



Cyprus Tax Facts 2012

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This publication provides an overview of the Cyprus Tax System and is intended for general guidance only.

For any specific matter, reference should be made to professional advisors. The tax advisors of Ernst & Young will be pleased to discuss any issues that are of interest to you.



Certified Public Accountants and Registered Auditors
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Income Tax

Charge of tax

Resident in Cyprus

In the case of a person who is tax resident in Cyprus tax is levied on all income accruing or arising from sources both within and outside Cyprus, in respect of:

- ▶ Profits or other benefits from any business
- ▶ Profits or other benefits from any office or employment
- ▶ Dividends, interest or discount
- ▶ Rents, royalties or other profits arising from property
- ▶ Any amount or consideration in respect of any trade goodwill reduced by any amount incurred for the purchase of such trade goodwill
- ▶ Benefit in kind equal to 9% per annum on the monthly balance of loans or other financial facility granted to an individual, director or shareholder (including the spouse and relatives up to the second degree of kindred).

Non-Resident in Cyprus

In the case of a person who is not tax resident in Cyprus, tax is levied on the income accruing or arising from sources in Cyprus only, in respect of:

- ▶ Profits or other benefits from a permanent establishment situated in Cyprus
- ▶ Profits or other benefits from any office or employment exercised in Cyprus
- ▶ Pensions derived from past employment exercised in Cyprus
- ▶ Rent from property situated in Cyprus
- ▶ Any amount or consideration in respect of any trade goodwill reduced by any amount incurred for the purchase of such trade goodwill
- ▶ The gross income derived by an individual from the exercise in Cyprus of any profession or vocation, the remuneration of public entertainers, and the gross receipts of any theatrical, musical or other group of public entertainers
- ▶ Benefit in kind equal to 9% per annum on the monthly balance of loans or other financial facility granted to an individual, director or shareholder (including the spouse and relatives up to the second degree of kindred).

Definitions

“Resident in Cyprus”, when applied to an individual, means an individual who stays in Cyprus for a period or periods exceeding in aggregate 183 days in the year of assessment and, when applied to a company, means a company whose management and control is exercised in Cyprus.

“Permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on, and includes a place of management, branch, office, factory, workshop, mine, oil or gas well, quarry or any other place of extraction of natural resources.

Income Tax

Exemptions

	Individuals	Other persons
Lump sum payment on retirement or commutation of pension, or a gratuity on death	100%	-
Capital sums from life insurance or approved pension, or provident funds, or medical schemes	100%	-
Income from scholarship or other educational endowment	100%	-
Income of any religious, charitable or educational institution of a public character	-	100%
Income of any co-operative society in respect of transactions with its members	-	100%
Emoluments of foreign officers of an institution exercising educational, cultural or scientific function	100%	-
Emoluments of foreign diplomatic and consular representatives if not citizens of Cyprus	100%	-
Income of any local authority	-	100%
Income of any approved pension or provident fund or any insurance fund	-	100%
Income of any company formed exclusively for the purpose of promoting art, science or sport	-	100%
Pensions and special grants under special legislation	100%	-
Widow's pensions	100%	-

Income Tax

Exemptions

	Individuals	Other persons
Income from interest	100%	100%
Interest accruing to any person from the ordinary carrying on of any business, including any interest closely connected with the ordinary carrying on of the business, is not exempted but included in the calculation of profit		
Dividends	100%	100%
Remuneration from any office or employment exercised in Cyprus by an individual who was resident outside Cyprus before the commencement of his employment. This exemption applies for a period of three years commencing from 1 January following the year of commencement of employment	20% or €8.550 (lower of)	-
Income from employment that exceeds €100.000 per annum by an individual who was not tax resident of Cyprus prior to the commencement of employment. This exemption applies for the first 5 years of employment and for employments commencing as of 1 January 2012.	50%	-
Profit from the sale of securities	100%	100%
Profits from a permanent establishment situated outside Cyprus, unless the permanent establishment directly or indirectly engages more than 50% in activities which lead to investment income and the foreign tax burden is substantially lower than the tax burden in Cyprus	100%	100%
Remuneration for the rendering outside Cyprus of salaried services for a total aggregate period in the year of assessment of more than 90 days to an employer not resident in Cyprus.	100%	-

