



**cyprus**

Tax Information 2011



Chartered Accountants



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## Preface

This pamphlet has been prepared in order to explain the system of taxation in Cyprus. The information included is based on current law applicable from January 2011.

The pamphlet does not contain complete information with regard to the tax system in Cyprus. Rather, it provides a general layout of the system's structure and, for further information; interested individuals should obtain professional tax advice prior to acting.

Should any advice or further information be desired, the reader may contact any of the professionals indicated on the final page of this booklet.

**HLB Afxentiou Limited**  
**Chartered Accountants**  
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# Personal Income Tax

## Basis of Taxation

All Cyprus tax residents are taxed on all income accrued or derived from all sources in Cyprus and abroad. Individuals who are not tax residents of Cyprus are taxed on income accrued or derived from sources in Cyprus.

An individual is tax resident in Cyprus if he spends more than 183 days in the country in any one year.

## Personal Tax Rates

The following income tax rates apply to individuals:

Chargable Income	Tax Rate	Tax	Accumulated Tax
€	%	€	€
0-19.500	Nil	Nil	Nil
19.501-28.000	20	1.700	1.700
28.001-36.300	25	2.075	3.775
Over 36.300	30		

Foreign pension is taxed at the rate of 5%.  
An annual exemption of €3,420 is granted.



## Exemptions

Type of Income	Exemption
Interest	100%
Dividends	100%
Remuneration from any office or employment exercised in Cyprus by an individual who was not resident of Cyprus before the commencement of employment for a period of 3 years commencing from 1st January following the year of commencement of the employment	20% of income with a maximum amount of €8.550 annually
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	100%
Profits of a permanent establishment abroad under certain conditions	100%
Lump sum received by way of retiring gratuity, computation of pension or compensation for death or injuries	100%
Capital sums accruing to individuals from any payments to approved funds (eg. provident funds)	100%
Profits from the sale of securities	100%

## Tax Deductions

Type	Deduction
Contributions to trade unions or professional bodies	100%
Loss of current year and previous years	100%
Rental income from buildings	20% of rental income
Interest in respect to the acquisition of a building for rental purposes	100%
Donations to approved charities with receipts	100%
Expenditure incurred for the maintenance of a building under the Preservation Order	Up to €700, €1.100 or €1.200 per square meter (depending on the size of the building)
Social Insurance, provident fund, medical fund, pension fund contributions and life insurance premiums (the allowable annual life insurance premium is restricted to 7% of the insured amount)	Up to 1/6 of the taxable income

# Corporation Tax

## Basis of Taxation

All companies tax resident of Cyprus are taxed on all their income accrued or derived from all sources in Cyprus and abroad. A non-Cyprus tax resident company is taxed on income accrued or derived from a business activity which is carried out through a permanent establishment in Cyprus.

A company is resident of Cyprus if it is managed and controlled in Cyprus.

Tax rates  
%

All companies 10

## Tax Exemptions

Type of Income	Exemption
Profit from the sale of securities	100%
Dividends	100%
Interest not arising from the ordinary activities or closely related to the ordinary activities of the company (All the interest income of Collective Investment Schemes is considered to be arising from the ordinary activities or closely related to the ordinary activities of the Scheme).	100%
Profits of a permanent establishment abroad, under certain conditions	100%

## Tax Deductions

Type	Deduction
Donations for approved charities with receipts	100%
Employer's contributions to social insurance and approved funds on employees' salaries	100%
Any expenditure incurred for the maintenance of a building under the 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	Up to 1% of gross income with a limit of €17,086

## **Losses**

The tax loss incurred during a tax year and which cannot be set off against other income is carried forward and set off against future profits with no time restriction. This provision is applicable for all losses from 1997 tax year onwards.

## **Group Relief**

The current year loss of one company can be set off against the profit of another provided the companies are Cyprus tax resident companies of a Group.

A Group is defined as:

- (a) One company holding at least 75% of the shares of the other company.
- (b) At least 75% of the shares of the companies are held by a third company.

A partnership or sole trader transferring business into a company can carry forward tax losses into the company for future utilization.

Losses from a permanent establishment abroad can be set off against profits of the company in Cyprus. Subsequent profits of the permanent establishment abroad are taxable up to the amount of losses allowed.

