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Tax Facts & Figures CYPRUS 2023

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1. Personal Income Tax

1.1. Introduction

Cyprus tax residents are taxed on all chargeable income accrued or derived from all Cyprus or abroad sources.

Non-Cyprus tax residents are taxed on income accrued or derived from various sources in Cyprus.

1.2. Tax Residence

An individual is considered a tax resident in Cyprus if they satisfy one of the 2 tax residency tests described below:

The 183-days rule

This one applies to individuals who reside in the Republic of Cyprus for at least 183 days in one calendar year.

The 60-days rule

This rule applies to individuals who:

- Reside in Cyprus for at least 60 days in one calendar year;
- Do not reside in any other single state for a period of over 183 days in over one calendar year in aggregate;
- Are not considered tax residents in any other state; and
- Have other defined Cyprus ties*

** The individual must fulfil any of the following criteria:*

- *Conduct business in Cyprus;*
- *Be employed in Cyprus;*
- *Hold an office/be a director of Cyprus tax resident company at any time during the tax year with the condition that such position was not terminated during the tax year*

AND

Own or rent a permanent residence in Cyprus.

- To calculate the days in the Republic, the following should be taken into account:
- The departure day from Cyprus is considered as a day out of Cyprus
- The arrival day to Cyprus is considered as a day in Cyprus
- In the case of arriving and departing from Cyprus on the same day, it is considered as a day of residence in Cyprus
- In the case of departing and arriving in Cyprus on the same day, it is considered as a day of residence out of Cyprus.

1.3. Tax Rates

The following tax rates apply to all individuals taxed in Cyprus and apply to their accumulated income:

INCOME TAX	
ANNUAL INCOME	RATE
0 - €19.500,00	0%
€19.501,00 - €28.000,00	20%
€28.001,00 - €36.300,00	25%
€36.301,00 - €60.000,00	30%
60.001,00 and over	35%

Should the individual receive foreign pension income over €3.420, it is taxed at a flat rate of 5% while a Cyprus source widow(er)'s pension over €19.500 is taxed at a flat rate of 20%. However, the tax payer may elect to be taxed based on the aforementioned table and bands.

1.4. Tax Exemptions

Type of Income	Exemption
Interest, except for interest arising from the ordinary business activities or closely related to the ordinary business activities of an individual	The whole amount
Dividends	The whole amount (this applies to non-domiciled individuals)
Annual remuneration from employment exercised in Cyprus exceeding €55.000 for individuals who relocated to Cyprus and have not been Cyprus residents prior to the commencement of employment	50% for a period of up to 17 years (certain conditions apply)
Annual remuneration from employment exercised in Cyprus under €55.000 for individuals who relocated to Cyprus and have not been Cyprus residents prior to the commencement of employment	20% or €8.550 (whichever is lower) for a period of up to 5 years (certain conditions apply)

Profits from foreign permanent establishment	The whole amount (certain conditions apply)
Capital sums accruing to individuals from any payments to approved funds	The whole amount
Lump sum received by way of retiring gratuity, commutation of pension or compensation for death or injuries	The whole amount
Profit from sale of securities	The whole amount
Remuneration from salaried services rendered outside Cyprus for more than 90 days in a tax year to a non-Cyprus resident employer or to a foreign permanent establishment of a Cyprus resident employer	The whole amount
Profits from the production of films, series and other related audio-visual programs	The lower of 35% of the eligible expenditure and 50% of the taxable income. Any restriction may be carried forward for 5 years.

1.5. Tax Deductions

Type of Income	Deductions
Loss of current year and previous years	The whole amount (for individuals required to prepare audited financial statements, current year losses and losses of the previous five years only may be deducted)
Contributions to trade unions or professional bodies	The whole amount
Donations to approved charities	The whole amount (receipts must be presented)
Expenditure incurred for the maintenance of a building in respect of which there is in force a Preservation Order	Up to €1.200, €1.100 or €700 per sq.m.
Rental Income	20% of gross income
Eligible infrastructure and technological equipment expenditure in the audiovisual industry	20%

Amount invested each tax year in approved innovative small and medium-sized enterprises either directly or indirectly	Up to 50% of the taxable income as calculated prior to this deduction (maximum of €150.000 per year). Unused deduction can be carried forward and claimed in the following 5 years subject to the above maximum.
Social Insurance, National Health System medical fund, private medical fund insurance contributions (maximum 1,5% of remuneration), pension and provident fund contributions (maximum 10% of remuneration) and life insurance premiums (maximum 7% of the insured amount)	Up to 1/5 of the chargeable income
Expenditure of revenue nature for scientific research and for R&D	The whole amount (and for expenditure incurred in years 2022, 2023 and 2024, an additional 20%) allocated over the lifetime of the asset (maximum period 20 years)

Unused deduction can be carried forward and claimed in the following 5 years, subject to the cap of 50% of taxable income (and overall maximum of €150.000 per year).

2. Corporation tax

2.1. Introduction

For a company that is considered a Cyprus tax resident, tax is imposed on the income accrued or arising from sources in Cyprus and abroad. When a company is not considered a Cyprus tax resident, tax is imposed only on income accrued or arising through a permanent establishment in Cyprus or from sources in Cyprus. The current corporate tax rate is 12,5% but certain exemptions also apply.

2.2. Tax Residence

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

Following recent legislative changes, a company that has been incorporated in Cyprus is considered, by default, a Cyprus tax resident unless it is a tax resident of another jurisdiction.

As with individuals, a Cyprus tax resident company is taxed on their income accrued or derived in Cyprus or abroad. In the case of a non-Cyprus tax resident company, the company is taxed on income accrued or derived from business activities carried out through any permanent establishment in Cyprus and on certain income arising from sources in Cyprus.

Any foreign taxes paid by the company, can be credited against its Cyprus corporation tax liability.

2.3. Tax Exemptions

Type of Income	Deductions
Profit from the sale of securities	The whole amount
Dividends	The whole amount (excluding dividends which are tax deductible for the paying company)
Interest not arising from the ordinary activities or closely related to the ordinary activities of the company	The whole amount
Profits of a foreign permanent establishment	The whole amount (certain conditions apply)
Gains relating to foreign exchange differences (forex) with the exception of forex arising from trading in	The whole amount

foreign currencies and related derivatives.	
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.

2.4. Tax deductions

Type of Expense	Deductions
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.	The whole amount of interest expense if the subsidiary does not own (directly or indirectly) any assets not used in the business. A restricted amount of interest expense is allowed to the extent the subsidiary owns (directly or indirectly) assets used in the business. Furthermore, interest limitation rule applies in accordance with the EU Anti-tax Avoidance Directive.
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). The annual 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	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).

5% premium. A taxpayer may elect not to claim all or part of the available NID for a particular tax year. Certain anti-avoidance provisions apply.	
Royalty income, embedded income and other qualifying income derived from qualifying intangible assets in the 'new' Cyprus intellectual property (IP) box	80% of the net profit as calculated using the modified nexus fraction
Tax amortization on any expenditure of a capital nature for the acquisition or development of IP (provision applies with effect from 1 July 2016)	The whole amount allocated over the lifetime of the IP (maximum period 20 years)
Tax amortization on any expenditure of capital nature for scientific research and for R&D, subject to conditions	The whole amount (and for expenditure incurred in years 2022, 2023 and 2024, an additional 20%) allocated over the lifetime of the asset (maximum period 20 years)
Expenditure of revenue nature for scientific research and for R&D, subject to conditions	The whole amount and, for expenditure incurred in years 2022, 2023 and 2024, an additional 20%
Donations to approved charities (with receipts)	The whole amount
Employer's contributions to social insurance, General Health System and approved funds on employees' salaries	The whole amount
Employer's contributions to medical fund for employees	1% on employee's remuneration
Employer's contributions to provident/pension fund for employees	10% on employee's remuneration
Any expenditure incurred for the maintenance of a building in respect of which there is in force a Preservation Order	Up to €700, €1.100 or €1.200 per square meter (depending on the size of the building)
Entertainment expenses for business purposes	Lower of €17.086 or 1% of the gross income of the business

Amount invested each tax in approved innovative small and medium sized enterprises either directly or indirectly, subject to conditions (applicable up to 31 December 2023).	Up to 50% of the taxable income as calculated prior to this deduction (subject to a maximum of €150.000 per year) or 30% if the investments are financed from own funds
Eligible infrastructure and technological equipment expenditure in the audiovisual industry	20% for small / 10% for medium enterprises

The following expenses are not included in the tax deductions:

Type of Expense	Non-allowable deductions
Expenses of a private motor vehicle	The whole amount
Interest applicable to the cost of acquiring a private motor vehicle irrespective of its use and to the cost of acquiring any other asset not used in the business	The whole amount for 7 years from the date of acquisition of the asset

Unused deduction can be carried forward and claimed in the following 5 years, subject to the cap of 50% of taxable income (and overall maximum of €150.000 per year).

2.5. Losses carried forward

The tax loss sustained during a tax year that cannot be offset against other income is carried forward and offset against the income of the next five years, subject to certain conditions.

The current year loss of one firm might be offset against the earnings of another, provided that both companies are Cyprus tax resident group companies. A Cyprus tax resident company may also claim the tax losses of a group company that is tax resident in another EU country, provided that such EU company has first exhausted all available opportunities to utilize its losses in its country of residence or in the country of any intermediary EU holding company. Group is defined by the following:

- One Cyprus tax resident firm having directly or indirectly at least 75% of the voting shares of another Cyprus tax resident company

OR

- Both Cyprus tax resident companies have at least 75% (voting shares) held by a third company, either directly or indirectly.