Income Tax

Capital allowances

	Annual wear & tear allowance %
Industrial buildings	4
Agricultural buildings	4
Commercial buildings	3
Hotel buildings	4
Machinery, plant and furniture	10
Machinery and equipment of agricultural and animal husbandry business	15
Computer hardware and operating software	20
Application software	
- Upto €1.709	100
- Over €1.709	33 1/3
Tools	33 1/3
Tractors, excavators, trenches, cranes, bulldozers	25
Motor cars (except saloons) and motorcycles	20
New Cargo Ships	8
New Passenger Ships	6
Second hand cargo and passenger ships and additional capital expenditure	The cost is written off over the expected useful life of the ship based on the certificates issued by the Shipping Registry Organisation

Income Tax

Deductions for individuals

Expenses of rented property	20% of the rents
Interest paid in respect of rented buildings	100%
Subscriptions to unions or professional associations	100%
Donations to approved charitable institutions, supported by receipts	100%
Social insurance contributions, life insurance premiums and contributions to approved provident funds, pension funds or medical funds	Up to 1/6 of taxable income before the deduction of these allowances
Special contribution for employees, self-employed and pensioners in the private sector	100%
Special contribution for officers, employees and pensioners in the public sector	100%

The life insurance should be taken on the life of the taxpayer but not of his/her spouse. The allowance granted for insuring the life of the spouse is still valid for policies effected before 1 January 2003

The annual premiums are restricted to 7% of the insured amount

In the case of cancellation of a life insurance policy within 6 years from the day of its issue, a percentage of the premiums, which were previously allowed, is taxable as follows:

- Cancellation within 3 years 30%
- Cancellation from 4 to 6 years 20%

Income Tax

Deductions allowed for companies

For the purpose of ascertaining the chargeable income, there shall be deducted all outgoings and expenses wholly and exclusively incurred by the company in the production of income including:

- ▶ Repair of premises, plant, machinery and means of transport
- ▶ Ordinary annual contributions paid by an employer to approved funds
- ▶ Bad debts of any business
- ▶ Expenditure for scientific research
- ▶ Expenditure on patents or patent rights or intellectual property rights
- ▶ Donations or contributions made for educational, cultural or other charitable purposes without a limit
- ▶ Expenditure up to €1.200 for building area up to 120 sq m, up to €1.100 for building area of 121-1000 sq m, up to €700 for building area above 1000 sq m, made for maintenance, preservation or restoration of an ancient monument
- ▶ Interest in relation to the acquisition of business assets used in the business
- ▶ Contributions to a fund approved under regulations, for educational purposes and maintenance of an individual attending any university, college, school or other educational institution
- ▶ Special contribution for employees in the private sector
- ▶ Expenses in relation to rents receivable
- ▶ Interest relating to a rented property.

Income Tax

Deductions not allowed

- ▶ Domestic or private expenses including the cost of travelling between the place of residence and the place of work
- ▶ Rent of premises owned and used by the person carrying on of a business
- ▶ Remuneration or interest on capital paid or credited by the person carrying on business
- ▶ Cost of goods taken out of the business for private use
- ▶ Disbursements or expenses not wholly or exclusively paid out for acquiring the income
- ▶ Any sum employed or intended to be employed as capital
- ▶ Expenditure for improvements, alterations or additions to immovable property
- ▶ Sums recoverable under an insurance or contract of indemnity
- ▶ Rent or cost of repairs of premises not incurred for the purposes of earning the income
- ▶ Taxes
- ▶ Payments of a voluntary nature
- ▶ Expenses of business entertainment, including hospitality of any kind, made in connection with a business and that exceeds 1% of the gross income of the business. In case that these expenses do not exceed 1% of gross income, then the allowable deduction is up to a maximum of €17.086.
- ▶ Expenses of a private motor vehicle
- ▶ Interest applicable to the cost of purchase of a private motor vehicle or any other asset not used in the business. This provision does not apply after the lapse of seven years from the date of purchase of the relevant asset
- ▶ Salaries for which contributions in respect of provident funds, pension funds, social security and other related funds were not paid within the year due for payment. If paid within two years from their due date, then the salaries and the related contributions will be allowed as a tax deductible expense in the year that these are paid.

