



BECOMING A CYPRUS TAX RESIDENT: THE 60-DAY TAX RESIDENCY RULE

I. INTRODUCTION

A new amendment to the current Income Tax Law of the Republic of Cyprus has been voted by the Parliament on 21st July 2017.

The amendment relates in determining Cyprus tax residency for individuals by adding a second test to the existing 183-day tax residency rule, known as the 60-day rule.

Based on the second test, a foreign national is able to gain Cyprus tax residency status provided that he/she remains in the Republic of Cyprus for at least 60 days of the assessment tax year.

The application of the rule is retroactive as from 1st January 2017.

II. CRITERIA

All the following criteria must be met by the applicant:

- Reside in Cyprus for at least 60 days cumulatively during the tax year; and
- Has a permanent residence in the Republic of Cyprus, owned or rented by the individual in question; and
- Is an officer of a tax resident of the Republic of Cyprus and/or conducts business in the Republic of Cyprus and/or is employed in the Republic of Cyprus; and
- Not reside in any other country for a period exceeding 183 days in total; and
- Not be a tax resident in any other country.

III. BENEFITS

The core goal of this amendment in the law is to enable individuals who are not tax resident in another country and who have a base and/or carry activities in the Republic of Cyprus to be treated as resident in Cyprus and furthermore to be eligible for the benefits of the Cyprus tax regime.

These benefits include amongst other exemption from special defence contribution on any form of taxation on investment income such as rents, interest and dividends for non- doms.

IV. TAX RESIDENCY CERTIFICATE

In order to obtain a Cyprus Tax Residency Certificate, the following documents must be submitted by the applicant: -

- Copies of passports with entry/ exit stamps, boarding passes, tickets etc to prove 60-day residence.
- Title of Property/ Rental Agreement as applicable;
- Employment/ Officer Contract.

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