



General Information on Tax matters for individuals

Tax Residency

An individual is Tax resident in the Republic if he/she stays in Cyprus for a period or periods exceeding an aggregate of 183 days in the year of assessment.

As from 1 January 2017, an individual who:

- Does not remain in any other State for one or more periods which altogether exceed 183 days in the same tax year, and
- Is not a tax resident of any other State within the same tax year;

and cumulatively meets the following three conditions:

- (i) Remains in Cyprus for at least 60 days in the tax year,
- (ii) Carries on any business in Cyprus and/or is employed in Cyprus and/or holds an office to a Cyprus Tax Resident person at any time during the tax year, and
- (iii) Maintains a permanent residence in Cyprus that is either owned or rented by such individual

will also be considered as a Cyprus Tax Resident

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 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.

Any tax suffered abroad on income subject to income tax in Cyprus will be credited against any Cyprus income tax payable on such income irrespective of the existence of a tax treaty.

TAX Rates-Individuals

Tax Rate %	Taxable Income (Euro)
0	Up to 19,500
20%	19.501-28.000
25%	28.001-36.300
30%	36.301-60.000
35%	60.000 and over

Social Insurance - Contribution Rates

Contributions	Employee	Employer	Self-employed
Social Insurance Contributions	8.3%	8.3%	15.6%
Social Cohesion Fund	-	2.0%	-
Redundancy Fund	-	1.2%	-
Industrial Training Fund	-	0.5%	-

The maximum amount applicable for Social Insurance Contribution purposes is €58,080 per annum for monthly paid employees, €4,840 per month for monthly paid employees and €1,117 per week for weekly paid employees.



Introduction of the National Health Insurance System (NHIS)

Individuals, employers and the government contribute to the NHIS as of 1 March 2019.

The contributions will be calculated and paid as a percentage on the gross emoluments/pensions as follows:

Category		Rate
a	Employees	2,65%
b	Pensioners	2,65%
c	Income earners (i.e. income from rent, interest, dividend etc.)	2,65%
d	Persons holding an office	2,65%
e	Employers	2,90%
f	Self-Employed	4,00%
g	Republic of Cyprus or Natural/ Legal person responsible for the remuneration of others	2,90%
h	The Republic	4,70%

For the purposes of calculating the NHIS contributions, gross emoluments are capped to €180,000 per annum (with the exceptions of categories (g) and (f))

Income Tax exemption for new individual taxpayers

New article 8(21A)

As from 26 July 2022, 20% of the remuneration of employees (up to a maximum amount of exemption of €8.550 per annum), whose first employment in Cyprus commenced from 26 July 2022 onwards, is exempt from income tax for a period of seven years, provided the employees, immediately before the commencement of their employment in Cyprus:

- were not residents of Cyprus for a period of at least three consecutive tax years, and
- were employed outside of Cyprus by a non-resident employer.

The exemption will be first granted in the tax year following the tax year of commencement of employment.

It is important to note that the law does not require the individual to become a Cyprus tax resident to benefit from the new 20% exemption, nor the employer to be a Cyprus tax resident employer.

Individuals will not be granted this exemption, if they are granted the 50% exemption mentioned below.

New article 8(23A)

As from 1 January 2022, 50% of the remuneration of employees, whose first employment in Cyprus began from 1 January 2022 onwards, is exempt from income tax for a period of 17 years, provided that their remuneration per year exceeds €55,000 and the employees were not residents of the Republic for a period of at least 10 consecutive years immediately before the commencement of their employment in Cyprus.

The first employment in the Republic starts from 1 January 2022 onwards and the period of 17 years starts from the month of employment in Cyprus.

Individuals whose employment commenced before 1 January 2022, may also qualify for the new 50% exemption, as per the below table:

Date of commencement of 1st employment in Cyprus	Eligibility for exemption
2016 – 2021	<ul style="list-style-type: none"> • Employees whose remuneration at commencement of first employment in Cyprus exceeded €55.000 p.a. or • Employees whose remuneration at commencement of first employment did not exceed €55.000 p.a., and within 6 months from 26 July 2022 their remuneration exceeds €55.000 p.a.
Up to 2021 (for existing beneficiaries)	<ul style="list-style-type: none"> • Existing employees who benefitted from the existing 50% exemption and have continuous employment in Cyprus up to and including 2021



Income tax exemption for overseas employment

Remuneration received by a Cyprus tax resident from salaried services rendered outside Cyprus to a non-resident employer or to an overseas permanent establishment of a resident employer for more than 90 days in a tax year, is exempt from income tax.

In order for the 90-day rule to apply, there must be an employee/employer relationship.

Non-domiciled regime

The Special Defence Contribution (SDC) Law is amended so that an individual will be subject to SDC only if he or she is a Tax Resident and domiciled in Cyprus.

Following the introduction of the “*non-domicile*” rule, Cyprus Tax Residents who are not domiciled in Cyprus will effectively not be subject to SDC in Cyprus on any dividends, interest and rental income earned.

An individual is considered to be domiciled in Cyprus if he or she has a domicile of origin unless an individual has:

- Obtained and maintained domicile of choice outside Cyprus, given that such an individual has not been a Tax Resident of Cyprus for a period of 20 consecutive years preceding the tax year, or
- Not been a Tax Resident of Cyprus for a period of 20 consecutive years prior to the introduction of the law.

An individual who has been a Tax Resident of Cyprus for at least 17 years out of the last 20 years preceding the tax year will be considered to be domiciled in Cyprus.

Individuals who are Cyprus tax residents and qualify as non-doms will benefit from the following:

- (i) Dividend income earned from foreign or local investments will not be subject to SDC in the amount of 17%. In addition, dividend income is unconditionally exempt from Income Tax. Therefore, the tax payable by a Cyprus resident non-dom on dividend income will be zero.
- (ii) Interest: A non-dom earning interest income, from foreign as well as local sources, will not be subject to SDC in the amount of 30%. In addition, interest income is also exempt from Income Tax. Therefore, the tax payable by a Cyprus resident non-dom on interest income will be zero.
- (iii) Rental income: A non-dom earning rental income, from properties in Cyprus or abroad, will not be subject to SDC in the amount of 3%. Rental income will only be subject to Income Tax at the normal rates (following a 20% allowance).