Income Tax

Tax Rates - Individuals

Taxable income €	Tax rate %	Amount of tax €	Accumulated tax €
0-19.500	0	0	0
19.500-28.000	20	1.700	1.700
28.000-36.300	25	2.075	3.775
36.300-60.000	30	7.110	10.885
Over 60.000	35		

Tax rates - Corporation tax 10%

Allowance for foreign tax

In case that foreign tax was paid on income subject to income tax, this can be given as a credit against the resulting income tax liability on that income irrespective of the existence of a double tax treaty with the foreign country.

Special tax rates

Foreign pensions of individuals:

- Upto €3.420 0%
- Over €3.420 5%

The gross amount of any royalty, premium, compensation or other income, derived from sources within Cyprus by any person not being resident, is subject to withholding tax of 10%

The gross amount of any rental in respect of the showing of cinematograph films in Cyprus, derived by any person who is not resident, is subject to withholding tax of 5%

The gross income derived by an individual not resident in Cyprus, from the exercise in Cyprus of any profession or vocation or of public entertainers including football clubs and other athletic missions, is subject to withholding tax of 10%

Income Tax

Tax Losses

Generally, loss from one source of income is set off against income from other sources in the same year. Any loss remaining after the set off is carried forward indefinitely.

Loss in respect of the year 1997 and after, which was not set off against profits up to the year 2002, may be carried forward to the year 2003 and the following years.

In case there is any change in the ownership of the shares of a company and a substantial change in the nature of the business of the company, within any three-year period from the year of the loss, then the loss cannot be carried forward to the following years.

Set-off of group losses are allowable only with profits of the corresponding year of assessment. Both companies should be members of the same group for the whole year of assessment.

Two companies shall be deemed to be members of a group if:

- one is by 75% subsidiary of the other, or
- each one separately are by 75% subsidiaries of a third company.

Losses incurred by any person from any business carried on outside Cyprus, can be set-off from the same person's income from other sources for the same year.

In the case where an owner of a business, including a partnership, converts his business into a company, any accumulated losses of the owner may be carried forward to the company.

Special Contribution to the Defence Fund

Special contribution to the defence fund is imposed on income received or deemed to have been received by any person resident in Cyprus.

Rates

	Individuals %	Other persons %
Interest (except interest accruing to any person from the ordinary carrying on of his business)	15	15
Dividends received from a company resident in Cyprus	20	-
Dividends deemed to be received from a company resident in Cyprus	20	20
Dividends received from abroad	20	20 ⁽¹⁾
Interest from savings certificates and developments stocks issued by the Government	3	10
Interest accruing to provident funds or to the Social Insurance Fund	-	3
Rents (reduced by 25% instead of actual expenses) ⁽²⁾	3	3

⁽¹⁾In case that dividends are received by a company, these are exempt from the payment of special contribution. This exemption does not apply if:

- the company paying the dividend engages more than 50% in activities that lead to investment income, and
- the foreign tax burden on the income of the company paying the dividend is substantially lower than the tax burden of the company that receives the dividend.

⁽²⁾Companies, partnerships, the state and Local Authorities have an obligation to withhold Special Contribution to the Defence Fund on rental payments.

Refund

An individual whose annual income, including interest, does not exceed the amount of €12.000, has the right to a refund of the tax withheld on interest in excess of the amount corresponding to 3%.

Allowance for foreign tax

In case that foreign tax was paid on income subject to special contribution, this can be given as a credit against the special contribution payable on the income, irrespective of the existence of a double taxation treaty with the foreign country.

Special Contribution to the Defence Fund

Deemed distribution

A company resident in Cyprus has to pay 20% special contribution to the defence fund based on a deemed distribution of 70% of the accounting profits after taxation and before set-off of losses brought forward from previous years, after taking into consideration any dividends paid. The deemed distribution takes place two years after the end of the year of assessment.