Interposition of non-Cyprus tax resident company does not affect eligibility for group relief provided that such company is tax resident of an EU country or a country with which Cyprus has a tax treaty or exchange of information agreement (bilateral or multilateral).

Transferring a business from a partnership or sole proprietorship to a company allows the transfer of tax losses into the company for future utilization.

The losses of a foreign permanent establishment that is exempt can be deducted from the earnings of the Cyprus head office. In this case, future profits of a foreign permanent establishment abroad that is exempt are taxable up to the amount of allowable losses.

2.6. Reorganisations

In the context of a qualified reorganisation, subject to certain circumstances, assets and liabilities can be transferred tax-free between companies, and tax losses can be carried forward by the receiving entity (subject to certain conditions).

The following are deemed as reorganisations:

- mergers
- demergers
- partial divisions
- transfer of assets
- exchange of shares
- transfer of registered office of a European company (SE) or a European cooperative company (SCE).

2.7. Wear and Tear Allowances

Wear and tear of tangible fixed assets are deemed allowable deductions from the chargeable income. Such deductions include:

Type of Asset	Percentage
Plant and Machinery	
Plant and machinery acquired during the tax years 2012 – 2018 are eligible to accelerated tax depreciation at the rate of 20% per annum (excluding such assets which are already eligible for a higher annual tax rate of tax depreciation).	
Plant and machinery	10%

Furniture and fittings	10%
Industrial carpets	10%
Boreholes	10%
Machinery and tools used in an agriculture business	15%
Buildings	
Below rates are for new buildings. Rates are amended in the case of second-hand buildings.	
Commercial buildings	3%
Industrial, agricultural and hotel buildings	4% (Industrial and hotel buildings which are acquired during the tax years 2012 – 2018, an accelerated tax depreciation at the rate of 7% per annum applies. Buildings for agricultural and livestock production acquired during the tax years 2017-2018 are eligible for accelerated tax depreciation at the rate of 7% per annum.)
Flats	3%
Metallic greenhouse structures	10%
Wooden greenhouse structures	33 ⅓%
Vehicles and Means of Transportation	
Vehicles (excluding private motor vehicles) and other assets acquired during the tax years 2012 – 2018 are eligible to accelerated tax depreciation at the rate of 20% per annum (excluding such assets which are already eligible for a higher annual tax rate of tax depreciation).	
Commercial motor vehicles	20%
Motorcycles	20%
Excavators, tractors, bulldozers, self-propelled loaders and drums for petrol companies	25%
Armoured motor vehicles	20%
Specialized machinery for the laying of railroads	20%
New airplanes	8%
New helicopters	8%
Sailing vessels	4.5%

Motor yachts	6%
Steamers, tugs and fishing boats	6%
Ship motor launches	12.5%
New cargo vessels	8%
New passenger vessels	6
Used cargo/passenger vessels	Over their useful lives
Other	
Other assets acquired during the tax years 2012 – 2018 are eligible to accelerated tax depreciation at the rate of 20% per annum (excluding such assets which are already eligible for a higher annual tax rate of tax depreciation).	
Televisions and videos	10%
Computer hardware and operating systems	20%
Application software	33 ⅓%
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 ⅓%
Videotapes property of video clubs	50%

2.8. Special Type of Companies

2.8.1. Shipping Companies

The EU-approved Merchant Shipping Legislation (approval extended to 31 December 2029) exempts qualifying shipowners, charterers, and ship managers from all direct taxes and taxation under the tonnage tax regime for the operation of qualifying community ships and foreign (non-community) ships (under certain conditions) in qualifying activities.

The law permits non-community vessels to enter the tonnage tax system if the fleet is formed of at least sixty percent community vessels.

If this condition is not met, non-community vessels may still be eligible if they meet certain criteria.

If one shipowner/charterer/ship manager of a group chooses to be taxed under the Tonnage Tax system, all shipowners / charterers / ship managers in the group must choose the same option.

Furthermore, exempt are the salaries of officers and personnel aboard a ship meeting the community qualification requirements.

2.8.2. Shipowners

The exemption applies to:

- profits derived from the use/chartering out of ships;
- interest income relating to the company's working capital;
- profits from the sale of qualifying ships;
- dividends received from the aforementioned profits at all distribution levels;
- profit from the sale of ship owning companies and its distribution; and
- profits derived from the sale of ship owning companies and their distribution.

The exemption also applies to bareboat charterers whose vessels fly the Cyprus flag under parallel registration.

Tonnage tax remains applicable to bareboat charter agreements; however, restrictions have been imposed on bareboat charter agreements with third parties.

The law provides both a definition and a list of services considered to be ancillary. In addition, it explains that revenue from ancillary services may be subject to the tonnage tax regime, provided that such revenue does not exceed 50% of the total revenue derived from Maritime Transport Activities ('Core Activities').

2.8.3. Charterers

Exemptions include:

- earnings produced from the operation of chartered-in ships;
- interest income related to the company's working capital; and
- dividends received from the aforementioned profits at all levels of distribution.

The exemption is granted under the condition that the option to register for Tonnage Tax is exercised for all vessels and a composition requirement is met: at least 25% (down to 10% under certain conditions) of the net tonnage of the vessels owned or chartered in bare boat.

2.8.4. Ship managers

The exemption applies to:

- Earnings from technical and/or crew management
- Dividends paid out of these profits at all levels of distribution
- Interest income associated with the company's working capital

In order to qualify, ship managers must meet the extra conditions listed below:

- Maintain a fully-fledged office in Cyprus with sufficient number and qualification of personnel;
- At least 51% of all onshore personnel must be community citizens;
- At least 2/3 of total tonnage under management must be managed within the community (any excess over one-third is subject to corporation tax);

The adoption of the tonnage tax system is mandatory for shipowners flying the Cyprus flag but optional for shipowners flying other flags, charterers, and ship managers. Individuals who opt to enter the Tonnage Tax regime are required to remain in the system for at least ten years, unless they have a solid reason to exit, such as the sale of their vessels or discontinuation of their activities.

2.8.5. Insurance Companies

Similar to other companies, insurance companies are subject to corporation tax on their profits, unless the corporation tax payable on the taxable profit of a life insurance business is less than 1.5% of the gross premiums. In this instance, the difference is subject to additional corporation tax.

2.9. Alternative Investment Funds (AIFs) and Undertaking for Collective Investment in Transferable Securities (UCITS)

The Alternative Investment Funds Law 124(I)/2018, as amended (the "AIF Law") defines alternative investment funds as any collective investment undertakings, including investment compartments thereof, which, collectively:

- raise capital from a number of investors with the view of investing it in accordance with a defined investment policy for the benefit of those investors; and
- do not require authorisation pursuant to section 9 of Law 78(I)/2012, as amended (the "UCI Law"), or in accordance with the law of another member state that harmonizes the provisions of Article 5 of Directive 2009/65/EC, as amended.

The AIF Legislation allows the following three types of AIFs to be established in Cyprus:

- Alternative Investment Funds with a Maximum of Fifty Persons (AIFLNPs)

- Alternative Investment Funds with Unlimited Number of Persons (AIFs)
- Registered AIFs (RAIFs)

The many legal forms of AIFs are described below.

2.9.1. AIFLNP

- Variable Capital Investment Company (VCIC)
- Fixed Capital Investment Company (FCIC)
- Limited Partnership (LP)

2.9.2. AIF/RAIF

- VCIC
- FCIC
- Common Fund (CF)
- LP

2.9.3. UCITS

The UCI Law defines UCITS as undertakings whose sole objective is the collective investment in transferable securities and/or other liquid financial instruments referred to in section 40 (1) of the UCI Law, of capital raised from the public, which operate on the principle of risk-spreading, and whose units are, at the request of investors, redeemed or repurchased, directly or indirectly, out of the assets of these undertakings.

UCITS may assume the following legal forms:

- CF
- VCIC

2.9.4. Taxation of funds

Funds managed and controlled in Cyprus that are opaque for tax purposes are tax residents of Cyprus and are subject to the general provisions of the Cyprus tax regime.

In the event of funds with compartments, each compartment is evaluated separately for tax purposes, according to the provisions of the legislation.

Depending on the conditions and the fund's legal structure, some funds may be tax-transparent.

Other significant provisions pertinent to funds are listed below.

2.9.4.1. Sale of Fund Units

Profits from the sale or redemption of fund units are not subject to Capital Gains Tax unless the fund directly or indirectly holds immovable property in Cyprus (subject to conditions).

However, if the Fund is registered on a recognized stock market, no Capital Gains Tax applies, even if it owns immovable property in Cyprus.

2.9.4.2. Stamp Duty

The subscription, redemption, conversion, and transfer of fund units are exempt of stamp duty in Cyprus.

2.9.4.3. Non-Permanent Establishment

According to the Cyprus tax law, no Cyprus permanent establishment is deemed to exist:

- For non-Cyprus resident investors investing in Cyprus tax-transparent investment funds; or
- For the management of non-Cyprus investment funds from Cyprus.

2.9.4.4. Management Services

If certain conditions are met, the management fee payable for the supply of collective management services to investment funds is exempt from VAT.

2.9.4.5. Carried interest and performance fee

Some employees and executives of the following investment fund management businesses and internally managed investment funds may elect to be taxed differently:

- Alternative Investment Fund Managers licensed by the Alternative Investment Fund Managers Law 56(I)/2013, as amended ("AIFM Law").
- Internally managed AIFs authorized under the AIFM Law
- UCITS Management Companies authorized under the UCI Law
- Internally managed UCITS authorized under the UCI Law
- A company to which the AIFM/UCITS Management company has delegated the portfolio management or risk management activities of the AIF/UCITS it manages.

