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Cyprus
Tax Facts
2013



Tax Services

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I would like to welcome you to Deloitte's annual Cyprus tax facts.

Cyprus tax facts has proven to be a useful tool for all businesses and individuals wishing to have up to date information on the tax environment in Cyprus.

The provision of taxation services is one of our core service lines with special emphasis on Business Tax, Personal Tax, Indirect Tax (including VAT), Global Employer Services (including solutions for High Net Wealth Individuals) and Cross-border Tax.

Christis M. Christoforou - CEO

The tax information contained in this booklet is accurate as at the date of its publication (February 2013). The information in the booklet is designed to increase the reader's general awareness of the Cyprus Tax System. For explanations and clarifications or professional advice please contact your Deloitte advisors.

Deloitte is one of the largest providers of audit, tax, consulting and financial advisory services in Cyprus.

Our wide range of professional services includes:

- audit of financial statements in accordance with International, UK or US audit standards
- tax services to both Cyprus and foreign companies
- consulting services including financial and management consulting, information technology (IT), EU advisory services and human resource consulting
- investment & wealth advisory services
- e-business services
- corporate finance services as well as advice and assistance to private companies considering to go public
- accounting services
- formation of companies with lawyers and special services to international business companies

Our International Firm

Deloitte Touche Tohmatsu Limited (DTTL) is one of the largest private professional services organisations in the world.

More than 200.000 people in over 150 countries serve more than 80% of the world's largest companies, as well as large national enterprises, public institutions, locally important clients, and successful, fast-growing global growth companies.

INCOME TAX

Individuals

Imposition of tax

Where an individual is a resident in the Republic, tax is imposed on income accruing or arising from sources both within and outside the Republic.

Where an individual is not a resident in the Republic, tax is imposed on income accruing or arising only from sources within the Republic.

Resident in the Republic is an individual who is present in the Republic for a period exceeding 183 days in a tax year.

For the purpose of calculating the days of residence in the Republic:

- the day of departure from the Republic is considered to be a day out of the Republic
- the day of arrival into the Republic is considered to be a day in the Republic
- the arrival into the Republic and departure from the Republic on the same day is considered to be a day in the Republic and
- the departure from the Republic and return to the Republic on the same day is considered to be a day out of the Republic.

Tax rates

Taxable Income €	Tax Rate %	Tax €	Cumulative Tax €
0 - 19.500	0	0	0
19.501 - 28.000	20	1.700	1.700
28.001 - 36.300	25	2.075	3.775
36.301 - 60.000	30	7.110	10.885
60.001 and over	35		

Exemptions

The following are exempt from income tax:

Widows pension granted under the Social Insurance Laws or in accordance with any pension scheme approved under regulations	The whole amount
Lump sum received as retiring gratuity, commutation of pension, death gratuity or as consolidated compensation for death or injury	The whole amount
Lump sum repayment from life insurance schemes or from approved provident funds	The whole amount
Interest income Interest income arising in the ordinary course of business, including interest closely connected with the carrying on of the business, is not considered as interest but trading profit and is not exempt	The whole amount
Dividend income	The whole amount
Remuneration from any office or employment exercised in the Republic by an individual who was resident outside the Republic before the commencement of the employment The exemption applies for a period of three years from 1st January following the year of commencement of the employment	20% of the remuneration or €8.550 (whichever is the lower)
Remuneration from any office or employment exercised in the Republic by an individual who was resident outside the Republic before the commencement of his employment in the Republic The exemption applies for a period of 5 years starting from the first year of employment provided that the above income of the employee exceeds €100.000 per annum	50% of the remuneration

Gains from disposal of securities including units in an open-ended or closed-ended collective investment scheme	The whole amount
Remuneration from the rendering outside the Republic of salaried services to a non-resident employer or to a permanent establishment outside the Republic of a resident employer for a total aggregate period in the year of assessment of more than 90 days	The whole amount
Profits from a permanent establishment maintained outside the Republic (subject to certain conditions)	The whole amount
Rent of preserved building (subject to certain conditions)	The whole amount

Deductions

The following are deducted from income:

Interest relating to the acquisition of fixed assets used in the business	The whole amount
Expenses for letting of buildings	20% of the rental income
Interest in respect of the acquisition of a building for rental purposes	The whole amount
Subscriptions to trade unions or professional bodies	The whole amount
Expenditure for the maintenance of buildings under preservation order (subject to certain conditions)	Up to €700, €1.100 or €1.200 per sq. m. (depending on the size of the building)
Donations to approved charitable organisation (with receipts)	The whole amount
Profits from the exploitation and/or disposal of intellectual property rights (for details see page 14)	80%

Non-deductible expenses

The following expenses are not tax deductible:

Business entertainment expenses including hospitality expenses of any kind which are incurred for the purpose of the business	amount in excess of 1 % of the gross income or €17.086 (whichever is the lower)
Private motor vehicle expenses	The whole amount
Professional tax	The whole amount
Immovable property tax	The whole amount
Interest payable or deemed to be payable in relation to the acquisition of a private motor vehicle, irrespective of whether it is used in the business or not, or other asset not used in the business. This restriction is lifted after 7 years from the date of purchase of the relevant asset	The whole amount
<p>Interest payable will be deductible in cases where shares are acquired directly or indirectly in a wholly owned subsidiary provided that this subsidiary does not own any assets which are not used in the business. If this subsidiary does own assets that are not used in the business, the interest payable that corresponds to the percentage of assets not used in the business with not be deductible. This applies to shares acquired from 1 January 2012.</p>	
Expenditure which is not supported by invoices and relevant receipts or other supporting documentation as required by the relevant Regulations	The whole amount
Wages and salaries relating to services offered within the tax year on which contributions to the Social Insurance Fund, Redundancy Fund, Human Resource Development Fund, Social Cohesion Fund,	The whole amount

Pension Fund and Provident Fund have not been paid in the year in which they were due, will not be tax deductible for the calculation of taxable income

In case the above contributions (including any penalties and interest) are paid in full within 2 years following the due date, such wages and salaries will be tax deductible in the tax year in which they are paid

Loans or financial facilities provided to company directors or individual shareholders

Any amount received as a loan or financial assistance by a company's director, or by a company's individual shareholder, or by his/her spouse, or by any relative up to a second degree is considered a monthly benefit equal to 9% p.a. calculated on the above amount. Such benefit, will be included in the individual's income subject to Income Tax.