Deemed distribution does not apply in respect of profits that are directly or indirectly attributable to shareholders that are non resident in Cyprus.

Social Cohesion Fund

An employer is liable to pay a social cohesion fund contribution of 2% on the amount of the emoluments of the employees employed by him (without any restriction as to the amount of the emoluments).

Special Contribution for Employees, Self-Employed and Pensioners in the Private Sector

Special contribution is levied for the period from 1 January 2012 to 31 December 2013 on salaries, income of the self-employed and pensions in the private sector at the following rates:

Emoluments €	Contribution rate %
0-2.500	0
2.500-3.500	2,5 (min €10)
3.500-4.500	3
over 4.500	3,5

In case of employees the contribution is shared equally between the employee and the employer.

Social Insurance

Contribution rates

	%
Self employed individuals	12,6
Employee	6,8
Employer	6,8
Employer's contribution to the Redundancy Fund	1,2
Employer's contribution to the Human Resource Development Authority Fund	0,5
Social Cohesion Fund	2

Social Insurance

Maximum limit of emoluments

	per week €	per month €	per year €
Weekly employees	1.025		53.300
Monthly employees		4.442	53.304

Minimum limit of emoluments for self-employed

	per week €	per year €
Persons exercising a profession		
- for a period not more than 10 years	376	19.549
- for a period of more than 10 years	760	39.542
Wholesalers, estate agents and other entrepreneurs	760	39.542
Skilled workers	367	19.104
Builders and persons practising a profession relevant to the building industry	461	23.992
Travelling salesmen, postmen, waste collectors, miners, sailors, salesmen, farmers, stock-farmers, fishermen and similar occupations	256	13.329
Secretaries, typists, cashiers, technical assistants, media associates, drivers of transportation media, operators of excavators and similar occupations	367	19.104
Teachers (university, pre-primary, primary and secondary education, assistants and special teachers)		
- for a period not more than 10 years	367	19.104
- for a period of more than 10 years	735	38.209
Cleaners, messengers, guards and shop owners	350	18.216
Butchers, bakers, confectioners, packers of fruits, meat, milk, tobacco and similar occupations	282	14.661
Designers, computer users, marine engineers, agents, musicians, magicians and persons not under any other occupation.	376	19.549

Capital Gains Tax

Charge of tax

Tax is imposed on profits from disposal of immovable property situated in Cyprus, or shares in companies, which have immovable property in Cyprus, and such shares are not listed in any recognised stock market.

Tax rate and determination of profit

The tax is imposed on the net profit from disposal at the rate of 20%.

The net profit is calculated as the disposal proceeds less the greater of the cost or market value on 1 January 1980 adjusted for inflation. Inflation is calculated using the official Retail Price Index. The index on 1 January 1980 was 35,40 (base year 2005).

Capital Gains Tax

Exemptions

- ▶ Transfer by reason of death.
- ▶ Gifts to relatives within the third degree of kindred.
- ▶ Gift to a company of which the shareholders are and continue to be members of the disposer's family for five years after such gift.
- ▶ Gift by a company, of which all the shareholders are members of the same family, to any of its shareholders when the property gifted was also acquired by the company as a gift. The property must remain in the hands of the donee for a period of at least three years.
- ▶ Gift to the Republic or to a local authority for educational or other charitable purposes or to approved charitable institutions.
- ▶ Exchange or sale in accordance with the Agricultural Land (Consolidation) Laws.
- ▶ Exchange of properties where the values of the immovable properties being exchanged are equal.
- ▶ Gain on disposal of shares, which are listed on any Stock Exchange.
- ▶ Gains from transfer of property or shares in the course of an approved company reorganisation.

Lifetime exemptions for individuals

	€
For sale of own residence	85.430
For sale of agricultural land by a farmer	25.629
For other sales	17.086

Immovable Property Tax

Charge of tax

Tax is imposed on the owner (individuals and legal persons) of immovable property in Cyprus as at 1 January of every year. It is calculated on the market value of immovable property on 1 January 1980 and is payable by 30 September in the year.

