

Cyprus Tax News

Tax changes effective from 1 January 2014



7 January 2014

We would like to remind you of the following tax changes effective from 1 January 2014 and to prompt you, where necessary, to make the appropriate changes in your payroll systems for PAYE purposes.

Special Contribution on Salaries and Pensions

The relevant bands on which the special contribution rates apply are revised as follows:

Special Contribution 2012 - 2013		Special Contribution 2014 - 2016	
Monthly Salary or Pension	% of Special Contribution	Monthly Salary or Pension	% of Special Contribution
€0 - €2.500	0%	€0 - €1.500	0%
€2.501 - €3.500	2,5%	€1.501 - €2.500	2,5%
€3.501 - €4.500	3,0%	€2.501 - €3.500	3,0%
€4.501 and above	3,5%	€3.501 and above	3,5%

Contribution to the Social Insurance Fund

The contribution made by both employees and employers to the Social Insurance Fund increases by 1%. Specifically as from 1 January 2014, employees and employers will contribute **7.8%** each.

In addition, the percentage of contribution also increases for the self-employed who will contribute a total of **14.6%** (previously 12.6%).

Special Contribution for Defence on Dividends

With effect from 1 January 2014 the Special Contribution for Defence on dividends paid to Cyprus tax resident individuals has been reduced from 20% to 17%.

We are at your disposal to assist and advise you with regards to the practical application of the above.

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