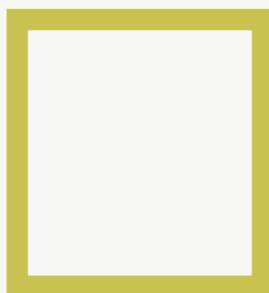


Non
domiciled
individuals



Cyprus non-domiciled regime and exemption of first employment income

These new rules were introduced to further entice corporate executives and high net worth individuals to take up residency in Cyprus.

Non-domiciled regime

Tax benefits

These new rules provide an exemption from special contribution for defence tax for persons who are not considered to be domiciled in Cyprus even if they are considered to be tax residents of Cyprus.

This exemption covers dividend income (normally taxed at 17%), interest income (normally taxed at 30%) and rental income (normally taxed at 3%).

Rental income as well as other forms of income (salary, director fees etc) will still be subject to income tax at the applicable rates for Cyprus tax resident non-domiciled individuals.

Domiciliation

An individual can be considered as domiciled in Cyprus by way of domicile of origin (acquired at birth) or domicile of choice (as a result of subsequent actions).

Individuals that have been Cyprus tax resident for 17 out of the last 20 years are considered to be domiciled in Cyprus. Cyprus tax residency for individuals is determined by the number of days each person spends in Cyprus in each calendar year (at least 183 days).

Individuals who have a domicile of origin in Cyprus may still be considered not to be domiciled in Cyprus where they have not been Cyprus tax resident for at least 20 years before becoming tax resident in Cyprus.

Exemption of first employment income

Tax benefits

- Individuals taking up tax residence and employment in Cyprus are entitled to an exemption from taxation of 20% on their annual

income from employment in Cyprus. This exemption is limited to €8,550 per annum and is available until the year 2020.

- For individuals earning income from employment exceeding €100,000 per annum, a 50% tax exemption is available for 10 years. This plan is available to individuals who were not Cyprus tax residents for three out of the last five years prior to the commencement of their employment including the year immediately preceding their employment.
- Only one of these exemptions can be claimed by a particular taxpayer.

These new rules, together with the already existing exemption from taxation of the gains on the sale of securities (such as shares and bonds), create an attractive tax environment for non-domiciled individuals residing in Cyprus.

ABOUT US

Joannides + Co. Ltd is a leading firm of accountants and management consultants established in Cyprus for 40 years providing audit and assurance, taxation, business support services and management consulting to international companies and private clients.

The firm has offices in Nicosia, Limassol and Larnaca and is a member of AGN International Ltd, a worldwide association of independent accounting and consulting firms operating in 80 countries.

Joannides + Co. Ltd is an approved training centre of the professional accounting institutes ICAEW and ACCA. The firm's stated objective is to add significant value to its clients' business performance.

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