Rates

Value of property €	Rate ‰	Tax €	Accumulated tax €
upto 120.000	0	0	0
120.000-170.000	4	200	200
170.000-300.000	5	650	850
300.000-500.000	6	1.200	2.050
500.000-800.000	7	2.100	4.150
over 800.000	8		

Land Registry Office fees

Transfer fees

Value per plot €	Rate %	Fees €	Accumulated fees €
0-85.430	3	2.563	2.563
85.431-170.860	5	4.271	6.834
Over 170.860	8		

For the period 2/12/11 to 1/6/2012, no transfer fees will be payable when the immovable property to be transferred is subject to VAT. If not, the transfer fee will be reduced by 50%.

The above reduced rate provisions will continue to apply until the title of the immovable property is issued on the proviso that the relevant agreement is filed with the Land Registry Office within the above six month period.

Mortgage fees

Loans 1%

In the case of an approved company reorganisation, the transfer of immovable property is neither subject to transfer fees nor to mortgage fees.

Stamp Duties

Receipts:

- for amounts of €3-€34 3 cents
- for amounts over €34 7 cents

Contracts:

- 1,5‰ for amounts upto €170.860
- 2‰ plus €256 for amounts in excess of €170.860, up to a maximum levy of €17.086
- Unspecified amount €34

Registration of a limited liability company with authorised capital of:

- fixed fee €103
- plus 6‰ on the value of authorised capital

Issue of shares by a limited company €17

Exemption

Agreements entered into in the course of an approved company reorganisation are exempt from stamp duty.

Special Levy on Stock Exchange Transactions

For the period between 1 January 2012 to 30 June 2012, all transactions entered into or announced to the Cyprus Stock Exchange are subject to a special levy. The levy is paid by the seller to the CSE who is obliged to pay the levy to the Accountant General of the Republic.

Individuals and legal persons 0,15%

Transactions exempted:

- ▶ issue and buy back of securities by the issuer
- ▶ transactions relating to corporate bonds or debentures
- ▶ transactions relating to debentures, development stock and Government securities
- ▶ gifts of securities from parents to their children, between spouses or relatives up to the third degree of kindred
- ▶ transfer of securities by reason of death
- ▶ over-the-counter type of transactions that relate to the transfer of securities of the same owner between different custodians (re-registration), security lending, returns of securities lent, granting of guarantees and return of guarantees
- ▶ transactions executed by Special Agents in the course of executing special trading obligations which will undertake for specific listed titles.

Value Added Tax

Rates

- 0% exports, commission from abroad for imports/exports to/from Cyprus, international air and sea transportation of persons, and goods and related services (except intra-community transport of goods), ship management services, goods that are to be placed in customs warehouses/bonded warehouses or free-zones and be subjected to the relevant customs regime or temporary importation/transit or transshipment regime goods that are intended to be incorporated into drilling, goods after importation but before customs clearance
- 5% supplies of animal feeding stuff, including food for birds and fish, supplies of fertilizers, supplies of coffins, supplies of liquified petroleum gas, newspapers, books, magazines and similar items, supplies of various goods for incapacitated persons, supplies of food including drinks for human consumption but excluding alcoholic beverages, beer, wine and refreshment drinks, supplies of medicines which are used for medical treatment, illness prevention and medical and veterinary purposes, supplies of vaccines for medicine and veterinary medicine and services supplied by undertakers, services of road cleaning, refuse collection and waste treatment (other than services provided by local administration), services of writers, composers and artists, services of hairdressers, renovation and repair services to private residences (subject to certain conditions), fares for urban and rural areas by bus, catering services from school canteens, purchase or construction of a flat or house to be used as private main residence
- 8% restaurant services and other similar catering services which consist in the supply of manufactured or non manufactured food or drinks or both for human consumption including refreshment drinks, alcoholic beverages, beer and wine, accomodation provided by hotels and other similar establishments, including the provision of holiday accomodation, transportation of passengers and their luggage by taxi
- 15% until 29/02/2012 all supplies of goods or rendering of services, except those taxed at 0%, 5%, 8% or exempt
- 17% as of 01/03/2012 all supplies of goods or rendering of services, except those taxed at 0%, 5%, 8% or exempt.