Subject to certain conditions, their variable employment compensation that is essentially connected to the carried interest of the fund managing company may, through an annual election, be separately subject to Cyprus tax at a flat rate of 8%, with a minimum annual tax liability of €10,000. This special method of taxing is available for ten years.

3. Transfer Pricing

3.1. Introduction

As of January 1, 2022, transfer pricing paperwork requirements are in force. The transfer pricing documentation requirements include the compilation of a Master File, a Cyprus Local File, and a Summary Table for Cyprus tax resident people and PEs of non-Cyprus tax resident persons located in Cyprus that engage in related-party transactions.

In addition, a formal Advance Pricing Agreement (APA) system has been implemented. There are now established penalties for noncompliance with the new obligations.

3.2. Documentation

Cyprus tax resident persons and PEs of non-Cyprus tax resident persons located in Cyprus that engage in domestic and/or cross-border controlled transactions are required to prepare an annual Transfer Pricing Documentation File consisting of the "Master File" and the "Cyprus Local File."

The required contents of the Master File and Cyprus Local File closely resemble the OECD Transfer Pricing Guidelines' definitions and suggestions for the Master File and Local File (and BEPS Action 13 Report).

3.2.1. Exemptions

- **Master File:** Only Cyprus tax resident entities that are the ultimate parent or surrogate parent company of a multinational enterprise (MNE) group covered by country-by-country (CbC) reporting are required to compile and maintain a Master File. Everyone else is exempt from this requirement.
- **Local File:** Persons who engage in controlled transactions with an arm's length value of less than EUR 750,000 per year, per transaction category (e.g. sale/purchase of goods, provision/receipt of services, financing transactions, receipt/payment of IP licensing/royalties, etc.) are exempt from the requirement to prepare a Cyprus Local File.

3.2.2. Quality Review

A Review of the Cyprus Local File must be conducted by a holder of a Practising Certificate from the Institute of Certified Public Accountants of Cyprus (ICPAC) or another body of certified auditors in Cyprus approved by the Council of Ministers.

3.2.3. Deadlines

The Transfer Pricing Documentation File (consisting of the Master File and Local File, as applicable) must be completed and subjected to Quality Review (if required) annually, by the due date for filing the Income Tax Return for the applicable tax year. The Transfer Pricing Documentation File must be maintained in accordance with the standard document retention requirements for tax purposes; however, it must be provided to the Tax Authorities upon request (e.g., for the purpose of a tax audit) and particularly within 60 days of such request. For late or non-filing, penalties will be applied.

3.2.4. File Updates

The Transfer Pricing Documentation File must be updated annually and contain information regarding the impact of market fluctuations or other events on the included information and analysis.

3.2.5. Summary Table

All taxpayers who engage in controlled transactions must prepare an annual Summary Table disclosing the names and tax identification codes of the related counterparties, as well as the respective values per transaction category (sale/purchase of goods, provision/receipt of services, financing transactions, receipt/payment of IP licences/royalties, and others). The Summary Table is required to be submitted electronically alongside the Income Tax Return for the applicable tax year.

3.2.6. APA

The new regulations establish an official APA procedure. Particularly, Cyprus tax resident individuals and non-Cyprus tax resident individuals with a PE located in Cyprus may submit an APA request to the Tax Authorities for present or future domestic or cross-border controlled transactions. The APA may include the relevant conditions and assumptions for determining the arm's length pricing of controlled transactions for a certain period. The Tax Authorities evaluate the APA application and either approve or reject it.

4. Special Defence Contribution (SDC)

4.1. Introduction

All legal entities which are Cyprus tax residents and Cyprus tax resident and Cyprus domiciled individuals receiving dividend income, passive interest income or rental income, are subject to SDC. The rates are shown in the below table:

Type of Income	Tax Rate for Individuals	Tax Rate for Legal Entities
Dividend income from Cyprus tax resident companies	17%	N/A - In the case of a Cyprus tax resident legal entity receiving dividends from another Cyprus tax resident legal entity, this income is exempt from SDC (subject to anti-avoidance provisions)
Dividend income from non-Cyprus tax resident companies	17%	N/A – This exemption does not apply if 50% of the payer's activities arise directly or indirectly from investment income and the foreign tax is significantly lower than the Cyprus tax ("significantly lower" is deemed any tax with a rate less than 6,25% of the profit distributed). In case of non-applicability of the exemption, the dividend income is subject to 17% SDC

Interest income arising from the ordinary activities or closely related activities of the business	N/A	N/A
Other passive interest income	<p>30% - This is applicable to interest received or credited on or after the 29th April 2013. Individuals' interest income from corporate bonds, government savings and development bonds, and any interest received by a provident fund and the Cyprus Social Insurance Fund is subject to Special Contribution for Defence at a rate of 3% instead of 30%. The reduced rate of 3% applies to both legal entities and individuals who are tax residents of Cyprus and earn interest income from Cyprus</p>	<p>30% - This is applicable to interest received or credited on or after the 29th April 2013. Individuals' interest income from corporate bonds, government savings and development bonds, and any interest received by a provident fund and the Cyprus Social Insurance Fund is subject to Special Contribution for Defence at a rate of 3% instead of 30%. The reduced rate of 3% applies to both legal entities and individuals who are tax residents of Cyprus and earn interest income from Cyprus government bonds, Cyprus and foreign corporate bonds listed on a recognised stock exchange, and bonds issued by Cyprus state organisations or by Cyprus or foreign local</p>

	<p>government bonds, Cyprus and foreign corporate bonds listed on a recognised stock exchange, and bonds issued by Cyprus state organisations or by Cyprus or foreign local authorities that are listed on a recognised stock exchange, as well as pension funds.</p> <p>If an individual's total income (including interest) for the tax year does not exceed €12,000, the tax rate on interest income is reduced to 3% (instead of 30%).</p>	<p>authorities that are listed on a recognised stock exchange, as well as pension funds.</p>
<p>Gross rental income (reduced by 25%)</p>	<p>3%</p>	<p>3%</p>

4.2. Deemed Dividend Distribution

A Cyprus tax resident company is deemed to distribute as dividends 70% of its accounting profits two years after the end of the tax year in which the accounting profits were generated. Such a deemed dividend distribution is lowered by dividends paid during the year in which the earnings were generated and the two subsequent years.

On the remaining net amount of deemed dividend, 17% Special Contribution for Defence is levied if the company's ultimate direct/indirect shareholders are Cyprus tax residents and Cyprus domiciled individuals.

If Special Contribution for Defence is due on an actual dividend paid after the deemed dividend distribution date, 17% is imposed only on the amount of the actual dividend paid that exceeds the dividend that was previously deemed to have been distributed and was subject to Special Contribution for Defence.

4.3. Disposal of Assets to Shareholders at less than market value

When a company disposes of an asset to a shareholder, their (up to second degree) relative, or spouse for less than the asset's market value, the difference between the consideration and the market value will be treated as a dividend to the shareholder. This rule does not apply to assets originally gifted to the company by an individual shareholder, their spouse, or a (up to second degree) relative.

4.4. Company Dissolution

The accumulated profits of the last five years prior to the company's dissolution that have not been distributed or deemed to have been distributed will be deemed distributed and subject to Special Contribution for Defence at the rate of 17%. This does not apply to dissolutions resulting from a reorganisation.

4.5. Reduction of Capital

In the event of a reduction of a company's capital, all sums paid or due to physical person shareholders in excess of the previously paid-in equity will be recognized as dividends subject to special Defence Contribution at the rate of 17%, less any amounts deemed as distributable profits.

Not subject to the aforementioned provisions is the redemption of units or shares in a Collective Investment Scheme.

5. Capital Gains Tax (CGT)

5.1. Introduction

Capital Gains Tax (CGT) is applied at a rate of 20% on gains from the disposal of immovable property located in Cyprus, including gains from the disposal of shares in companies that directly possess such immovable property, if the disposal is not subject to income tax. In addition, companies that indirectly possess immovable property in Cyprus and whose at least 50% of the market value of its shares derive from immovable property are liable to Capital Gains Tax. In the case of the disposal of shares, only the part of the gain attributable to immovable property located in Cyprus is subject to CGT.

CGT includes exchange, leasing, gifting, abandoning use of right, granting right to purchase, and any sums received upon cancellation of property disposals.

These provisions do not apply to shares listed on a recognized stock exchange.

Liability arises only on gains accruing as of 1 January 1980, i.e. deducted from gross proceeds on the disposal of immovable property are its market value at 1 January 1980 or the costs of acquisition and improvements of the property, if made after 1 January 1980, adjusted for inflation up to the date of disposal using the consumer price index in Cyprus.

Costs associated with the acquisition and sale of immovable property may also be deducted, subject to certain conditions, such as interest costs on related loans, transfer fees, legal expenses etc.

5.2. Exemptions

The following disposals are not subject to CGT:

- Land or land with buildings, purchased at market value (excluding exchanges, donations and foreclosures) from unrelated parties for the period of 16 July 2015 – 31 December 2016 are exempt from CGT in case of future disposal
- Transfers due to death
- Gifts from parents to child, between spouses or third-degree relatives
- Gifts to company in which the company's shareholders are members of the donor's family and the shareholders remain members of the family for at least five years after the transfer date
- Gifts by family company to the shareholders, as long as the property was acquired by the company by way of gift and the

property is kept by the recipient for a period of at least three years.

