depending on the profession or trade of the Self-Employed Person.

Deadline for payment of the contributions by the employers

The contributions that the employer is obliged to pay in accordance with the Law, should be paid not later than the end of the calendar month following the month that the contributions relate.

Additional fee for late payment of contributions

Every employer or a self employed who fails to pay the contributions within the time limit determined in the relevant regulations, is obliged to pay an additional fee in the range of 3% and 27% depending on the period of delay, on the amount of contributions due for payment.

National Health

The National Health Insurance System (“NHIS”) Law is introduced in 2019 and transforms the existing public health care system. Patients will have the freedom to choose their health care provider, from the private as well as the public health care sector, from those providers registered with the Health Insurance Organization (“HIO”).

According to the NHIS, employer and employee contributions for the implementation of the system started on 1 March 2019 and will increase from 1 March 2020 as the current rates as from 1 March 2020 as per table below:

Category	Apply on	As from 1 March 2019	As from 1 March 2020
(i) Employees	Own emoluments	1,70%	2,65%
(ii) Employers	Employees' emoluments	1,85%	2,90%
(iii) Self-employed	Own income	2,55%	4,00%
(iv) Pensioners	Pension	1,70%	2,65%
(v) Persons holding office*	Officers' remuneration	1,85%	2,90%
(vi) Republic of Cyprus or Physical/Legal person responsible for the remuneration of persons holding an office	Officers' remuneration	1,85%	2,90%
(vii) Persons earning rental, interest, dividend and other income	Rental, Interest, Dividend income etc.	1,70%	2,65%
(viii) Republic's Consolidated Fund	Emoluments/Pensions of persons (i), (iii), (iv) and (v)	1,65%	4,70%

* Relates to holders of public or local authority office or other office, the income out of which does not come within the scope of (i) employees, (iii) self-employed, (iv) pensioners, (vii) persons earning rental, interest, dividend and other income.

Method of deduction

NHIS contributions will be deducted from the entire earnings of the employee (as defined in the Social Insurance Law) up to €180.000 per annum. The insurable earnings limit of Social Insurance Fund contributions does not apply in this case.

The employer is responsible for paying both their own and their employees' contributions through Social Insurance Services (by means of deduction from their salary).

Stamp Duty

Transactions which fall within the scope of **reorganizations** are exempt from stamp duty.

Also, any agreements/contracts relating to assets situated outside Cyprus or business affairs that take place outside Cyprus are exempt from stamp duty.

Nature of documents

Receipts – for sums of €4.00	7 cents
Cheques	5 cents
Letters of credit	€2
Letters of guarantee	€4
Bills of exchange (payable within three days, on demand or at sight)	€1
Contracts €1 - €5.000 €5.001 - €170.000 Over €170.000	Nil 1.5‰ 2‰ at a max. of €20.000
Without fixed sum	€35
Customs declaration documents	€18 - €35
Bills of lading	€4
Charter party	€18
Powers of attorney <ul style="list-style-type: none"> ▪ General ▪ limited 	€6 €2
Certified copies of contracts and documents	€2
Issue of tax residence certificate by Inland Revenue Department	€80.00

Upon incorporation of the company

Authorised share capital	€105
Issued share capital	There is no capital duty payable if the shares are issued at their nominal value. There is a €20 flat duty if the shares are issued at a premium

Upon subsequent increases

Authorised share capital	NIL
Issued share capital	€20 flat duty on every issue, whether the shares are issued at nominal value or at a premium

WHT on outbound payments from Cyprus

Paid from Cyprus	
Paid to	Royalties rights used within Cyprus %
Non-treaty countries	5/10 (3)
Andorra (16)	0
Armenia	5
Austria	0
Bahrain	0
Barbados (19)	0
Belarus	5
Belgium	0
Bosnia (4)	5/10 (5)
Bulgaria	5/10 (5)
Canada	0/5/10 (5), (6)
China	5/10 (5)
Czech Republic	0/10 (7)
Denmark	0
Egypt (20)	5/10 (5)
Ethiopia	5
Estonia	0
Finland	0
France	0/5 (8)
Georgia	0
Germany	0
Greece	0/5 (5)
Guernsey	0
Hungary	0
Iceland	5
India	5/10 (5)
Iran	5/6 (5)
Ireland	0/5 (5)
Italy	0
Jersey	0
Kazakhstan (21)	5/10 (5)
Kuwait	5
Latvia	0 (9)
Lebanon	0