Exemptions

- ▶ Rents
- ▶ Supplies of immovable property (except "new buildings")
- ▶ Insurance and financial services
- ▶ Medical services
- ▶ Educational services

Value Added Tax

Registration

Registration for VAT is obligatory:

- ▶ at the end of any month, if the value of the taxable supplies (supplies taxed at the rates of 0% and/or 5% and/or 8%) in the period of one year then ending has exceeded €15.600, or
- ▶ at any time, if there are reasonable grounds for believing that the value of the taxable supplies in the period of 30 days then beginning will exceed €15.600, or
- ▶ at any time, if the taxable person provides taxable supplies to other taxable persons in other Member States.

Businesses with a turnover of less than €15.600 can be registered voluntarily.

Voluntary Registration

A person who has a business establishment in Cyprus or his usual place of residence is in Cyprus and he makes supplies outside Cyprus but would be taxable supplies if made within Cyprus, is entitled to voluntary registration.

Non recoverable VAT

- ▶ expenditure for entertainment of persons other than staff
- ▶ purchase/hire of private saloon cars up to nine seats.

VAT / INTRASTAT/VIES Calendar

Date	Obligation	Form	Penalties
By the 10th of the second month after the end of the VAT period	Submission of VAT Return and payment of VAT due	VAT 4	1, 2
By the 10th of the next month after the end of the period	Submission of Intrastat	INTRASTAT 1.1	3
		INTRASTAT 1.2	3
By the 15th of the next month after the end of the period	Submission of VIES for goods and services	VIES 1	4

1. Late submission of the VAT return results in the imposition of a penalty of €51 per VAT return.
2. Late payment of outstanding VAT results in the imposition of a penalty of 10% of the outstanding amount and interest at 5%* per annum of the outstanding amount and the penalty (interest is calculated for complete months).
3. Late submission of INTRASTAT results in the imposition of a penalty of €15 for each INTRASTAT form.
4. Late submission of VIES results in the imposition of a penalty of €50 for each VIES form.

* The official rate set by the Minister of Finance applicable as of 1.1.11 is 5% (5.35% for 2010; 8% for 2007 - 2009; previously 9%).

Ship Management Services

- ▶ Income derived from the rendering of ship management services is subject to income tax at the ordinary rate of 10%.
- ▶ The ship manager has the option to pay tonnage tax at 25% of the rates applicable to ship-owners and -charterers for the qualifying ships under management, instead of income tax on the income derived from the rendering of ship management services to such ships, provided certain criteria are satisfied. These criteria include that the ship manager is resident for tax purposes of Cyprus, maintains a fully fledged office in Cyprus with personnel sufficient in number and qualification (51% of whom should be EU/EEA citizens), manages at least 2/3 of the total tonnage of the qualifying ships in a given fiscal year from the territory of any EU/EEA member state, has a fleet comprising for a sufficient part or with sufficient consistency of EU flag ships and complies with relevant international standards. Certain additional criteria may apply depending on the service provided.
- ▶ A ship manager who has opted for application of the tonnage tax system must remain under this regime for at least 10 years. Early withdrawal will result in penalties and in such case the ship manager cannot return to the tonnage tax system until the initial ten year period has lapsed.
- ▶ The term "ship management services" means the services provided by a ship manager to an owner or bareboat charterer of a ship by virtue of a relevant written ship management agreement, relating to the crew management services and/or to the technical management services of the ship. A ship manager who provides commercial management services will not be considered as a qualifying ship manager for such services and will be liable to pay income tax on the corresponding part of his income.