- Gifts to charity and/or Government
- Transfers due to reorganisations
- Disposal or exchange of immovable property under the Agricultural Land (Consolidation) Laws
- Expropriations
- Exchange of properties, wherein the profit from the exchange was utilized to purchase the new property. The non-taxable gain is deducted from the cost of the new property (the payment of tax is deferred until the disposal of the new property)
- Donations to political parties

5.3. Lifetime Exemptions

It is permissible to deduct the following from the taxable capital gain. These exemptions are considered lifetime exemptions with a lifetime cap of €85.430.

Type of disposal	Amount
Disposal of private principal residence (certain conditions apply)	€85.430
Disposal of agricultural land by farmer	€25.629
Any other disposal	€17.086

6. Inheritance Tax

Estate duty is no longer imposed in Cyprus.

However, the executor of the deceased's estate is required by Law to provide a statement of the deceased's assets and liabilities to the tax authorities within a period of 6 months from the date of death.

7. Value Added Tax (VAT)

7.1. Introduction

VAT is applied to products and services in Cyprus, as well as the acquisition of products from the EU and the import of goods into the country.

Taxable persons charge value-added tax (VAT) on their taxable sales (output tax) and are charged VAT on goods and services they receive (input tax).

If output tax exceeds total input tax during a VAT period, a payment must be made to the state. If input tax is more than output tax, the excess input tax is carried forward and offset against future output VAT.

In the following instances, it is possible to obtain an immediate refund of excess input VAT:

- four months have passed since the date the VAT became refundable;
- the input VAT cannot be set off against output VAT until the last VAT period of the year that follows the year in which the credit was created;
- the input VAT relates to zero-rated transactions;
- the input VAT relates to the purchase of the company's capital assets; and
- the input VAT relates to zero-rated transactions.

As the acquisition accounting method is used to account for VAT, there is no VAT cash outflow on intra-community purchases of products (with the exception of goods subject to excise taxes). This entails a simple accounting entry in the company's books wherein it self-charges VAT and simultaneously claims it back, provided it corresponds to goods for which the right to reclaim input VAT is given, hence incurring no expense.

In instances where the acquisition pertains to a transaction for which the right to reclaim the input VAT is not granted, the trader must pay the acquisition-related VAT.

7.2. VAT Rates

- Zero rate (0%)
- Reduced rate of five per cent (5%)
- Reduced rate of nine per cent (9%)
- Standard rate 19%

7.3. Exemptions

The following are VAT exempt:

- Leasing of residential structures.
- the majority of banking, financial, and insurance services;
- the majority of hospital, medical, and dental care services;
- specific cultural, educational, and sports activities;
- certain building supplies, subject to conditions;
- postal services provided by the national postal authority;
- lottery tickets and betting coupons for football and horse racing;
- management services provided to mutual funds.

7.4. Immovable Property

• **Leasing of immovable property**

The standard rate of value-added tax (VAT) must be charged on the lease of immovable property where the lessee is a taxable person engaging in at least 90% taxable operations. The lessor may elect not to charge VAT on a particular property. The option cannot be revoked.

• **Sale of undeveloped building land**

Beginning on January 2, 2018, a 19% VAT must be imposed on the sale of undeveloped building land. The definition of undeveloped building land is any land intended for the construction of one or more structures in the process of carrying out a business activity. The acquisition or sale of land located in a livestock zone or areas not intended for development, such as zones/areas of environmental protection, archaeological, and agricultural, is exempt from value-added tax.

• **Repossession of immovable property by financial institutions**

Transactions involving transfers of immovable property during the process of loan restructuring and for compulsory transfer to the lender are subject to reverse charge VAT accounting. Starting of 5 December 2019, the term "lender" is defined to encompass licensed credit and financial institutions, credit acquiring companies, including their subsidiaries, as well as any public body or licensed company that acquired/received from a credit

institution any nonperforming/overdue loans. This provision will remain in place until December 31, 2023.

- **Leasing of immovable property which effectively transfers the risks and rewards of ownership**

Leasing of immovable property that effectively transfers the risks and benefits of ownership of immovable property is considered to be a supply of goods and is subject to standard rate of VAT.

- **Supply of Buildings**

The provision of a building is subject to VAT when made prior to its initial delivery and under any future deliveries within five (5) years after its completion, provided that no unrelated person has used the building for at least twenty-four (24) months.

For the purposes of the aforementioned provision, the following definitions shall prevail:

- Completion refers to the completion of a building so that it can be utilized for its original purpose.
- Actual use refers to the building's systematic utilization.
- The definition of "related person" can be found in section 1(4) of the Fourth Schedule of the VAT Law.

7.5. Reduced VAT rate for the acquisition/construction of residence

The reduced rate of 5% applies to contracts signed on or after 1 October 2011 if they involve the acquisition and/or construction of residences to be used as the primary and permanent place of residence for the following ten years.

The reduced rate of 5% applies to the first 200 square meters. Based on the building coefficient, the remaining square meters are charged at the regular rate of 19%.

The reduced rate is only applicable after receiving official approval from the Tax Authority.

The applicant must submit an application stating that the dwelling will serve as their primary and permanent residence and submit a number of documentations proving ownership of the property and demonstrating that it will serve as their primary and permanent residence. The application must be submitted prior to the delivery of the property to the eligible individual.

Residents of Cyprus, EU Member States, and non-EU Member States are eligible, provided that the residence will serve as their

primary and permanent place of residence in the Republic.8.6.
Reduced VAT rate for the renovation, repair and extension of residence

7.6. Reduced VAT rate for the renovation, repair and extension of residence

The reconstruction and repair of used private dwellings (for which at least three years have passed since their first use) are subject to VAT at the reduced rate of 5%, excluding the value of materials comprising more than 50% of the value of the services.

The lower rate of 5% will also apply to extensions added to a private residence that has been occupied for at least three years.

In addition, the renovation and repair of existing private dwellings (for which at least three years have passed since their first use) that are used as the primary residence of vulnerable groups or residences that are utilized as the primary residence and are located in remote locations are subject to 5% VAT.

7.7. Zero rate and exempt supplies

Businesses that make exempt supplies are not eligible for VAT recovery on their purchases, expenses and imports, while business making zero rate products can and are entitled to recover the VAT charged on their purchases, expenses and imports.

7.8. Irrecoverable input VAT

As an exception, input VAT cannot be reclaimed in the following instances:

- acquisitions used to make exempt supplies;
- purchase, import, or rental of saloon cars;
- entertainment and hospitality expenses (except than those associated with employees and directors).

7.9. VAT treatment of vouchers

A voucher is an instrument (whether physical or digital) that bears an obligation to accept it as full or partial payment for the supply of goods or services. It excludes discount coupons, instruments that function as tickets, and postage stamps.

According to statutory rules, there are two sorts of vouchers, namely "single-purpose" and "multi-purpose" vouchers, and the VAT must be accounted for at different times.

- **“Single-Purpose” vouchers**

A "single-purpose" voucher is one for which the place of supply of the goods or services to which it relates and the VAT due on those goods or services are known at the moment the voucher is issued.

The VAT due on the underlying goods and services is due at the moment the voucher is issued, as well as at the time of any future transfer of the voucher should the transfer is effected for consideration.

- **“Multi-Purpose” vouchers**

A "multi-purpose" voucher is any voucher other than “single-purpose” voucher.

The VAT due on the underlying goods and services is accounted for at the time of voucher redemption, whereas there is no VAT supply at the time of voucher issuance or during any subsequent transfer prior to redemption.

7.10. Registration

7.10.1. Persons established in Cyprus

Individuals with a business or other permanent establishment in the Republic of Cyprus in relation to their business activities will be considered established in Cyprus for the purposes of registration. Registration is required for businesses with:

- I. a turnover subject to VAT in excess of €15,600 during the previous 12 months, or
- II. an anticipated turnover subject to VAT in excess of €15,600 over the following 30 days.

Companies having a taxable turnover of less than €15,600 or with supply that fall outside the scope of VAT but for which the right to reclaim the corresponding input VAT is given have the option to register voluntarily.

In addition, companies that acquire items from other EU Member States in excess of €10,251.61 in a given calendar year or companies that provide intracommunity services for which the recipient must account for VAT under the reverse charge requirements are required to register for VAT.

Furthermore, companies conducting economic operations based on the receipt of services from abroad for whom a need to account for Cyprus VAT under the reverse charge provision exists are required to register for VAT, subject to an annual registration

barrier of €15,600. There is no registration requirement for the provision of intracommunity services.

Exempted products and services, as well as the sale of capital assets, are not included in the calculation of yearly turnover for registration purposes.

7.10.2. Persons not established in Cyprus

Persons without a permanent establishment in Cyprus who engage in or anticipate engaging in taxable activities in Cyprus are obliged to register to VAT. There is no VAT registration threshold for non-established individuals operating in such activities.

The non-established person may apply to the Tax Commissioner for an exemption from VAT registration in Cyprus on the grounds that it engages only in activities subject to 0% VAT.

7.11. VAT Declaration and Payment of VAT

Quarterly VAT returns must be submitted online, and payment must be made by the 10th day of the second month after the month in which the tax period ends. When the deadline falls on a weekend or a public holiday in the Republic of Cyprus, it is automatically moved to the next working day.

Those registered for VAT may seek an alternative filing period. The consent of the Tax Commissioner is necessary. In addition, the Commissioner of Taxes has the authority to request that a taxpayer file his VAT returns for a different period.

The Tax Commissioner retains the power, to suspend the payment of a VAT credit balance and relevant interest in circumstances where taxpayers have failed to comply with the need to file income tax returns. The return is withheld until the taxpayer meets the applicable obligations.

The right to obtain a refund of a VAT credit balance is available for a period of six years after the end of the VAT period from which the credit originated. Any requests made after the six-year window will be reviewed at the Tax Commissioner's discretion.