Paid from Cyprus	
Paid to	Royalties rights used within Cyprus %
Lithuania	5
Luxembourg (10)	0
Malta	5/10 (5)
Mauritius (10)	0
Moldova	5
Montenegro (4)	5/10 (5)
Norway	0
Poland	5
Portugal	5/10 (5)
Qatar	5
Romania	0/5 (11)
Russia	0
San Marino (10)	0
Saudi Arabia (16)	5/8 (17)
Serbia (4)	5/10 (5)
Seychelles	5
Singapore	5/10 (5)
Slovakia (12)	0/5 (11)
Slovenia	5
South Africa	0
Spain	0
Sweden	0
Switzerland	0
Syria	5/10 (5)
Thailand	5/10 (13)
Ukraine (18)	5/10 (14)
United Arab Emirates	0
United Kingdom (15)	0
United States of America	0

WHT on inbound payments to Cyprus

Received in Cyprus			
Paid from	Dividends	Interest	Royalties
	%	%	%
Andorra (50)	0	0	0
Armenia	0/5 (1)	5	5
Austria	10	0	0
Bahrain	0	0	0
Barbados	0	0	0
Belarus	5/10/15 (2)	5	5
Belgium	10/15 (3)	0/10 (4), (5)	0
Bosnia (6)	10	10	10
Bulgaria	5/10 (7)	0/7 (4), (8)	10 (8)
Canada	15	0/15 (9)	0/10 (10)
China	10	10	10
Czech Republic	0/5 (11)	0	0/10 (12)
Denmark	0/15 (4), (13)	0	0
Egypt (55)	5/10 (56)	10	10
Ethiopia	5	5	5
Estonia	0	0	0
Finland	5/15 (14)	0	0
France	10/15 (15)	0/10 (16)	0/5 (17)
Georgia	0	0	0
Germany	5/15 (18)	0	0
Greece	25	10	0/5 (19)
Guernsey	0	0	0
Hungary	5/15 (3)	0/10 (4)	0
Iceland	5/10 (39)	0	5
India	10 (20)	0/10 (44)	10 (21)
Iran	5/10 (45)	5	6
Ireland	0	0	0/5 (19)
Italy	15	10	0
Jersey	0	0	0
Kazakhstan (57)	5/15 (58)	10	10
Kuwait	0	0	5
Latvia	0/10 (42)	0/10 (42)	0/5 (43)
Lebanon	5	5	0
Lithuania	0/5 (22)	0	5
Luxembourg (46)	0/5 (47)	0	0




Received in Cyprus

Paid from	Dividends	Interest	Royalties
	%	%	%
Malta	0	10	10
Mauritius (46)	0	0	0
Moldova	5/10 (24)	5	5
Montenegro (6)	10	10	10
Norway	0/15 (36)	0	0
Poland	0/5 (23)	0/5 (4)	5
Portugal	10	10	10
Qatar	0	0	5
Romania	10	0/10 (4)	0/5 (25)
Russia	5/10 (26)	0/15 (59)	0
San Marino (46)	0	0	0
Saudi Arabia (50)	0/5 (51)	0	5/8/(52)
Serbia (6)	10	10	10
Seychelles	0	0	5
Singapore	0	0/7/10 (4), (27)	10
Slovakia (37)	0/5 (28) 10	0 0/10 (4)	0 0/5 (25)
Slovenia	5	5	5
South Africa	5/10 (41)	0	0
Spain	0/5 (28)	0	0
Sweden	5/15 (3)	0/10 (4)	0
Switzerland	0/15 (40)	0	0
Syria	0/15 (29)	0/10 (9)	10/15 (38)
Thailand	10	10/15 (30)	5/10/15 (31)
Ukraine (53)	5/10 (54)	5	5/10 (33)
United Arab Emirates	0	0	0
United Kingdom (old)	0/15 (34)	10	0/5 (17)
United Kingdom (new)	0/15 (49)	0	0
United States of America	5/15 (35)	0/10 (16)	0



