



## 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 deducting 50% on the Income Tax for non-doms and for high earning individuals taking up employment in Cyprus.

### (A) TAX EXEMPTION ON PASSIVE INCOME

The regime provides Tax exception on passive income (derived from dividends, interest and rental) to individuals who are Cypriot tax residents but are not domiciled in Cyprus.

#### WHO CAN BENEFIT

A non-dom individual who has obtained and maintained a domicile of choice outside Cyprus, provided that this person was not a Cyprus tax resident for any period of at least 20 consecutive years preceding the tax year in question.

#### PERIOD OF EXEMPTION

20 years

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

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 SDC 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 the amount of 3% as of 16 July 2015. Rental income will only be subject to Income Tax at the normal rates (following a 20% allowance).

### (B) PERSONAL INCOME EXCEPTIONS

While normally all Cyprus tax residents are taxed on all income other than passive income accrued or derived from all sources in Cyprus and abroad, high earning individuals moving to Cyprus for employment will qualify for 50% deduction on their income tax in accordance with the provisions below:

#### WHO CAN BENEFIT

High earning individuals (both Cypriot and non-Cypriot citizens) 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 APPLY 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)

<sup>1</sup> Accumulated Tax on a €100.000 net income is €12109