## **Group Re-organization**

The transfer of assets and liabilities between companies within a group is allowed without any tax consequences.

## Annual wear and tear allowances on fixed assets

The following allowances which are given as a percentage on the cost of acquisition are deducted from the chargeable income:

Fixed assets	%
<b>Plant and machinery</b>	
Plant and machinery	10
Furniture and fittings	10
Boreholes	10
Machinery and tools used in agricultural business	15
Computer hardware and operating systems	20
Application software	33 1/3
Commercial motor vehicles	20
Motor cycles	20
Excavators, tractors, bulldozers, self-propelled loaders and drums for petrol companies	25
Expenditure on application software less than €1.709	100
<b>Buildings</b>	
Commercial buildings	3
Industrial, agricultural and hotel buildings	4
Metallic greenhouse structures	10
Wooden greenhouse structures	33 1/3
<b>Boats</b>	
Sailing vessels	4,5
Steamers, tugs and fishing boats	6
Shipmotor launches	12,5
New cargo vessels	8
New passenger vessels	6
Used cargo/passenger vessels	Over their useful lives
<b>Tools</b>	
Tools in general	33 1/3
Videotapes property of video clubs	50

## Special types of companies

### Shipping companies

The new Merchant Shipping Legislation fully approved by the EU and in force as from 1 January 2010 provides for exemption from all direct taxes and taxation under tonnage tax of qualifying shipowners, charterers and shipmanagers, from the operation of qualifying EU/EEA (European Economic Area) ships (and foreign ships under conditions) in qualifying activities.

The legislation allows non EU/EEA vessels to enter the tonnage tax regime provided the fleet is composed by at least 60% EU/EEA vessels. If this requirement is not met, then non EU/EEA vessels can still qualify if certain criteria are met.

Exemption is also given in relation to the salaries of officers and crew aboard a Cyprus ship.

### Shipowners

The exemption applies to:

- \* profits derived from the use of the ships
- \* interest income relating to the working capital of the company
- \* profits from the disposal of qualifying ships
- \* dividends received from the above profits at all distribution levels
- \* profit from the disposal of shipowning companies

The exemption also applies to the bare charterer of a vessel flying the Cyprus flag under parallel registration.

## **Charterers**

Exemption is given to:

- \* profits derived from the operation of chartered ships
- \* interest income relating to the working capital of the company
- \* dividends received from the above profits at all distribution levels

The law grants the exemption provided that the option to register for Tonnage Tax is exercised for all vessels and provided a composition requirement is met (at least 25%-reduced to 10% under conditions-of the net tonnage of the vessels owned or bare boat chartered in).

## **Shipmanagers**

The tax exemption covers:

- \* Profits from technical/crew management
- \* Dividends paid out of these profits at all levels of distribution
- \* Interest income relating to the working capital of the company

In order to qualify shipmanagers must satisfy the following additional requirements:

- \* Maintain a fully fledged office in Cyprus with personnel sufficient in number and qualification
- \* At least 51% of all onshore personnel must be EU/EEA citizens
- \* At least 2/3 of total tonnage under management must be managed within the EU/EEA (any excess of 1/3 taxed under corporation tax)

The application of the tonnage tax system is compulsory for owners of Cyprus flag ships and optional for owners of non Cyprus flag ships, charterers and shipmanagers. Those who choose to enter the Tonnage Tax regime must remain in the system for at least 10 years.

## **Insurance Companies**

Insurance companies of general and life business are taxable in the same way as all other companies. In the case where there is no tax payable or where the tax payable on the taxable income of the life business is less than 1.5% of the gross amount of the insurance premiums, then the insurance company pays the difference as additional tax.

## **International Collective Investment Schemes (ICISs)**

The sole object of an ICIS is the collective investment of funds of the unitholders.

ICISs can take the following legal forms:

- \* International fixed capital company
- \* International variable capital company
- \* International unit trust scheme and
- \* International investment limited partnership

ICISs are liable to corporation tax similar to all other legal entities depending on the legal status of the ICIS.

# Special Contribution for Defence

Special contribution for defence is imposed on income earned by Cyprus tax residents.

