



Cyprus Tax News

Deemed Distribution for 2016

We would like to remind you of the deemed distribution provisions of the Special Contribution for the Defence ("SDC") Law. These provisions apply to the profits of Cypriot tax resident companies attributable to Cypriot tax resident domiciled shareholders. These provisions do not apply to the proportion of profits attributable directly or indirectly to non-Cypriot tax resident shareholders or to Cypriot tax resident shareholders that are not Cypriot-domiciled.

More specifically, the deemed distribution provisions apply where a Cypriot company has not distributed at least 70% of its accounting 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.

As a result, companies within the scope of these provisions must calculate their 2014 profits that are subject to deemed distribution as at 31 December 2016 and where applicable pay the corresponding SDC by **31 January 2017**. The SDC rate applicable to profits subject to deemed distribution is 17%.

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.



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