Notes

1. The WHT rate of 5% applies where a dividend is paid by a company in which the beneficial owner has invested less than €150.000.
2. A WHT rate of 5% applies where the investment is not less than €200.000 in the share capital of the company paying the dividend. If such investment is less than €200.000, dividends are subject to 15% WHT which is reduced to 10% if the recipient company controls 25% or more of the paying company.
3. A WHT rate of 15% applies if received by a company holding less than 25% of the share capital of the paying company and in all cases if received by an individual.
4. No WHT if paid to the government/Central Bank/ Public Authority of the other state.
5. No WHT for interest on deposits with banking institutions.
6. Serbia, Montenegro and Bosnia apply the Yugoslavia/Cyprus treaty.
7. The WHT 5% rate applies to companies holding directly at least 25% of the share capital of the company paying the dividend. In all other cases the WHT is 10%.
8. The treaty rates do not apply if the payment is made to a Cyprus entity by a resident of Bulgaria owning directly or indirectly at least 25% of the share capital of the Cyprus entity and the Cyprus entity pays tax in Cyprus at a tax rate lower than the usual tax rate.
9. Nil if paid to a government/Central Bank/ Public Authority or for export guarantee.
10. Nil on literary, dramatic, musical, or artistic work (but not including royalties in respect of motion picture films and works on film or videotape for use in connection with television).
11. Nil applies if received by a company (excluding partnership) which holds directly at least 10% of the share capital of the paying company for an uninterrupted period of no less than one year. A WHT rate of 5% applies in all other cases.
12. 10% WHT applies for patent, trademark, design or model, plan, secret formula or process, computer software or industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.
13. A WHT rate of 15% if received by a company controlling less than 10% of the share capital of the paying company or the duration of any holding is less than one uninterrupted year. A WHT rate of 15% also applies if received by an individual.

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14. A WHT rate of 15% applies if received by a company controlling less than 10% of the voting power in the paying company and in all cases if received by an individual.
 15. A WHT rate of 15% if received by a company (partnership is excluded) holding less than 10% of the capital of the paying company and in all cases if received by an individual.
 16. Nil if paid to a government, bank, or financial institution.
 17. A WHT rate of 5% on royalties for cinematographic films including films and video tapes for television.
 18. A WHT rate of 15% if received by a company holding less than 10% of the capital of the paying company and in all cases if received by an individual.
 19. A WHT rate of 5% on cinematographic film royalties (other than films shown on television).
 20. Prior to 1 April 2017, the applicable WHT rate is 15% if received by a company holding less than 10% of the shares of the paying company and in all cases if received by an individual.
 21. A WHT rate of 10% is also applicable for payments of a technical, managerial, or consulting nature. Prior to 1 April 2017, a rate of 15% applies on royalties.
 22. A WHT rate of 5% if received by a company (other than partnership) holding less than 10% of the capital of the company paying the dividend and in all cases if received by an individual.
 23. Nil rate applies if the recipient company (partnership is excluded) holds directly 10% of the share capital of the paying company for an uninterrupted period of at least 2 years. 5% in all other cases.
 24. A WHT rate of 5% applies if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends. 10% WHT rate with rate in all other cases.
 25. 5% WHT rate applies for patents, trademarks, designs or models, plans, secret formulas, or processes, or any industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.
 26. A WHT rate of 10% on dividend if paid by a company in which the beneficial owner has invested less than €100.000 in the share capital of the company paying the dividend.
 27. A WHT rate of 7% if paid to a bank or financial institution.

Date	Obligation	Form
End of each month	<ul style="list-style-type: none"> • Payment of tax deducted from employees salary (PAYE) in the preceding month 	T.D. 61
	<ul style="list-style-type: none"> • Payment of special defence contribution withheld on payments of dividends, interests or rents made to Cyprus tax residents in the preceding month 	T.D. 601
	<ul style="list-style-type: none"> • Payment of tax withheld in the preceding month on payments to non-Cyprus residents 	
	<ul style="list-style-type: none"> • Payment of Social insurance deducted from employees emoluments 	
31 January	<ul style="list-style-type: none"> • Submission of declaration of deemed dividend distribution for the year ended 31 December 2018 	T.D. 623
31 March	<ul style="list-style-type: none"> • Electronic submission of 2019 company's income tax return 	T.D. 4
	<ul style="list-style-type: none"> • Electronic submission of 2019 income tax return of physical persons preparing financial statements 	
30 April	<ul style="list-style-type: none"> • Payment of premium tax for life insurance companies – first instalment for 2021 	
31 May	<ul style="list-style-type: none"> • Electronic submission of 2020 employer's return 	T.D. 7
30 June	<ul style="list-style-type: none"> • Payment of Contribution to the Defence Fund on income received during the first half of 2021 on rents if such tax is not withheld at source by the tenant and on dividends or interest from sources outside Cyprus 	T.D. 601
	<ul style="list-style-type: none"> • Payment of €350 Annual Fee to Registrar of Companies 	
31 July	<ul style="list-style-type: none"> • Submission of 2021 provisional income tax and payment of first instalment 	T.D. 6