Income	Tax rates	
	Individuals %	Companies %
Dividend income from Cyprus resident companies	15	Nil
Dividend income from non-Cyprus resident companies	15	Nil (Note 1)
Interest income arising from the ordinary activities or closely related to the ordinary activities of the business	Nil	Nil
Interest income arising from government savings bonds and government development bonds	3	10
Other interest	10	10
Rental income (reduced by 25%)	3	3

## Notes

1. This exemption does not apply if:
  - (a) more than 50% of the paying company's activities result directly or indirectly in investment income, **and**
  - (b) the foreign tax is significantly lower than the tax rate payable in Cyprus

When the exemption does not apply, the dividend income is subject to special contribution for defence at the rate of 15%

2. In the case where the total income of an individual (including interest) does not exceed €12,000 in a taxable year, then the rate is reduced to 3%.
3. Interest income earned by a provident fund and by the Social Insurance Fund is subject to special contribution for defence at the rate of 3%.

## Payment Dates

Special contribution for defence on rental income and trading profits is payable on 30 June and 31 December each year.

In the case of interest and dividends received gross, any defence due is payable at the end of the month following the month in which they were received.

However, with effect from June 2011, special contribution for defence on dividends from abroad and interest income from abroad is payable in 6 month intervals on 30 June and 31 December each year.

Foreign taxes paid can be credited against the defence tax liability irrespective of the existence of a double taxation treaty.

#### **Deemed dividend distribution**

A Cyprus resident company, pays defence tax of 15% (3% on deemed dividend distribution of Collective Investment Schemes) on dividends for deemed distribution representing the 70% of accounting profits for the year, after deducting taxation for the year and before deducting losses carried forward from a previous year, taking into account the dividends paid out in a two year period relating to residents of Cyprus.

The deemed distribution provisions do not apply to profits which relate to non-resident shareholders.

In the case of a person not being resident in the Republic receiving dividends from a company which is resident in the Republic, emanating from profits which at any stage were subject to deemed distribution, the special contribution paid as a result of the deemed distribution which is attributable to such person is refundable.

#### **Disposal of assets to shareholder at less than market value**

When a company sells assets to an individual shareholder or a relative up to second degree or spouse thereof for a consideration less than its market value, the difference between the consideration and the market value will be deemed to have been distributed as a dividend to the shareholder. This provision, which will come into effect in June 2011, does not apply for assets originally gifted to the company by the shareholder.

#### **Company dissolution**

The cumulative profits of the last five years prior to the company's dissolution, which have not been distributed or deemed to have been distributed, will be considered as distributed on dissolution and will be subject to special contribution for defence at the rate of 15% (3% for Collective Investment Schemes).

This provision does not apply in the case of dissolution under a Reorganisation.

#### **Reduction of capital**

In the case of a reduction of capital of a company, any amounts paid or due to the shareholders over and above the paid up share capital will be considered as dividends distributed subject to special defence contribution at the rate of 15% after deducting any amounts which have been deemed as distributable profits.

The above provisions do not apply where the shareholders are non residents in Cyprus.

# Capital Gains Tax

Capital Gains Tax is imposed at the rate of 20% on gains from the disposal of immovable property situated in Cyprus including gains from the disposal of shares in companies which own such immovable property excluding shares listed in any recognized stock exchange.

## Exemptions

- \* Transfers arising on death.
- \* Gifts made from parent to child or between husband and wife or between up to third degree relatives.
- \* Gifts to a company where the company's shareholders are members of the donor's family and the shareholders continue to be members of the family for five years after the day of transfer.
- \* Gifts by a family company to its shareholders provided such property was originally acquired by the company by way of donation. The property must be kept by the donee for at least three years.
- \* Gifts to charities and the Government.
- \* Transfers as a result of reorganizations.
- \* Exchange or disposal of immovable property under the Agricultural Land (Consolidation) Laws
- \* Expropriations
- \* Exchange of properties provided that the whole of the gain made on the exchange has been used to acquire the other property.

## Determination of capital gain

The costs that are 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 as adjusted for inflation up to the date of disposal on the basis of the consumer price index in Cyprus.

The following expenses are not considered expenses wholly and exclusively for the production of the profit and are not deductible:

- Immovable Property Tax
- Immovable Property Fees
- Sewerage Council Fees

## Deductions

Individuals can deduct from the capital gain the following:

	€
Disposal of private residence (subject to certain conditions)	85,430
Disposal of agricultural land by a farmer	25,629
Any other disposal	17,086

The above exemptions are only given once and not for every disposal. An individual claiming a combination of the above is only allowed a maximum exemption of €85,430.