7.12. IOSS & OSS

As of July 1st 2021, the implementation of the EU VAT e-commerce package went into force, extending and transforming the Mini One Stop Shop (MOSS) into a One Stop Shop (OSS). The recently established plan addresses the following:

- New harmonised threshold of €10,000 for the place of supply of distance sales of goods within the EU and supply of Telecommunication, Broadcasting and Electronically supplied services, below which the VAT rate of the supplier's member state of establishment shall apply and above which the VAT rate of the customer shall apply.
- Expansion of MOSS to include all B2C services and intra-EU B2C sales of commodities subject to a €10,000 threshold (covers goods as well as telecommunication, broadcasting, and electronic services).
- Online marketplaces and electronic interfaces are obligated to gather and pay VAT on B2C supplies of goods (when they invoice or are responsible for the transfer of the goods)
- The Import One-Stop Shop (IOSS) is the new electronic portal that companies can use to meet their VAT e-commerce requirements on distance sales of imported goods, provided that the value of each shipment does not exceed EUR150.
- A supplier is obligated to collect VAT regardless of indirect involvement in the transfer of products.
- The VAT exemption for low-value imports of up to EUR 22 has been eliminated.
- A simplified procedure for the collection of import VAT by postal operators has been implemented for shipments that do not exceed EUR150 and do not utilise the IOSS.

Thresholds and Penalties	Amount
Registration threshold for established persons in the Republic of Cyprus (taxable supplies in Cyprus)	€15.600,00
Registration threshold for non-established persons in the Republic of Cyprus (taxable supplies in Cyprus)	No threshold
Registration threshold for distance sales (sale of goods consumers in Cyprus as well as electronically supplied services to consumers established in Cyprus, by suppliers resident in another EU Member State)	€10.000,00
Registration threshold for acquisition of goods in Cyprus from suppliers resident in another EU Member State	€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	€15.600,00
Late submission of VAT return	€100,00 each return
Penalty for failure to apply the reverse charge provisions	€200,00 each return up to a maximum of €400,00
Penalty for omission to keep books and records for a period of 6 years	€341,00
Penalty for late submission of VIES return	€50,00 each return
Penalty for late submission of corrective VIES return	€15,00 each return
Omission to submit the VIES return constitutes a criminal offence with a maximum penalty of	€850,00
Penalty for late VAT registration	€85,00 per month of delay
Penalty for late VAT deregistration	€85,00
Penalty for late payment of VAT	10% additional tax plus default interest on the late payment of VAT, including the 10% additional tax

8. Customs and Excise Duties

8.1. Customs Duties

Cyprus, being a member of the European Union (EU), is a part of the EU's Customs Union. The Customs Union ensures that all EU member states apply the same tariffs to goods imported from the world and no tariffs within the EU borders. Hence, upon the importation of products into Cyprus from outside the EU, customs duties and customs controls may be imposed in order to safeguard consumers, animals, and the environment from potentially dangerous or bad products.

All community customs legislation of the European Union is directly applicable in Cyprus with the Union Customs Code (UCC) and its implementing rules, as well as the Common Customs Tariff, commonly known as the EU's Combined Nomenclature (CN), being the most significant acts.

These rules are supplemented by Cyprus national laws, primarily in areas where the UCC does not apply.

The nature and value of the commodities, along with the applicable TARIC classification codes, determine the applicability of quotas and other measures, as well as the level of customs duties to be levied. Depending on the type of imported commodities, the Common Customs Tariff specifies a tax rate to be applied to the value or quantity of imported items. It can be represented either as a fixed amount applied to a specified quantity (specific tax) or as a percentage of the customs value (i.e. ad valorem tax).

Three main drivers are used to calculate the customs duties:

1. Classification

For each type of product, the Common Customs Tariff specifies a tariff rate to be applied to the value or quantity of imported products.

The correct customs classification of the goods is one of the most important criteria that must be considered while importing goods into Cyprus. A misclassification may result in the imposition of higher-than-necessary customs taxes and an increased tax burden, or in the imposition of lower customs duties, which would increase the likelihood of a tax assessment by the Cyprus Customs Authorities.

2. Origin

If the imported products have a preferential origin based on international trade agreements between the European Union and non-EU nations, they may qualify for a lower or zero duty rate upon importation if certain conditions are met. For instance, the EU has established a free trade agreement with the United Kingdom in the wake of Brexit, thus Cyprus enterprises can trade with the United Kingdom duty-free.

Nonetheless, they must collect and retain the relevant evidence to demonstrate the preferential origin to the customs authorities.

3. Valuation

The customs value of imported products into the EU is determined in accordance with the UCC. The most prevalent rule for determining the customs value is the 'transaction value,' with certain additions or deductions.

Additional expenses should be added to the price of the items to determine the customs value if they were borne by the purchaser. For instance, the following expenses must be taken into account when estimating the customs value:

- Commissions (apart from buying commissions)
- Transportation and insurance costs (towards the EU)
- Fees for royalties and licenses

Furthermore, there are several other valuation methods such as:

1. The transaction value of identical goods
2. The transaction value of similar goods
3. The deductive method
4. The computed method#
5. The fall-back method

8.1.1. Special Customs Procedures

Existing customs procedures permit the importation of goods from non-EU countries into Cyprus with full or partial exemption from customs duties or suspension of customs duties. In order to support economic growth in the EU, the following processes have been implemented: Temporary Admission, Inward Processing Relief, Outward Processing Relief, and Customs Warehousing. Each special customs process has certain requirements that must be satisfied to qualify for the exemption or suspension.

8.1.2. Customs Representation

A person may appoint a customs representative while dealing with the Cypriot Customs Authorities to carry out the customs formalities and obligations mandated by the customs legislation. Direct customs representation occurs when the representative acts in the name and on behalf of another individual, while indirect customs representation occurs when the representative acts in their own name but on behalf of another individual. In Cyprus, customs declarations can be filed by the owner of the goods, a representative, or the person in control of the products.

8.1.3. Trade Measures

The law prohibits or restricts the importation and exportation of certain goods in an effort to preserve society and the environment.

They may include potentially harmful products to human health or the environment (e.g., chemical products), goods with controlled end-use (e.g., explosives), agricultural products, and dual-use goods (i.e., goods with both civil and military use). The competent authorities demand import/export licenses for these items, and their importation/exportation may be subject to particular conditions or even prohibited.

8.1.4. Authorized Economic Operator

EU AEO status may be applied for by EU-based traders engaged in international commerce and customs activities.

This status demonstrates that the holder has been vetted by the EU Customs Authorities based on a variety of criteria and may be regarded as a safe member of the supply chain and reliable business partner. AEO-designated organizations are eligible for expedited access to simplified customs processes. AEO status can be given in any EU member state and is valid across the entire EU. For instance, it can be obtained from the Cypriot Customs Authorities and is valid in all EU Member States.

8.2. Excise Duties

Some products produced in Cyprus, imported from foreign countries, or imported from other EU Member States are subject to excise duties. Being an EU member state, Cyprus levies excise duty on energy goods, alcoholic beverages, and manufactured tobacco in accordance with the EU Excise Duties Directive. Cyprus additionally levies excise duties on additional GOODS, such as smoked salmon and caviar, AEU regulations permit Member States to tax additional products.

The current excise duty rates in Cyprus are specified by Cyprus Excise Duties Law No. 91(I) of 2004, as changed or replaced from time to time. The applicable list of excise goods and tax rates are as per the below table.

Type of Product	Excise duty
Energy Products	
Products of CN Codes 2707 10 00, 2707 30 00 and solvent naphtha of CN 2707 50 00 (per 1000 litres)	€429,00
Products of CN Codes 2710 19 99 and 2710 20 90 excluding other lubricating oils or other oils not available for sale or used as motor fuel or as motor fuel additives (per 1000 litres)	€429,00
Pentanes, hexanes, heptanes, octanes, octadecanes of CN code 2901 10 00, benzene of CN code 2902 20 00 and mixed xylene isomers of CN code 2902 44 00 (per 1000 litres)	€429,00
Unleaded petrol (per 1000 litres)	€429,00
Leaded petrol (per 1000 litres)	€421,00
Gas oil used as motor fuel (per 1000 litres)	€400,00
Gas oil used as heating fuel (per 1000 litres)	€74,73
Gas oil used for agriculture purposes (per 1000 litres)	€21,00
Gas oil for other uses (per 1000 litres)	€74,73
Kerosene used as motor fuel (per 1000 litres)	€400,00
Kerosene used as heating fuel (per 1000 litres)	€74,73
Kerosene used for agriculture purposes (per 1000 litres)	€21,00
Kerosene, for other uses (per 1000 litres)	€74,73
Heavy fuel-oil used as heating fuel (per 1000 kg)	€15,00
Liquid petroleum gas used as motor fuel (per 1000 kg)	€125,00
Liquid petroleum gas used as heating fuel (per 1000 kg)	€0
Liquid petroleum gas for other uses (per 1000 kg)	€0
Natural gas used as motor fuel (per gigajoule gross calorific value)	€2,60