Double Taxation Agreements

	Received in Cyprus		
	Dividends	Interest	Royalties
	%	%	%
Armenia	0/5	5	5
Austria	10	0	0
Belarus	5/10/15	5	5
Belgium	10/15	10	0
Bulgaria	5/10	7	10
Canada	15	0/15	0/10
China	10	10	10
Czech Republic	0/5	0	10
Denmark	0/15	0	0
Egypt	15	15	10
France	10/15	0/10	0/5
Germany	10/15	0/10	0/5
Greece	25	10	0/5
Hungary	5/15	0/10	0
India	10/15	0/10	15
Ireland	0	0	0/5
Italy	15	10	0
Kuwait	10	0/10	0/5
Lebanon	5	5	0
Malta	0	0/10	10
Mauritius	0	0	0
Moldova	5/10	5	5
Norway	0/5	0	0
Poland	10	0/10	5
Qatar	0	0	5
Romania	10	0/10	0/5
Russia	5/10	0	0
San Marino	0	0	0
Seychelles	0	0	5
Singapore	0	7/10	10
Slovakia	10	0/10	0/5
Slovenia	5	5	5
South Africa	0	0	0
Soviet Union	0	0	0
Sweden	5/15	0/10	0
Syria	0/15	0/10	10/15
Thailand	10	10/15	5/10/15
United Kingdom	0/15	10	0/5
United States of America	5/15	0/10	0
Yugoslavia	10	10	10

Double Taxation Agreements

Paid from Cyprus
Royalties *

	%
Armenia	5
Austria	0
Belarus	5
Belgium	0
Bulgaria	10
Canada	0/10
China	10
Czech Republic	10
Denmark	0
Egypt	10
France	0/5
Germany	0/5
Greece	0/5
Hungary	0
India	10
Ireland	0/5
Italy	0
Kuwait	0/5
Lebanon	0
Malta	10
Mauritius	0
Moldova	5
Norway	0
Poland	5
Qatar	5
Romania	0/5
Russia	0
San Marino	0
Seychelles	5
Singapore	10
Slovakia	0/5
Slovenia	5
South Africa	0
Soviet Union	0
Sweden	0
Syria	10
Thailand	5/10
United Kingdom	0/5
United States of America	0
Yugoslavia	10
Countries without agreement	0/5/10

No tax is withheld for payment of dividends and interest to non-residents in Cyprus.

* No tax is withheld when the royalty is paid for use outside Cyprus.

Tax Calendar

Date	Obligation	Form	Penalties
April 30	Submission of Income Tax Return by individuals (deadline extended by 3 months in case of electronic submission)	I.R.1	1.6
	Submission of Employer's Return (electronic submission)	I.R.7	6
June 30	Submission of Income Tax Return by individuals who do not submit audited accounts but are obligated to issue invoices, receipts, etc (deadline extended by 3 months in case of electronic submission)	I.R.1	1.6
	Payment of tax balance for the previous year by individuals who do not submit audited accounts but are obligated to issue invoices, receipts, etc		4
	Payment of Contribution to the Defence Fund on rental income received during the first half of the current year	I.R.601	2
August 1	Submission of Temporary Tax Assessment for the current year	I.R.6	3(a)
	Payment of first instalment of tax based on the Temporary Tax Assessment		3(b)
	Payment of the tax balance for the previous year	I.R.158	4
September 30	Payment of the second instalment of tax based on the Temporary Tax Assessment		3(b)
	Payment of Immovable Property Tax	I.R 301 I.R 302	7
December 31	Submission of Company Income Tax Return (deadline extended by 3 months in case of electronic submission)	I.R.4	1.6
	Submission of Tax Return, accounts and additional information by individuals who submit audited accounts (deadline extended by 3 months in case of electronic submission)	I.R.1	1.6
December 31	Submission of revised Temporary Tax Assessment for the current year, if considered necessary	I.R.6	3(a)
	Payment of third instalment of tax based on the Temporary Tax Assessment		3(b)
	Payment of Contribution to the Defence Fund on rental income received during the second half of the current year	I.R.601	2
By the end of the next month	Payment of tax deducted from employees emoluments	I.R.61	5
	Payment of Contribution to the Defence Fund withheld from dividends, interest and rents	I.R.601	2
	Payment of Social insurance deducted from employees emoluments	Y.K.A. 2-002	8
Within 30 days	Payment of Capital Gains Tax		7
Within 60 days	Obtaining a Tax Identification Code: Following the registration or incorporation of a company with the Registrar of Companies, the company is obliged to submit an application for registration with the Inland Revenue Department. Similar rules apply in the case of companies incorporated outside Cyprus that become tax resident of Cyprus	I.R 162	9
Within 60 days period of such change	Notification of changes of companies details (i.e registered office, activities, auditors etc)	I.R 162	10
Four months from the month of the transaction	Updating of books and records by businesses which are obliged to keep accounting books		11
Within 30 days	Issuance of invoices within 30 days from the date the transaction was made, unless the taxable person requests in writing and receives such extension from the Commissioner		12
At the end of the financial period	Stock taking must be conducted annually by businesses which have inventory		13
Within the timeframe specified by the tax authorities	Submission of information requested in writing by the tax authorities		14