## Value Added Tax

VAT is imposed on the provision of goods and services in Cyprus as well as on the acquisition of goods from the European Union and the importation of goods into Cyprus.

With regard to intra-community acquisitions, the trader does not pay VAT on receipt of the goods in Cyprus but instead accounts for VAT using the reverse charge method. This involves a simple accounting entry in the books of the business whereby he self-charges VAT and at the same time claims it back if it relates to taxable supplies thereby creating no cost to the business.

### VAT rates

	Rates
Zero	0%
Reduced	5%
Reduced	8%
Standard	15%

### Zero rate 0%

- \* Exports
- \* Commissions received from abroad for exportation of goods
- \* International air and seas transport
- \* Ship management services

### Reduced rate of 5%

- \* Funeral services and supply of coffins
- \* Road sweeping, garbage collection and recycling
- \* Services of authors, composers, artists and critics of works of art
- \* Supply of fertilizers, insecticides and fungicides
- \* Supply of animal foodstuffs and seeds
- \* Supply of live animals of a kind generally used for human consumption
- \* Newspapers, magazines and books
- \* Non-bottled water
- \* Gas
- \* Food
- \* Medicines

- \* Transfer of persons and their luggage on a rural or city bus
- \* Various goods to be used by handicapped persons
- \* Hairdressing services
- \* Bottled water, ready-made drinks, juices excluding soft drinks, alcoholic drinks, beer and wine
- \* Repair and maintenance of private households after three years of first residence
- \* The letting of camping sites and caravan parks
- \* The supply of vaccines for medical and veterinary (with certain exceptions)
- \* Entry fees to theatres, circus, festivals, luna parks, concerts, museums, zoos, cinemas, exhibitions and similar cultural events and related places
- \* Entry fees at sports events and fees for using athletic centres

### **Reduced rate of 8%**

- \* Rural and private taxi transport services
- \* Tourist, excursion and long distance bus services
- \* All restaurant services and any similar catering services
- \* Accommodation in hotels, tourist lodgements and any other similar lodgements including the provision of holiday lodgements

### **Exemptions**

- \* Rents
- \* Medical Services
- \* Insurance and financial services
- \* Disposal of used immovable property
- \* Educational services
- \* Postal services

### **Registration**

Registration is compulsory in the following cases:

- (a) Turnover in excess of €15,600 during the 12 preceding months  
or
- (b) An expected turnover in excess of €15,600 within the next 30 days.

Business with turnover less than €15,600 and companies which make supplies for which the right to claim the amount of the related input VAT is granted have the option to register if they wish to do so.

An obligation for registration also arises for businesses which make acquisition of goods from other EU Member States in excess of €10,251,61 during any calendar year. In addition as from 1 January 2010 an obligation for VAT registration arises for businesses engaged in the supply of intra-Community services for which the recipient must account for VAT under the reverse charge provisions. Furthermore an obligation for VAT registration arises for businesses carrying out economic activities from the receipt of services from abroad for which an obligation to account for Cyprus VAT under the reverse charge provision exists subject to the registration threshold of €15,600 per any consecutive 12 month period. No registration threshold exists for either intra-Community supply of services.

Exempted products and services and disposals of items of capital nature are not taken into account for determining annual turnover for registration purposes.

## VAT declaration

VAT returns must be submitted quarterly and the payment of the VAT must be made within 40 days from the end of each quarter.

## Administration of intra-community trading

Merchandisers who undertake intra-community trading, i.e. purchases and sales from/to European Union member States need to complete the following forms:

### *Intra-Community Acquisitions*

1. Intrastat-Arrivals
2. Inclusion in the VAT return

### *Intra-Community Supplies*

1. Intrastat-Departures
2. Recapitulative schedule for supplies
3. Inclusion in the VAT return

## When and where are they submitted?

INTRASTAT forms are submitted to the VAT authority no later than the 10th day which follows the end of the month stated on the INTRASTAT form. The VIES form is submitted to the VAT authorities no later than the 15th day which follows the end of the month stated on the VIES form.