Natural gas used as heating fuel (per gigajoule gross calorific value)	€2,60
Natural gas for other uses (per gigajoule gross calorific value)	€2,60
Coal and coke used as heating fuel (per gigajoule gross calorific value)	€0,31
Coal and coke for other uses (per gigajoule gross calorific value)	€0
Electricity (per MWh)	€0
Alcohol and Alcoholic Beverages	
Ethyl alcohol (per hectolitre of anhydrous ethyl alcohol)	€429,00
Beer (a) when brewed by independent small breweries (per hectolitre per degree of alcohol of final product)	€3,00
Beer (b) when brewed by breweries other than independent small breweries (per hectolitre per degree of alcohol of final product)	€6,00
Still Wine	€0
Sparkling wine	€0
Fermented beverages other than wine and beer	€0
Intermediate products (per hectolitre)	€45,00
Tobacco products	
Cigarettes (per packet of 20 cigarettes)	€1,10 and 34% on retail sale price, with a minimum excise duty of €2,43 per packet of 20 cigarettes
Cigars and cigarillos (per kilogram)	€90,00
Fine-cut tobacco for the rolling of cigarettes (per kilogram)	€150,00
Other smoking tobacco (per kilogram)	€150,00
Heated tobacco products (per kilogram of net weight of tobacco mixture)	€150,00
Other products	
Smoked salmon and smoked sturgeon including fillets (per kilogram)	€5,13

Caviar (per kilogram)	30% ad valorem
Articles of crystal which fall within CN Codes 7010, 7013, 7018 and 9405, with a lead monoxide (PbO) content by weight 24% or more and articles made of porcelain which fall within CN Codes 6913 and 6914	20% ad valorem
Liquid used in electronic cigarettes regardless of whether it contains nicotine (per ml)	€0,12

In general, excise duties become due in Cyprus when excise commodities are made available for consumption on the island. This may occur in the following situations:

- Production of excise products in Cyprus outside of a suspension arrangement
- Importation of excise products into Cyprus that do not enter into a suspension arrangement
- Exit of excise products from a suspension arrangement
- Possession of excise products outside of a suspension arrangement if the applicable duties have not been paid.

8.2.1. Suspension Arrangements

The production, processing, possession, or movement of excise products under a suspension arrangement is typically conducted through an authorized tax warehouse, for which the Cypriot Customs Authorities require a license regardless of whether you are the owner or user of the tax warehouse. In order to run a tax warehouse, you must obtain a license from the Cypriot Customs Authorities and fulfil specific requirements, such as the provision of a financial guarantee and the preservation of relevant books & records. The type of license is determined by the nature of excise goods.

Registration in the common EU registry SEED (System for Exchange of Excise Data), submission of the electronic administrative document (e AD) through the EMCS (Excise Movement and Control System), and payment of a financial guarantee are required for the movement of excise goods between Member States under a suspension arrangement.

8.2.2. Special Licenses

Producing excise goods or operating a tax warehouse requires a license. In certain instances, special licenses are also necessary. For example, a particular license is required to sell or display processed tobacco. Depending on the type of license, the Cypriot Customs Authorities require a yearly license fee.

8.2.3. Excise Movement and Control System (EMCS)

Currently, the EMCS is exclusively used for the intra-Community movement of excise products under suspension. A forthcoming release in 2023 will permit the use of EMCS for the movement of excise goods that were authorized for consumption in the territory of one Member State and will be transported for commercial purposes to another Member State.

8.2.4. Refund

In certain instances, paid excise duty may be refunded. For instance, excise duties are paid when they are released for consumption in a Member State. Thereafter, if these items are transported to another Member State for commercial purposes, excise taxes are payable in that state. After the consignee pays the excise charges in the second Member State, the consignor is entitled to a reimbursement of the excise duties paid in the first Member State.

The Cypriot Customs Authorities are required to restore all or a portion of excise duties paid within three years of the date of payment if it can be demonstrated that the duties were not payable.

8.2.5. Exemptions

The Cyprus law exempts some uses of excise products, such as those intended for use in diplomatic or consular relations, by internationally recognized organizations, as supplies for ships or aircraft, for temporary import and subsequent re-export, etc.

9. Levy on Cyprus Property Disposals

9.1. Introduction

A charge of 0.4% is imposed on the sale of all immovable property under the jurisdiction of the Republic (i.e. both trading-nature and capital-nature disposals). The levy applies to all sales of immovable property and shares of a corporation that directly or indirectly possesses immovable property.

In cases regarding a direct disposal of immovable property, the tax is applied on the disposal consideration, but in cases regarding a disposition of company shares, the charge is imposed on the Department of Land and Surveys' most recent general valuation.

The levy payment an obligation of the seller.

9.2. Exemptions

The following disposals are exempt from the aforementioned levy:

- Debt for asset swaps
- Qualifying reorganisations
- Shares listed on a recognised stock exchange

10. Trusts

10.1. Introduction

A trust is the requirement under which a person to whom property is given (the trustee) is required to deal with the beneficial interest in such property in a particular manner for the benefit of a designated person or persons or class of persons (i.e. the beneficiaries). The trust's creator is known as the settlor. A trust is not a legally distinct entity.

10.2. International Trusts

The Law defines an International Trust as a trust for which:

- The Settlor is not a tax resident in Cyprus during the year preceding the year of creation of the trust;
- At least one of the Trustees is a tax resident in Cyprus during the trust period; and
- None of the Beneficiaries are tax residents in Cyprus during the year preceding the year of creation of the trust.

According to the applicable law:

- Where the beneficiary is a resident of Cyprus, the income and profits of a Cyprus International Trust earned or deemed to be earned from sources within and outside of Cyprus are subject to all forms of taxation imposed in Cyprus; and

- Where the beneficiary is not a resident of Cyprus, the income and profits of a Cyprus International Trust earned or deemed to be earned from sources within Cyprus are subject to all forms of taxation imposed in Cyprus.

11. Transfer fees by the Department of Land and Surveys

The Department of Land and Surveys charges the acquirer for transfers of immovable property. The fees are stipulated in the below table.

Market Value	Rate
First €85.000	3%
€85.001 - €170.000	5%
Over €170.000	8%

- In the case where VAT is applicable upon purchasing immovable property, no transfer fees are applied.
- In the case where VAT is not applicable upon purchasing immovable property, the transfer fees are reduced by 50%.
- In the case of free transfers of immovable property between siblings, the transfer fees are calculated as per below:
 - From parents to children – N/A
 - Between spouses – 0,01%
 - Between third degree relatives – 0,01%
 - To trustees - €50,00
- Mortgage registration fees: 1% of current market value
- In companies' reorganisations, transfer and mortgage registration fees are not applicable to transfers of immovable property
- Certain debt-for-asset swap arrangements may be exempted from transfer fees (certain conditions apply).

12. Social Insurance & Other contributions

Currently, the following contributions shall be paid by the employees and employers in Cyprus. The rate is calculated based on the employee's gross salary. All below contributions (apart from the Social Cohesion Fund) are applied to a maximum level of emolument, which changes every year (for 2023 it is €60.060)

LIABILITIES	EMPLOYER'S	EMPLOYEE'S
SOCIAL INSURANCE	8.30%	8.30%
SOCIAL COHESION FUND	2.00%	N/A
INDUSTRIAL TRAINING FUND	0.50%	N/A
REDUNDANCY FUND	1.20%	N/A
HOLIDAY FUND (if not exempt)	8,00%	N/A

Self-employed individuals are subject to a 15,6% contribution of their income. The amount of the contribution is subject to a minimum and maximum limit, based on the profession or trade of the individual.

13. General Health System (GHS)

Cyprus introduced a General Health System in order to provide holistic health care to all patients. All income earners contribute to the implementation of said program, as stipulated in the below table.

GHS contributions are capped at €180.000 total annual income.

Category	Applied on	Rate
Employees	Own emoluments	2,65%
Employers	Employee's emoluments	2,90%
Self-employed	Own income	4,00%
Pensioners	Pension	2,65%
Persons holding office (holders of public or local authority office or other office, the income out of which does not fall in the aforementioned categories)	Officers' remuneration	2,90%
Persons earning rental, interest, dividend or other income	Rental, interest, dividend income etc.	2,65%
Republic Consolidated Fund	Emoluments/ pensions of all employees, self-employed, pensioners and persons holding office	4,70%

14. Stamp Duty

Certain documents require stamp duty. Any transactions in the scope of a reorganisation are exempt from such duty, as well as, any documents regarding assets or business affairs outside Cyprus.

Type of Document	Stamp Duty
Receipts over €4 (receipts are exempt from stamp duty in some cases)	€0,07
Cheques	€0,05
Letter of credit	€2,00
Letter of guarantee	€4,00
Bills of exchange (payable within 3 days, on demand or at sight)	€1,00
Contracts with fixed amount: <ul style="list-style-type: none">- First €5.000- €5.001 - €170.000- Over €170.000	N/A 1,5‰ 2‰ (max. €20.000)
Contracts with no fixed amount	€35,00
Customs declaration documents	€18,00 - €35,00
Bills of lading	€4,00
Charterparty	€18,00
Power of Attorney: <ul style="list-style-type: none">- General- Limited	€4,00 €18,00
Certified copies of contracts or documents	€2,00

15. Capital Duty

	Upon Incorporation of a Cyprus Company	Upon subsequent increases
Authorised share capital	€105	N/A
Issued share capital	If the shares are issued at nominal value, there's no capital duty payable. Should the shares be issued at a premium, there is a €20 flat duty.	€20 flat duty on every issue, regardless if the shares are at nominal value or at a premium

16. Tax Treaties and Withholding Tax (WHT)

16.1. Withholding Tax on Dividends, Interest & Royalties

Cyprus does not impose a WHT on profits, interest, and royalties paid to non-residents, except for royalties earned on rights utilized within Cyprus, which are subject to a 10% WHT or 5% in the case of cinematographic industry. This Cyprus WHT on royalties for rights used within Cyprus may be reduced or removed by double tax treaties signed by Cyprus or by the EU Interest and Royalty Directive as implemented in Cyprus tax law. Cyprus also applies WHT of 17% on dividends paid by non-quoted companies, 30% on payments of passive interest (excluding payments by individuals), and 10% on payments of royalties and similar type payments (excluding payments by individuals) if the recipient of the payment is a company in a jurisdiction included on the EU list of non-cooperative jurisdictions on tax matters (commonly known as the EU "blacklist").

