



NEWS INTERNATIONAL

E-MAIL NEWSLETTER
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Dear Sir/Madam,

Are you an individual who wish to reside in Cyprus and enjoy all the benefits this Mediterranean island has to offer? Under the “non-domicile” rules, “Cyprus Tax Resident” Individuals who are not domiciled in Cyprus are exempt from Special Contribution for Defence (SDC) on dividend, interest and rental income.

The “Domicile” concept in the Special Contribution for Defence Law

For the purposes of the SDC Law, an individual has a “domicile in the Republic” if he/she has a domicile of origin in Cyprus based on the provisions of the Wills and Succession Law (WSL) (i.e. domicile of the father at the time of birth), except for:

1. an individual who has acquired and maintains a domicile of choice outside Cyprus based on the provisions of the WSL (i.e. factual concept - an individual permanently lives and intends to live in another country), provided that he/she has not been resident in Cyprus as defined in accordance with the provisions of the ITL for any period of at least 20 consecutive years prior to the relevant tax year, or
2. an individual who has not been resident in Cyprus as defined in accordance with the provisions of the ITL for a period of at least 20 consecutive years prior to the entry into force of the provisions of this Law.

It is provided that regardless of the domicile of origin, any individual who is resident in Cyprus, as defined in accordance with the provisions of the ITL for at least 17

In July 2017 there was an amendment to the definition of “Cyprus Tax Resident” Individual as per the Income Tax Law.

More specifically, as of 1st January 2017, an individual who:

- does not spend more than a total of 183 days in any State within a tax year and
- is not a tax resident of another State within the same tax year

and satisfies the following three conditions:

1. remains in Cyprus for at least 60 days in the tax year;
2. carries on a business in Cyprus or is employed in Cyprus or holds an office in a Cyprus tax resident person at any time during the tax year and
3. maintains a permanent home in Cyprus that is either owned or rented will be considered as a Cyprus tax resident.

It is important to note that, if the employment/business or holding of an office as per the condition (2.) is terminated, then the individual shall cease to be considered a Cyprus tax resident for that tax year under these extended rules. This is a unique opportunity for Cyprus non-domicile individuals to take advantage of the exemption from payment of withholding tax (Special Defence Contribution) on the following sources of worldwide income:

- Dividends (currently subject to 17% withholding tax)
- Interest (currently subject to 30% withholding tax)

out of the last 20 years prior to the relevant tax year, will be deemed domiciled in Cyprus for the purposes of this Law.

The “Cyprus Tax Resident” Individual “Cyprus Tax Resident” means an individual who stays in the Republic for a period or periods exceeding in aggregate 183 days in the year of assessment. In calculating the number of days under the definition of residency, the following will apply:

1. the date of departure is deemed to be a day outside the Republic;
2. the date of arrival is deemed to be a day in the Republic;
3. the arrival to and departure from the Republic in the same calendar date is deemed to be a day in the Republic;
4. the departure from and arrival to the Republic in the same calendar date is deemed to be a day outside the Republic.

- Rents (currently subject to 3% withholding tax)

Cyprus Non-Domicile Tax Resident individuals would still pay Personal Income Tax on income from employment, carrying out a business, rents and pensions. Our team at AuditPro would be happy to assist you in understanding the opportunities offered by the Cyprus Tax Legislation if you are already resident or planning to relocate in Cyprus.

Best regards



Michael Larkos



The author

Michael Larkos

Michael Larkos is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Institute of Certified Public Accountants of Cyprus (ICPAC). He also holds a Bachelors Degree in Mechanical Engineering (BEng) from The Imperial College of Science, Medicine and Technology.

Michael trained and worked with a “Big 4” firm of accountants in London for 5 years before returning to Cyprus in 1994, where he has been working since then in the local and international accountancy profession. He has served as a Member of the Accounting & Auditing Standards

Committee of the Institute of Certified and Public Accountants in Cyprus from September 1994 until July 1998.

Although Michael's extensive tax experience focuses on International Business Companies (IBCs), he continues to be involved with local audit and assurance work. This experience has also enabled Michael to work closely with our Consulting Department in respect of advising and consulting in the areas of internal audit, business start-up and corporate finance.

For more information about the author please click [here](#).



AuditPro has been in business for over 20 years and operates both in the local and the international market out of two offices in Cyprus, one in Nicosia, which is the main business district and the capital of the island, and one in Larnaca, where there is a commercial port and the island's main international airport.

AuditPro can support you to create the value you are looking for by providing solutions based on quality. Together we build relationships based on trust and we say things as they are, to assist you to deal with your business issues.

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