## Penalties and interest

Late registration	€85 for every month of delay
Late submission of return	€51 one-off
Late payment of VAT	10% of amount due plus 5% interest
Late de-registration	€85 one-off
Late submission of Intrastat form	€8 for every working day of delay with a maximum of 30 working days
Late submission of Recapitulative schedule for supplies	€51 for every month of delay with a maximum of 3 months

# Immovable Property Tax

Immovable Property Tax is imposed on the market value of the immovable property as at 1 January 1980 and applies to the immovable property owned by the taxpayer on 1 January of each year. This tax is payable on 30 September each year.

Both individuals and legal entities are liable for Immovable Property Tax.

## Tax rates

<i>Property value</i>	<i>Rate</i>	<i>Tax</i>	<i>Accumulated tax</i>
€	‰	€	€
0-170.860	0	0	0
70.861-427.150	2,5	641	641
427.151-854.300	3,5	1.495	2.136
Over 854.300	4		

## Exemptions

Public cemeteries

Churches and other religious buildings

Public hospitals

Schools

Immovable property owned by the Republic

Foreign embassies and consulates

Common use and public places

Property under Turkish occupation

Buildings under a Preservation Order

Buildings of charitable organizations

Agricultural land used in farming or stock breeding by the farmer or stock breeder residing in the area

Property of a missing person under administration



## Trusts

A trust is established by an individual, the Settlor, and is a means whereby property, the Trust Property, is held by one or more persons, the Trustees, for the benefit of another or others, the Beneficiaries, or for specified purposes.

### International trusts

International trusts are governed by the International Trusts Law of Cyprus and enjoy the following advantages:

- \* Income, whether trading or otherwise, of an International Trust (i.e. a Trust whose property is located and income is derived from outside Cyprus) is not taxable in Cyprus
- \* Dividends, interest or other income received by a Trust from a Cyprus International Business Company are neither taxable nor subject to withholding tax
- \* Gains on the disposal of the assets of an International Trust are not subject to capital gains tax in Cyprus
- \* An alien who creates an International Trust in Cyprus and retires in Cyprus is still exempt from tax if all the property is settled and the income earned is abroad, even if he is a beneficiary

## Transfer fees by the Department of Land and Surveys

The fees charged by the Department of Land and Surveys for transfers of immovable property are as follows:

### Tax rates

<i>Value</i> €	<i>Rate</i> %	<i>Fee</i> €	<i>Accumulated fee</i> €
Up to 85.430	3	2.563	2.563
85.431-170.860	5	4.272	6.835
Over 170.860	8		

In the case of property transferred to a family company, transfer fees are refundable after five years if the property remains with the company and the shareholders remain the same.

On the transfer of immovable property from a family company to its shareholders as well as on transfers by donation between spouses, spouses and children or relatives up to third degree of kindred, transfer fees are calculated on the estimated value of property appearing on the title deed at the following rates:

- \* Transfer to a spouse 8%
- \* Transfer to children 4%
- \* Transfer to relative 8%

### Re-organization

In the case of companies' reorganizations, the transfers of immovable property are not subject to transfer fees by the Department of Land and Surveys.

## Social Insurance

### Contributions

	%
Employer	6,8
Employee	6,8
Self employed	12,6

### Upper limit of annual employee income

	€
Weekly employees	52.104
Monthly employees	52.104

### Lower limit of annual self-employed income

	€
Wholesales, estate agents, insurance agents, industrialists and other businessmen	38.655

Persons exercising a profession for over/under  
ten years 38.655/19.111

Builders and other related businesses 23.454

Technicians 18.677

Transport drivers, excavator drivers and other  
related activities 18.677

Farmers, stock breeders, fishermen and other  
related activities 13.030

Hawkers 13.030

Other persons not included in the above categories 19.111

### Other employer's contributions

The employer makes the following other contributions based on the  
employee's emoluments:

	%
Social cohesion fund	2
Redundancy fund	1,2
Industrial training fund	0,5
Holiday fund (if not exempted)	8

## Stamp Duty

The following table gives the amount or rate of duty payable on certain documents.