WHT on Outbound Payments from Cyprus				
Paid to	Dividends	Interest	Royalties Rights not used within Cyprus	Royalties Rights used within Cyprus
EU non-cooperative jurisdictions	17%	30%	10%	10%
Other non-treaty countries	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Andorra	N/A	N/A	N/A	N/A
Armenia	N/A	N/A	N/A	5%
Austria	N/A	N/A	N/A	N/A
Bahrain	N/A	N/A	N/A	N/A
Barbados	N/A	N/A	N/A	N/A
Belarus	N/A	N/A	N/A	5%
Bosnia	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Bulgaria	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Canada	N/A	N/A	N/A	10% (royalties related to literary, dramatic, musical or artistic work excluding cinematographic films are subject to 0% WHT and royalties related to cinematographic

				films are subject to 5% WHT)
China, P.R.	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Czech Republic	N/A	N/A	N/A	N/A (royalties related to 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 are subject to 10% WHT)
Denmark	N/A	N/A	N/A	N/A
Egypt	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Ethiopia	N/A	N/A	N/A	5%
Estonia	N/A	N/A	N/A	N/A
Finland	N/A	N/A	N/A	N/A
France	N/A	N/A	N/A	N/A (royalties related to cinematographic films are subject to 5% WHT)
Georgia	N/A	N/A	N/A	N/A
Germany	N/A	N/A	N/A	N/A
Greece	N/A	N/A	N/A	N/A (royalties related to cinematographic films are subject to 5% WHT)
Guernsey	N/A	N/A	N/A	N/A
Hungary	N/A	N/A	N/A	N/A
Iceland	N/A	N/A	N/A	5%
India	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Iran	N/A	N/A	N/A	6% (royalties related to cinematographic films are subject to 5% WHT)

Ireland	N/A	N/A	N/A	N/A (royalties related to cinematographic films are subject to 5% WHT)
Italy	N/A	N/A	N/A	N/A
Jersey	N/A	N/A	N/A	N/A
Jordan	N/A	N/A	N/A	7% (royalties related to technical services are subject to 7% WHT while royalties related to cinematographic films are subject to 5% WHT)
Kazakhstan	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Kuwait	N/A	N/A	N/A	5%
Latvia	N/A	N/A	N/A	5% (0% applies if the payer is a company that is a Cy resident and the beneficial owner of the income is a company that is a resident in Latvia)
Lebanon	N/A	N/A	N/A	N/A
Lithuania	N/A	N/A	N/A	5%
Luxembourg	N/A	N/A	N/A	N/A
Malta	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Mauritius	N/A	N/A	N/A	N/A
Moldova	N/A	N/A	N/A	5%
Montenegro	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Norway	N/A	N/A	N/A	N/A
Poland	N/A	N/A	N/A	5%
Portugal	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Qatar	N/A	N/A	N/A	N/A
Romania	N/A	N/A	N/A	N/A (royalties related to 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 are subject to 5% WHT)
Russia	N/A	N/A	N/A	N/A
San Marino	N/A	N/A	N/A	N/A
Saudi Arabia	N/A	N/A	N/A	8% (royalties related to the use or the right to use industrial, commercial, scientific equipment and cinematographic films are subject to 5% WHT)
Serbia	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Seychelles	N/A	N/A	N/A	5%
Singapore	N/A	N/A	N/A	10% (royalties related to cinematographic films are subject to 5% WHT)
Slovakia	N/A	N/A	N/A	N/A (royalties related to 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 are subject to 5% WHT)
Slovenia	N/A	N/A	N/A	5%
South Africa	N/A	N/A	N/A	N/A
Spain	N/A	N/A	N/A	N/A
Sweden	N/A	N/A	N/A	N/A
Switzerland	N/A	N/A	N/A	N/A
Syria	N/A	N/A	N/A	10% (royalties related to cinematographic

				films are subject to 5% WHT)
Thailand	N/A	N/A	N/A	10% (royalties related to literary, dramatic, musical, artistic or scientific work are subject to 5% WHT)
Ukraine	N/A	N/A	N/A	10% (royalties related to copyright of scientific work, patents, trademarks, secret formulas, processes or information concerning industrial, commercial or scientific experience and cinematographic films are subject to 5% WHT)
United Arab Emirates	N/A	N/A	N/A	N/A
United Kingdom	N/A	N/A	N/A	N/A
United States	N/A	N/A	N/A	N/A

WHT on Inbound Payments from Cyprus			
Paid to	Dividends	Interest	Royalties
Andorra	N/A	N/A	N/A
Armenia	N/A (a 5% WHT applies in cases where a dividend is paid by a company in which the beneficial owner has invested less than €150.000)	5%	5%
Austria	10%	N/A	N/A
Bahrain	N/A	N/A	N/A
Barbados	N/A	N/A	N/A
Belarus	5% (In cases where the investment is less than €200.000 in the share capital of the company paying the dividend, dividends are subject to 15% WHT which is reduced to 10% should the recipient company controls 25% or more of the paying company)	5%	5%
Belgium	10% (In cases where the receiving company holds less than 25% of the share capital of the paying company or if the recipient is an individual a 15% WHT applies)	10% (if the interest is paid to government, Central Bank, Public Authority of the other state or it relates to interest on deposits with banking institution a 0% WHT applies)	N/A
Bosnia	10%	10%	10%
Bulgaria	10% (In cases where the receiving company holds less than 25% of the share capital of the paying company a 5% WHT applies)	7% (if the interest is paid to government, Central Bank, Public Authority of the other state or the payment is made to a Cyprus entity by a Bulgaria resident owning directly or	10% (the payment is made to a Cyprus entity by a Bulgaria resident 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

		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, a 0% WHT applies)	rate, a 0% WHT applies)
Canada	15%	15% (if the interest is paid to government, Central Bank, Public Authority of the other state or it relates to an export guarantee, a 0% WHT applies)	10% (royalties related to literary, dramatic, musical or artistic work – excluding cinematographic films, are subject to 0% WHT)
China, P.R.	10%	10%	10%
Czech Republic	5% (if the dividend is received by a company which holds directly at least 10% of the share capital of the paying company for an uninterrupted period of at least 1 year a 0% WHT applies)	N/A	N/A (royalties related to 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, are subject to 10% WHT)
Denmark	15% (If the dividend is paid to the government, Central Bank, public authority of the other state a 0% WHT applies. A 15% WHT applies in cases where the receiving company controls less than 10% of the share capital of the paying company or the duration of any holding is	N/A	N/A

	less than 1 uninterrupted year or the receiver is an individual)		
Egypt	10% (A 5% WHT applies in cases where the beneficial owner is a company which holds directly at least 20% of the capital of the paying company throughout a 365-day period that include the day of the payment of the dividend)	10%	10%
Ethiopia	5%	5%	5%
Estonia	N/A	N/A	N/A
Finland	5% (a 15% WHT applies in cases where the receiving company owns less than 10% of the voting power of the paying company or where the receiver is an individual)	N/A	N/A
France	10% (a 15% WHT applies in cases where the receiving company owns less than 10% of capital of the paying company or where the receiver is an individual)	10% (A 0% WHT applies in cases where the payment is made to a government, bank or financial institution)	N/A (royalties related to cinematographic films are subject to 5% WHT)
Georgia	N/A	N/A	N/A
Germany	5% (a 15% WHT applies in cases where the receiving company owns less than 10% of capital of the paying company or where the receiver is an individual)	N/A	N/A
Greece	25%	10%	N/A (royalties related to cinematographic films, other than

			television films, are subject to 5% WHT)
Guernsey	N/A	N/A	N/A
Hungary	10% (a 15% WHT applies in cases where the receiving company owns less than 25% of capital of the paying company or where the receiver is an individual)	10% (if the interest is paid to government, Central Bank, Public Authority of the other state a 0% WHT applies)	N/A
Iceland	15% (a 5% WHT applies in cases where the receiving company holds directly or indirectly at least 10% of the capital of the paying company)	N/A	5%
India	10%	10% (if the interest is paid to government or any other institution agreed upon between the two States, a 0% WHT applies)	10%
Iran	10% (In the case of which the beneficial owner of the dividends owns directly at least 25% of the capital of the paying company a 5% WHT applies)	5%	6%
Ireland	N/A	N/A	N/A (royalties related to cinematographic films, other than television films, are subject to 5% WHT)
Italy	15%	10%	N/A
Jersey	N/A	N/A	N/A
Jordan	10% (A 5% WHT applies in the case of which the beneficial owner is a company that holds directly at least 10% of the capital of the	5%	7%

	paying company)		
Kazakhstan	10% (A 5% WHT applies in the case of which the beneficial owner is a company that holds directly at least 10% of the capital of the paying company)	10%	10%
Kuwait	N/A	N/A	%
Latvia	10% (A 0% WHT applies in the case of which the payer is a Latvia-resident company and the beneficial owner of the income is a company that is a Cyprus resident)	10% (A 0% WHT applies in the case of which the payer is a Latvia-resident company and the beneficial owner of the income is a company that is a Cyprus resident)	5% (A 0% WHT applies in the case of which the payer is a Latvia-resident company and the beneficial owner of the income is a company that is a Cyprus resident)
Lebanon	5%	5%	N/A
Lithuania	N/A (In the case of which the receiving company holds less than 10% of the capital of the paying company or the receiver is an individual, a 5% WHT applies)	N/A	5%
Luxembourg	5% (In the case of which the beneficial owner holds directly at least 10% of the capital of the paying company a 0% WHT applies)	N/A	N/A
Malta	N/A	10%	10%
Mauritius	N/A	N/A	N/A
Moldova	10% (In the case of which the beneficial owner is a company that holds directly at least 25% of the capital of the paying company a 5% WHT applies)	5%	5%
Montenegro	10%	10%	10%
Norway	15% (In the case of which the	N/A	N/A

