



## CYPRUS NON-DOM REGIME

In an effort to encourage high net worth individuals to apply for Cyprus tax residency, the government simplified the Cyprus Tax System by eliminating taxation on passive income and by applying a deduction of 50% on Income Tax for non-Doms high earners taking up employment in Cyprus.

Cyprus Tax residence may be obtained by either spending 183 days in Cyprus or by spending only 60 days annually provided the applicant follows within the 60-day rule scheme (please refer to our separate brochure).

Individuals tax residents are taxed on worldwide income, however there is unilateral tax credit available for taxes paid abroad.

### WHO IS A NON DOM

- A person who is not a Cypriot at birth and was not a Cyprus tax resident for a period of at least 20 consecutive years prior to the tax year of application; or
- A person who is a Cypriot at birth and was not a Cyprus tax resident for a period of at least 20 consecutive years prior to the tax year of application;

### (A) TAX EXEMPTION ON PASSIVE INCOME

The regime provides Tax exception on Special Defence Contribution Tax (SDC) under which passive income is taxed (derived from dividends, interest, royalties and rent) to individuals who are Cypriot tax residents but are not domiciled in Cyprus.

#### PERIOD OF EXEMPTION 20 years

### ADVANTAGES FOR THE 'NON-DOM' INDIVIDUALS

**Dividends:** A non-dom earning **dividend income**, from foreign as well as local investments will not be subject to SDC in the amount of 17%. In addition, dividend income is unconditionally exempt from Income Tax.

**Interest:** A non-dom earning interest income, from foreign as well as local sources, will not be subject to either in the amount of 30% as of 16 July 2015. In addition, interest income is also exempt from Income Tax.

**Rental income:** A non-dom earning rental income, from properties in Cyprus or abroad, will not be subject to SDC in as of 16 July 2015. 80% of the rental income declared is subject to Income Tax at the normal rates (i.e there is a 20% allowance).



## EFFECT

A non-Dom Cyprus tax resident will not be subject to SDC in Cyprus on any interest, rents or dividends (whether actual or deemed) regardless of whether such income is derived from sources in Cyprus and regardless of whether such income is remitted to a Cyprus bank account.

## (B) PERSONAL INCOME EXEMPTION

High earning individuals moving to Cyprus for employment will qualify for 50% deduction on their income tax in accordance with the provisions below:

### MINIMUM SALARY QUALIFICATION

Non dom employees, as defined above, moving to Cyprus whose income from employment exceeds €100.000 per annum.

### PERIOD OF EXCEPTION

The first ten years of Tax residency in Cyprus

## TAX RATES APPLYING TO INDIVIDUALS:

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CHARGEABLE INCOME €	NORMAL TAX RATE %	TAX €	ACCUMULATED TAX €	50% DEDUCTION €
0-19.500	0	Nil	Nil	Nil
19.501 - 28.000	20	1.700	1.700	850
28.001 - 36.300	25	2.075	3.775	1037.5
36.300 - 60.000	30	7.110	10.885	3555
60.001 and above (example on 100.000)	35	(1333.33)	-	(6666.67)

1 Accumulated Tax on a €100.000 net income is €12109