



Cyprus Tax News

Deemed distribution for 2014

We would like to remind you of the deemed distribution provisions of the Special Contribution for the Defence (“SDC”) Law. These provisions apply in cases where a Cypriot company with Cypriot tax resident shareholders has not distributed at least 70% of the accounting profits earned for a specific year. **These provisions do not apply to the proportion of profits attributable directly or indirectly to non-Cypriot tax resident shareholders.**

Issue 15/2014
5 December 2014

Contacts:

Nicosia offices
infonicosia@deloitte.com
tel: +357 22 360300

Limassol offices
infolimassol@deloitte.com
tel: +357 25 868686

Larnaca offices
infolarnaca@deloitte.com
tel: +357 24 819494

The deemed distribution provisions apply where a Cypriot company has not distributed at least 70% of its profits (as adjusted for deemed distribution purposes) to its immediate shareholder(s) within two years from the end of the tax year of which such profits relate to. To this respect for accounting profits earned in tax year 2012, a company will be subject to deemed distribution as at 31 December 2014.

As a result, companies within the scope of these provisions must declare a dividend on or before **31 December 2014** and pay the relevant SDC, by **31 January 2015** (if dividends are paid in December 2014). Alternatively, where a company chooses not to pay a dividend, then the SDC on deemed distribution is payable by **31 January 2015**. The SDC rate applicable to profits subject to deemed distribution as well as to profits distributed during 2014 is **17%**. In either case, the relevant forms issued by the Tax Department need to be completed and submitted according to the Assessment and Collection of Taxes Law in order to avoid penalties and interest.

We are at your disposal to assist you with the relevant calculations as well as with the preparation and submission of the relevant tax forms.



Deloitte refers to one or more Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries with a globally connected network of member firms in more than 150 countries. Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

Deloitte Limited is the Cyprus member firm DTTL. Deloitte Cyprus is among the nation's leading professional services firms, with more than 500 professionals, operating out of offices in all major cities. For more information, please visit the Cyprus firm's website at www.deloitte.com/cy.

Deloitte Limited is a private company, registered in Cyprus (Reg. No. 162812). Offices: Nicosia, Limassol, Larnaca.

This communications contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2014 Deloitte Limited