Receipts	or sums of €3,42- €34,17	€0,03
Receipts	or sums over €34,17	€0,07
Letters of Credit		€1,71
Letters of Guarantee		€3,42
Bills of Exchange (payable within three days on demand or at sight)		€0,85
Contracts	up to €170.860	0,15%
	over €170.860	0,2% (maximum fee €17.086)
	without fixed sum	€34,17
Customs Declaration Documents		€17,09 - €34,17
Bills of Lading		€3,42
Charterparty		€17,09
Powers of Attorney	general	€5,13
	limited	€1,71
Certified copies of contracts and documents		€1,71
Company reorganization documents		Exempted

## Tax treaties withholding tax tables

The following tables give a summary of the withholding taxes provided by the double tax treaties entered into by Cyprus.

	Received in Cyprus		
	Dividends	Interest	Royalties
	%	%	%
Armenia <sup>(27)</sup>	0	0	0
Austria	10	0	0
Belarus	5 <sup>(4)</sup>	5	5
Belgium	10 <sup>(1)</sup>	10 <sup>(16)</sup>	0
Bulgaria	5 <sup>(19)</sup>	7 <sup>(25)</sup>	10 <sup>(20)</sup>
Canada	15	15 <sup>(7)</sup>	10 <sup>(11)</sup>
China	10	10	10
Czech Republic <sup>(29)</sup>	10	10 <sup>(8)</sup>	5 <sup>(14)</sup>
Denmark	10 <sup>(1)</sup>	10 <sup>(9)</sup>	0
Egypt	15	15	10
France	10 <sup>(2)</sup>	10 <sup>(9)</sup>	0 <sup>(26)</sup>
Germany	10 <sup>(1)</sup>	10 <sup>(8)</sup>	0 <sup>(26)</sup>
Greece	25 <sup>(21)</sup>	10	0 <sup>(12)</sup>
Hungary	5 <sup>(1)</sup>	10 <sup>(8)</sup>	0
India	10 <sup>(2)</sup>	10 <sup>(8)</sup>	15 <sup>(15)</sup>
Ireland	0	0	0 <sup>(12)</sup>
Italy	15	10	0
Kuwait	10	10 <sup>(8)</sup>	5 <sup>(14)</sup>
Kyrgyzstan <sup>(27)</sup>	0	0	0
Lebanon	5	5 <sup>(16)</sup>	0
Malta	0 <sup>(22)</sup>	10 <sup>(8)</sup>	10
Mauritius	0	0	0
Moldova	5 <sup>(19)</sup>	5	5
Montenegro <sup>(28)</sup>	10	10	10
Norway	5 <sup>(3)</sup>	0	0
Poland	10	10 <sup>(8)</sup>	5
Qatar <sup>(30)</sup>	0	0	5
Romania	10	10 <sup>(8)</sup>	5 <sup>(14)</sup>
Russia	5 <sup>(6)</sup>	0	0
San Marino	0	0	0
Serbia <sup>(28)</sup>	10	10	10
Seychelles	0	0	5
Singapore	0	10 <sup>(23)</sup>	10
Slovakia <sup>(29)</sup>	10	10 <sup>(8)</sup>	5 <sup>(14)</sup>
Slovenia <sup>(28)</sup>	10	10	10
South Africa	0	0	0
Sweden	5 <sup>(1)</sup>	10 <sup>(8)</sup>	0
Syria	0 <sup>(1)</sup>	10 <sup>(8)</sup>	15 <sup>(13)</sup>
Tajikistan <sup>(27)</sup>	0	0	0
Thailand	10	10 <sup>(17)</sup>	5 <sup>(18)</sup>
Ukraine <sup>(27)</sup>	0	0	0
United Kingdom	0 <sup>(24)</sup>	10	0 <sup>(26)</sup>
United States	15 <sup>(5)</sup>	10 <sup>(10)</sup>	0
Uzbekistan <sup>(27)</sup>	0	0	0

