

Cyprus income tax law including details on obtaining tax residency

As per Cyprus income tax law an individual is deemed a tax resident when in the Republic for more than 183 days '183-day rule'. An additional rule '60 day rule' was voted in July 2017 were an individual who does not stay in any other state for one or more periods exceeding in aggregate 183 days in the year of assessment and who is not tax resident in any other state, is considered to be resident of the Republic in that tax year, provided that he/she cumulatively meets the following:

- Stays in the Republic for at least sixty (60) days in the year of assessment
- Exercises any business in the Republic and/or is employed in the Republic and/or holds an office for a person tax resident in the Republic at any time during the year of assessment
- Maintains a permanent residence in the Republic which is owned or rented by him/her

The documents required to proceed with obtaining tax residency are the following:

- Passport copy
- Source of income/ bank statement with a balance enough to support living in Cyprus
- Residence rental/ acquisition agreement
- Health insurance

As it is, Individuals who are Cyprus tax residents, whether under the "60-day rule" or under the "183-day rule" are taxed in Cyprus on their worldwide income as per the below table:

Annual income	Tax rate	Tax
€	%	€
Up to 19,500	0	0
from 19,501 – 28,000	20	1,700
from 28,001 – 36,300	25	3,775
from 36,301 – 60,000	30	10,885
Over 60,000	35	

The following exceptions apply depending on the circumstances and type of income.

- A resident individual but non-domiciled* in Cyprus is fully exempt from taxation on his/her worldwide dividend, interest and rental income.
- Profit from the sale of securities is exempt from tax, except in cases where the value of the shares derives from the value of immovable property in Cyprus.
- An individual employed in Cyprus with an income that exceeds €100.000 receives a 50% discount on the income tax for a period of 10 years.

- Income from employment outside Cyprus is fully exempted from Cyprus income tax, provided that the employment exceeds 90 days per tax year.

* as per the provision of the Wills and Succession Law the domicile of a person is defined by origin (generally dependent on the father) or choice.

Depending on your requirements we can investigate further tax issues and incentives that could be utilized.

* The above may vary with time and should not be relied upon. Please contact us for an updated picture together with any queries you may have.