	<ul style="list-style-type: none"> • Electronic submission of 2020 personal income tax returns by employees and pensioners (whose incomes do not include income from a trade/business, rents, dividends, interest, royalties nor income relating to trading goodwill) and payment of 2020 personal income tax under self-assessment (1) • Electronic submission of 2020 personal tax returns and payment of 2020 personal income tax under the self-assessment method by other individuals who have gross income that falls under Article 5 (includes dividends, interest and profits from share dealings) and who are not obliged to prepare audited financial statements (1) (2). 	T.D. 1
1 August	<ul style="list-style-type: none"> • Payment of 2020 final corporation tax • Payment of 2020 personal income tax by self-employed individuals preparing audited financial statements 	T.D. 158
31 August	<ul style="list-style-type: none"> • Payment of premium tax for life insurance companies – second instalment 2021 	
31 December	<ul style="list-style-type: none"> • Submission of revised Provisional Tax Assessment for the current year, if considered necessary • Payment of second instalment of 2021 provisional tax • Payment of Contribution to the Defence fund on income received during the second half of 2021 on rents if such tax is not withheld at source by tenant and on dividends or interest from sources outside Cyprus • Payment of premium tax for life insurance companies – third and last instalment for 2021 	T.D. 6 T.D.6 T.D. 601
By the 10th of the second month after the end of the	<ul style="list-style-type: none"> ▪ Submission of VAT Return and payment of VAT due 	VAT 4

Tax

Date	Obligation	Form
By the 15 th of each month	▪ Submission of VIES form for the previous month	VIES 1
By the 10 th of the next month after the end of the period	▪ Submission of Intrastat	INTRASTAT 1.1 INTRASTAT 1.2

Notes

- (1) An individual is obliged to submit an income tax return when the gross annual income exceeds € 19,500. As from tax year 2020, this threshold is abolished and therefore all individuals have an obligation to submit an individual tax return.
- (2) A self- employed individual is obliged to submit audited financial statement if his/her annual turnover exceeds €70.000.

Interest for late payment of tax

Interest is imposed where the tax due is not paid by the prescribed dates, either when the payment is made under a self- assessment or when the payment is made on the basis of an assessment raised by the Tax Commissioner.

The interest is calculated for complete months and it is based on the official rate announced by the Ministry of Finance from time to time.

The official interest rates, as set by the Finance Minister, is 1,75% for all amounts due after 1 January 2020, 2% for the year 2019, 3,5% for the years 2017-2018, 4% for the years 2015-2016, 4,5% for the year 2014, 4,75% for the year 2013, 5% for the years 2011-2012, 5,35% for the year 2010, 8% for the years 2007-2009 and 9% before 31 December 2006.

Administrative Penalties

Administrative penalties apply in the following cases:

- €100, in case a person refuses, fails or neglects to notify or submit a tax return or to supply information or perform any duty within the deadline prescribed by the law.
- €200, in case a person refuses, fails or neglects to notify or submit a tax return or to supply information or to perform a duty (for which the law prescribe a deadline for the submission) within the deadline set by the Commissioner by notice (minimum 60 days).
- €100, in case a person refuses, fails or neglects to notify or submit a tax return or to supply information or to perform a duty (for which the law does not prescribe a deadline for the submission) within the deadline set by the Commissioner by notice (minimum 60 days) and the information required to be furnished relates to a third person.
- 5% on the tax due, in case a person fails to pay the tax due by the due date or within the period prescribed by a notice issued by the Tax Commissioner.
- An additional monetary charge of 5% on the tax due, in case a person omits to pay the tax due for more than 2 months from the payment deadline.
- Up to €20.000 administrative fine, in case an individual violates the provisions of the Assessment and Collections of Taxes Law or the relevant regulations or the notifications or the decrees issued by the Tax Commissioner, depending on the level of violation. Before the Tax Commissioner proceeds to the imposition of an administrative fine, the affected individual will be notified and will have the right to submit an objection within five (5) working days from the date of notification.
- Up to €2.000 administrative fine, in case of non-compliance with the provisions of the law regarding the obligations of payment beneficiaries to accept payment via a card. This applies as from 21 February 2021.

Criminal liability for non-payment of taxes

- Any person who is fraudulently dealing or omitting to pay taxes.
- Any person who delays payment of taxes withheld by him, i.e. from salaries (such as PAYE and special contribution), Payments to non-residents (such as films and royalties), as well as defence tax withheld from dividends, interest and rental income is guilty of an offence and is liable to fine plus imprisonment in the case of individuals. In the case of a company the directors, executive managers and accountants are also liable for penalties and imprisonment.



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