## Paid from Cyprus\*

	Dividends %	Interest %	Royalties %
Non-treaty countries	0	0	0**
Armenia <sup>(27)</sup>	0	0	0
Austria	10	0	0
Belarus	5 <sup>(4)</sup>	5	5
Belgium	10 <sup>(1)</sup>	10 <sup>(16)</sup>	0
Bulgaria	5 <sup>(19)</sup>	7 <sup>(25)</sup>	10 <sup>(20)</sup>
Canada	15	15 <sup>(7)</sup>	10 <sup>(11)</sup>
China	10	10	10
Czech Republic <sup>(29)</sup>	10	10 <sup>(8)</sup>	5 <sup>(14)</sup>
Denmark	10 <sup>(1)</sup>	10 <sup>(9)</sup>	0
Egypt	15	15	10
France	10 <sup>(2)</sup>	10 <sup>(9)</sup>	0 <sup>(26)</sup>
Germany	10 <sup>(1)</sup>	10 <sup>(8)</sup>	0 <sup>(26)</sup>
Greece	25 <sup>(21)</sup>	10	0 <sup>(12)</sup>
Hungary	5 <sup>(1)</sup>	10 <sup>(8)</sup>	0
India	10 <sup>(2)</sup>	10 <sup>(8)</sup>	15 <sup>(15)</sup>
Ireland	0	0	0 <sup>(12)</sup>
Italy	15	10	0
Kuwait	10	10 <sup>(8)</sup>	5 <sup>(14)</sup>
Kyrgyzstan <sup>(27)</sup>	0	0	0
Lebanon	5	5 <sup>(16)</sup>	0
Malta	0 <sup>(22)</sup>	10 <sup>(8)</sup>	10
Mauritius	0	0	0
Moldova	5 <sup>(19)</sup>	5	5
Montenegro <sup>(28)</sup>	10	10	10
Norway	5 <sup>(3)</sup>	0	0
Poland	10	10 <sup>(8)</sup>	5
Qatar <sup>(30)</sup>	0	0	0
Romania	10	10 <sup>(8)</sup>	5 <sup>(14)</sup>
Russia	5 <sup>(6)</sup>	0	0
San Marino	0	0	0
Serbia <sup>(28)</sup>	10	10	10
Seychelles	0	0	5
Singapore	0	10 <sup>(23)</sup>	10
Slovakia <sup>(29)</sup>	10	10 <sup>(8)</sup>	5 <sup>(14)</sup>
Slovenia <sup>(28)</sup>	10	10	10
South Africa	0	0	0
Sweden	5 <sup>(1)</sup>	10 <sup>(8)</sup>	0
Syria	0 <sup>(1)</sup>	10 <sup>(8)</sup>	15 <sup>(13)</sup>
Tajikistan <sup>(27)</sup>	0	0	0
Thailand	10	10 <sup>(17)</sup>	5 <sup>(18)</sup>
Ukraine <sup>(27)</sup>	0	0	0
United Kingdom	0 <sup>(24)</sup>	10	0 <sup>(26)</sup>
United States	15 <sup>(5)</sup>	10 <sup>(10)</sup>	0
Uzbekistan <sup>(27)</sup>	0	0	0

- \* Payments of dividends and interest to non-residents are exempt from withholding tax in Cyprus according to the Cyprus Legislation. Royalties granted for use outside of Cyprus are also free of withholding tax in Cyprus.
- \*\* In the case where royalties are earned on rights used within Cyprus there is a withholding tax of 10% and 5% on film and TV royalties.
  - 1) 15% if receipts are from a company controlling less than 25% of voting rights.
  - 2) 15% if receipts are from a company controlling less than 10% of voting rights.
  - 3) Nil if paid to a company controlling at least 50% of voting rights.
  - 4) This rate applies if the amount invested exceeds €200,000 regardless of the share of voting rights.  
The rate of 10% applies if the dividend paid is to an individual holding at least 25% of the paying share capital. In all other cases the rate of 15% applies.
  - 5) 5% if receipts are from a company controlling at least 10% of voting rights.
  - 6) 10% if receipts are from a company that has invested less than US\$100,000.
  - 7) Nil if paid to the government or as a guarantee of exports.
  - 8) Nil if paid to the government, bank or financial institution.
  - 9) Nil if paid to the government or relating to the sale on credit of any industrial, commercial or scientific equipment or of any individual from one business to another or in any way of a loan given by a bank or if as a guarantee from the government or other public organization.
  - 10) Nil if paid to the government, to the bank or financial institution or relating to debts from the sale of property or the supply of services or relating to obligations of loans secured or guaranteed by the government.
  - 11) Nil applies for any literary, dramatic, musical or artistic work except films produced for TV presentation.
  - 12) 5% on film royalties presented on TV.
  - 13) 10% for literary, artistic, scientific and film royalties.
  - 14) Nil for literary, artistic or scientific royalties including films.
  - 15) 10% for payments of a technical, management or consulting nature.