Penalties

1. Upon conviction for failure to submit a return, a person shall be liable to a fine not exceeding €17 per day for as long as failure continues, or to imprisonment for a term not exceeding 12 months, or both.
Any person who without any excuse omits any object of the tax from the return shall be liable, on conviction to a fine up to €3.417 plus the tax due plus an amount equal to two times the difference between the amount of tax properly imposed and the amount of tax that would have been imposed had the assessment been based on the return.
2. For rental income, interest at the rate of 5%* per annum is imposed from the first day after the end of the six-month period (interest is calculated on a daily basis). In case of defence tax withheld on rents, dividends and interest income, interest accrues as of the end of the month which follows the month to which it relates (interest is calculated on a daily basis). In addition, in case of delay in payment, a flat 5% penalty on the tax due is payable.
Late payment of outstanding Defence Tax which relates to rental period after 1.7.11, results in the imposition of a penalty equal to €100.
- 3(a) A penalty is imposed equal to 10% of the difference between the tax due per the final assessment and the tax per the temporary assessment, if the temporary taxable income is less than 75% of the taxable income per the final assessment.
- 3(b) If any instalment of the temporary tax assessment is not paid within 30 days from the due date, interest at the rate of 5%* per annum is imposed. In addition, in case of delay in payment, a flat 5% penalty on the tax due is payable
4. If the tax is not paid by the due date, interest is imposed at the rate of 5%* per annum (interest is calculated on the basis of completed months).
An additional tax of 5% is imposed in the case where the due tax (as this is declared on the tax return) is not paid within 30 days from the date the tax return is due for filing.
No penalty is imposed where the tax return is submitted timely, the tax due based on the Tax Return is timely paid and the Inland Revenue makes an assessment after the lapse of three years from the date of submission as prescribed by the law.
In addition, any person omitting to pay the due tax by the due payment date is liable to 5% penalty on the due tax.
5. Late payment results in the imposition of interest at 5%* per annum from the due date and an additional penalty of 1% per month for as long as the delay continues (interest is calculated on the basis of completed months).
6. Late submission results in the imposition of a penalty equal to €100. If the tax return for a specific year is requested in writing by the tax office and this is not submitted within the requested period, then a penalty of €200 is imposed for every notice issued.
7. Interest is imposed at the rate of 5%* per annum from the due date.
Any person omitting to pay the due tax by the due payment date is liable to 5% penalty on the due tax.
8. Late payment results in the imposition of a penalty of 3% for each month of delay as long as the delay continues. The total amount of the penalty cannot exceed 27% of the amount due.
9. Late registration with the Inland Revenue Department results in the imposition of a penalty equal to €100.
10. Late communication of changes to the Inland Revenue Department results in the imposition of a penalty equal to €100. The penalty is applicable on each change not communicated.
11. Late update of the books and records results in the imposition of a penalty equal to €100 (on a quarterly basis).
12. Late issuance of invoices results in the imposition of a penalty equal to €100. The penalty is imposed on a monthly basis irrespective of the number of invoices failed to be issued within a specific month.
13. No stock taking results in the imposition of a penalty equal to €100.
14. Late submission of information requested by the Inland Revenue Department, results in the imposition of a penalty equal to €200.

* The official rate set by the Minister of Finance applicable as of 1.1.11 is 5% (5.35% for 2010; 8% for 2007 - 2009; previously 9%).



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