	beneficial owner is a company that holds directly at least 10% of the capital of the paying company or in the case of which the beneficial owner is the government of Cyprus or Norway, a 0% WHT applies)		
Poland	5% (In the case of which the recipient company holds directly at least 10% of the share capital of the paying company for an uninterrupted period of at least 2 years, a 0% WHT applies)	5% (if the interest is paid to government, Central Bank, Public Authority of the other state, 0% WHT applies)	5%
Portugal	10%	10%	10%
Qatar	N/A	N/A	5%
Romania	10%	10% (if the interest is paid to government, Central Bank, Public Authority of the other state, 0% WHT applies)	N/A (royalties related to patents, trademarks, designs or models, plans, secret formulas or processes, industrial, commercial or scientific equipment, or information related to industrial commercial or scientific experience are subject to 5% WHT)
Russia	15% (In the case of which the beneficial owner of the company is an insurance undertaking or pension fund, or if the beneficial owner is a company whose shares are listed on a registered stock exchange provided no less than 15% of the voting shares of	15% (In the case of which the beneficial owner of the company is an insurance undertaking or pension fund, or the government of contracting state or a political subdivision or a local authority, or the Central	N/A

	that company are in free float and which holds directly at least 15% of the capital of the paying company throughout a period of 365-days that includes the day of payment of the dividends, or if the beneficial owner is the government of that contracting state or a political subdivision or local authority, a WHT of 5% applies)	Bank of the contracting state, or a bank, or in the case of which the interest paid is related to securities that are listed on a recognized stock exchange, a 0% WHT applies)	
San Marino	N/A	N/A	N/A
Saudi Arabia	5% (In the case of which the recipient is a company that directly or indirectly holds at least 25% of the capital of the paying company, a WHT of 0% applies)	N/A	8% (In the case of payments for the use, or the right to use industrial, commercial or scientific equipment, a WHT of 5% applies)
Serbia	10%	10%	10%
Seychelles	N/A	N/A	5%
Singapore	N/A	10% (if the interest is paid to government, Central Bank, Public Authority of the other state, 0% WHT applies. If the interest is paid to a bank or financial institution, a 7% WHT applies)	10%
Slovakia	N/A (In the case of which the receiving company is holding less than 10% of the capital of the paying company or the receiver is an individual or a company not limited at least	10% (if the interest is paid to government, Central Bank, Public Authority of the other state, 0% WHT applies)	N/A (royalties related to patents, trademarks, designs or models, plans, secret formulas or processes, industrial, commercial or scientific equipment, or information related to industrial

	partly by shares, a WHT of 5% applies)		commercial or scientific experience are subject to 5% WHT)
Slovenia	5%	5%	5%
South Africa	10% (In the case of which, the beneficial owner is a company that holds at least 10% of the capital of the paying company, a WHT of 5% applies)	N/A	N/A
Spain	0% (In the case of which the receiving company is holding less than 10% of the capital of the paying company or the receiver is an individual or a company not limited at least partly by shares, a WHT of 5% applies)	N/A	N/A
Sweden	5% (In cases where the receiving company holds less than 25% of the share capital of the paying company, a 15% WHT applies)	10% (if the interest is paid to government, Central Bank, Public Authority of the other state, 0% WHT applies)	N/A
Switzerland	15% (In the case of which the beneficial owner is a company which holds directly at least 10% of the capital of the paying company during an uninterrupted period of at least 1 year or in the case of which the beneficial owner is a pension fund or other similar institution or relates to the Government of Cyprus or	N/A	N/A

	Switzerland, 0% WHT applies)		
Syria	N/A (In the case of which the receiving company holds less than 10% of the share capital of the paying company or in the case of which the beneficiary is an individual or a company not limited at least partly by shares, a 15% WHT applies	10% (if the interest is paid to government, Central Bank, Public Authority or is related to export guarantee, 0% WHT applies)	10% / 15% (Payment of royalties of any copyright of literary, artistic or scientific work including cinematograph films, and films or tapes for television or radio broadcasting, are subject to 10% WHT. Payments of royalties of any patent, trade mark, design or model, plan, secret formula or process, or any industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience, are subject to 15% WHT)
Thailand	10%	15% (In the case of which the interest is received by a financial institution or it relates to sale on credit of any industrial, commercial or scientific equipment or of merchandise, a 10% WHT applies)	5% / 10% / 15% (5% WHT applies to any copyright of literary, dramatic, musical, artistic, or scientific work. 10% WHT applies for industrial, commercial, or scientific equipment. 15% applies for patents, trademarks, designs or models, plans, secret formulas, or processes.)
Ukraine	10% (In the case of which the beneficial owner company holds directly at least 20% of the capital of the paying company and has invested at least €100.000 in the acquisition of shares or other	5%	10% (Payment of royalties in respect of any copyright of scientific work, patent, trademark, secret formula, process or information concerning industrial, commercial or scientific

	rights in the paying company, a 5% WHT applies		experience, is subject to 5% WHT)
United Arab Emirates	N/A	N/A	N/A
United Kingdom	N/A (In the case of dividends paid out of income derived directly or indirectly from immovable property by an investment vehicle which distributes most of its income annually and whose income from such immovable property is exempt from tax, except in the cases where the beneficial owner is a pension scheme established in Cyprus, 15% WHT applies)	N/A	N/A
United States	5% / 15% (In the case of which the receiving company is controlling less than 10% of the voting power of the paying company, or in the case of which the beneficiary is an individual, 15% WHT applies. In the case of which the receiving company controls minimum 10% of the voting power of the paying company and certain conditions are met in regards to the income of the paying company, they may be eligible for 5% WHT)	10% (if the interest is paid to government, bank or financial institution, 0% WHT applies)	N/A

16.2. Withholding Tax on Other Types of Income

In certain conditions, Cyprus imposes a 10% WHT on the remuneration of non-Cyprus tax residents for technical services rendered to Cyprus tax payers. However, no such WHT is imposed if the services are performed through a permanent establishment in Cyprus of the non-resident or between "associated" entities, as defined by the EU Interest and Royalty Directive and enacted in Cyprus tax law.

Cyprus additionally imposes a 10% WHT on the gross income/receipts earned by a non-resident from the exercise in Cyprus of any profession or vocation and the remuneration of non-resident public entertainers (such as theatrical, musical, and other sports missions, etc.).

In addition, a 5% WHT is imposed on the gross income derived from within Cyprus by non-residents with no local permanent establishment for services related to the exploration, extraction, or exploitation of the continental shelf, as well as the establishment and use of pipelines and other installations on land, seabed, and sea surface.

17. 2023 Tax Diary

Deadline	Obligations
End of every month	<p>Payment of PAYE (tax deducted from employees' remuneration) for the preceding month</p> <p>Payment of SCD (Special Contribution for Defence) on dividends, interest and rents</p> <p>Payment of tax withheld in the preceding month on payments to non-Cyprus tax residents</p>
31st January	Submission of TD623 (Declaration of deemed dividend distribution) for the tax year 2020
31st March	<p>Electronic Submission of TD4 (corporation tax return) for the tax year 2021</p> <p>Electronic Submission of the 2021 income tax return of physical persons preparing audited financial statements</p>
30th April	Payment of premium tax for life insurance companies (First instalment)
31st May	Electronic submission of TD7 (Employer's form of the total payroll) for the tax year 2022
30th June	Payment of SCD (Special Contribution Tax for Defence) for the first 6 months of 2023 on rents (applicable if the tax is not withheld at source) and on dividends or interest from sources outside Cyprus
31st July	<p>Submission of 2023 provisional tax return & payment of first instalment</p> <p>Electronic Submission of 2022 personal tax return and payment of 2022 personal income tax under the self-assessment method by employees</p>

	and/or pensioners whose income does not include income from trade/business, rents, dividends, interest, royalties or income to trading goodwill and other individuals that have gross income that falls under Article 5 (salaries, dividends, interest and profits from share dealings) and who are not obliged to prepare audited financial statements.
01st August	<p>Payment of 2022 final corporation tax under self-assessment method</p> <p>Payment of 2022 personal income tax under self-assessment method by self-employed individuals preparing audited financial statements</p>
31st August	Payment of premium tax for life insurance companies (Second instalment)
31st December	<p>Payment of provisional tax for tax year 2023 (Second instalment)</p> <p>Payment of SCD (Special Contribution for Defence) for the last 6 months of 2023 on rents (applicable if the tax is not withheld at source) and on dividends or interest from sources outside Cyprus</p> <p>Payment of premium tax for life insurance companies (Third instalment)</p>

Failure to comply with the above deadlines will result in interest and penalties for the tax payer.

18. How We Can Assist You

Your taxes are already complicated; changing regulations and legislation can make them even more so.

We can assist you in making income, estate, and other tax preparation an important and beneficial aspect of your overall financial strategy.

Our professionals can use tax methods to achieve the results you seek while also serving your wider goals, personal philosophy, and situation—even as they evolve over time.

That means you always have a plan integrated into your financial strategy for:

- Annual income taxes
- Capital gains taxes
- Gift taxes
- Estate taxes
- Corporation tax

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