- 16) Nil if paid to the government, political division or local authority, national bank, or any institution with a capital owned entirely by the government, political divisions or local authorities, or interest from deposits in financial institutions.
- 17) 10% on interest received from financial institutions or paid in relation to industrial, commercial or scientific equipment, or on any sale of goods between the two companies.
- 18) 10% on royalties for the use or information relating to industrial, commercial or scientific equipment. 15% on patents, trademarks, designs or models, plans, secret formulae or processes.
- 19) 10% if received from a company holding less than 25% of capital.
- 20) The rate does not apply where 25% or more of the share capital of a Cypriot company, is owned directly or not by a resident of Bulgaria who pays for the rights and the Cypriot company pays tax at a lower rate.
- 21) The treaty provides for a rate of 25% but local legislation provides for a withholding tax rate of 0%.
- 22) The treaty provides that tax on the gross amount of dividends, will not exceed the tax suffered by the profits from which the dividends derived.
- 23) 7% if paid to a bank or a similar financial institution. 0% if paid to the government.
- 24) The treaty provides for a 15% withholding tax but the local legislation provides for a rate of 0%.
- 25) Nil if paid to, or is guaranteed by the government, other public organization or the central bank.
- 26) 5% for film rights, including films shown on TV.
- 27) The treaty between Cyprus and the USSR still applies.
- 28) The treaty between Cyprus and Yugoslavia still applies.
- 29) The treaty between Cyprus and Czechoslovakia still applies.
- 30) Not yet in force.

Date	Explanation
End of following month	<p>Payment of tax deducted from employees' salary (PAYE)</p> <p>Payment of contribution for defence from dividends and interest paid during the previous month</p>
31 January	Submission of the deemed dividend distribution declaration for the year 2008
30 April	<p>Submission of the previous year's personal returns of individuals whose gross income arises exclusively from salaried services and is more than €19,500</p> <p>Payment of premium tax for life insurance companies first installment for the year</p> <p>Submission by employers of the "employers return of employees" form of the previous year (Form I.R.7)</p>
30 June	<p>Submission of previous year's personal returns of individuals not preparing audited financial statements whose gross income exceeds €19,500</p> <p>Payment of previous year's final tax under the self-assessment method by individuals not preparing audited accounts</p> <p>Payment of special contribution for defence for the first six months of the year</p>

Date	Explanation
1 August	<p>Submission of provisional tax declaration and payment of first installment of provisional tax for the year</p> <p>Payment of previous year's final tax under the self-assessment method by individuals and companies preparing audited accounts</p>
31 August	<p>Payment of premium tax for life insurance companies-second installment for the year</p>
30 September	<p>Payment of provisional tax-second installment for the year</p> <p>Payment of immovable property tax for the year</p>
31 December	<p>Submission of previous year's audited financial statements and tax returns</p> <p>Payment of provisional tax-third and last installment for the year</p> <p>Payment of second installment of special contribution for defence for the last six months of the year</p> <p>Payment of premium tax for life insurance companies-third and last installment for the year</p>

### Penalties and Interest

If the deadlines noted above are not met, an annual interest as well as a penalty is chargeable depending on the circumstances. For the year 2011 the annual interest is 5% (5.35% for the year 2010, 8% for the years 2007-2009 and 9% before 31 December 2006).

## Our Offices in Cyprus

### Nicosia

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Costas Afxentiou	Chief Executive Officer
Vassos Theophylactou	Member of the Board of Directors
Polyvios Polyviou	Member of the Board of Directors
Marios Hadjihannas	Member of the Board of Directors
Stelios Prodromitis	Member of the Board of Directors
Yiannis Soteriou	Member of the Board of Directors

Chairman (Non-Executive): A C Afxentiou (Former Central Bank Governor and Minister of Finance)

Tax Consultant: A G Gregoriou (ex Director of Department of Inland Revenue)

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### Limassol

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Stelios Christou	Director of Operations
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### Larnaca

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Nicos Plastiras	Associate
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Chartered Accountants