The amount of tax on the monthly benefit should be withheld from the individual's monthly salary and paid to the Inland Revenue on a monthly basis under the PAYE system.

Capital Allowances

Capital allowances available for companies (pages 15 and 16) are also available to individuals who prepare accounts.

Losses

Carry forward of losses

Individuals who have an obligation to prepare audited financial statements (ie with turnover in excess of €70.000) will be able to carry forward tax losses incurred over the next five years from the end of the tax year in which they were incurred, to be offset against taxable income.

Where a person, including a partnership, converts his business into a limited liability company, any unrelieved losses can be transferred to the new company.

Loss of a permanent establishment outside the Republic

Losses arising from a permanent establishment maintained outside the Republic can be offset against profits from any other sources in the same year. However, when a profit arises from such a permanent establishment, an amount equal to the losses

that have been utilised in the past against profits taxable in the Republic, will be included in the taxable income.

Personal Allowances

The following are deductible from income:

Social insurance contributions, contributions to approved provident and pension funds, the General Health Plan, contributions to medical or other approved funds as well as insurance premiums in respect of the life of the claimant	The whole amount up to 1/6 of the taxable income before this allowance
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- the annual life insurance premium is restricted to 7% of the insured amount
- life insurance policies, in respect to the life of the claimant's spouse, which were in existence up to the 31 December 2002 and for which the claimant was receiving a tax allowance, will continue to be deductible by the claimant
- in the event of cancellation of a life insurance contract within 6 years from the date it was entered into, part of the life insurance premiums already given as an allowance will be taxable as follows:

- cancellation within 3 years	30%
- cancellation between 4 to 6 years	20%

Tax credit for foreign tax paid

Any tax suffered abroad on income subject to income tax will be credited against any income tax payable on such income irrespective of the existence of a double tax treaty.

Companies

Where a company is resident in the Republic, tax is imposed on income accruing or arising both from sources in and outside the Republic.

Where a company is not a resident in the Republic, tax is imposed on income accruing or arising only from sources in the Republic.

Resident in the Republic is a company that is managed and controlled in the Republic.

Tax rate

Corporate income tax	10%
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Exemptions

Interest income	The whole amount
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Interest income arising in the ordinary course of business including interest closely connected with the carrying on of the business, and interest earned by open-ended or closed-ended collective investment schemes, is not considered interest but trading profit and is not exempt

Dividend income	The whole amount
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Gains from the disposal of securities including the redemption of units or other ownership interests in an open-ended or closed-ended collective investment scheme	The whole amount
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Profits from a permanent establishment maintained outside the Republic (subject to certain conditions)	The whole amount
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Rent of preserved building (subject to certain conditions)	The whole amount
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Deductions

Deductible from income are all expenses incurred wholly and exclusively for the production of income including:

Interest incurred for the acquisition of a fixed asset used in the business	The whole amount
Expenditure for the maintenance of buildings under preservation order (subject to certain conditions)	up to €700, €1.100 or €1.200 per sq. m. (depending on the size of the building)
Donations to approved charities (with receipts)	The whole amount
Profits from the exploitation and/or disposal of intellectual property rights (for details see page 14)	80%

Non-deductible expenses

The following are not deductible from income:

Business entertainment expenses including hospitality expenses of any kind which are incurred for the business	amounts in excess of 1% of the gross income or €17.086 (whichever is the lower)
Private motor vehicle expenses	The whole amount
Professional tax	The whole amount
Immovable property tax	The whole amount
Interest payable or deemed to be payable in relation to the acquisition of a private motor vehicle, irrespective of whether it is used in the business or not, or other asset not used in the business. This restriction is lifted after 7 years from the date of purchase of the relevant asset	The whole amount

Interest payable will be deductible in cases where shares are acquired directly or indirectly in a wholly owned subsidiary provided that this subsidiary does not own any assets which are not used in the business. If this subsidiary does own assets that are not used in the business, the interest payable that corresponds to the percentage of assets not used in the business will not be deductible. This applies to shares acquired from 1 January 2012.

Expenditure which is not supported by invoices and relevant receipts or other supporting documentation as required by the relevant Regulations	The whole amount
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Wages and salaries relating to services offered within the tax year on which contributions to the Social Insurance Fund, Redundancy Fund, Human Resource Development Fund, Social Cohesion Fund, Pension Fund and Provident Fund have not been paid in the year in which they were due will not be tax deductible for the calculation of taxable income	The whole amount
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In case the above contributions (including any penalties and interest) are paid in full within two years following the due date, such wages and salaries will be tax deductible in the tax year in which they are paid.

Losses

Carry forward of losses

Companies will be able to carry forward tax losses incurred over the next five years from the end of the tax year in which they were incurred, to be offset against taxable income.

Group relief

Losses for the current year only, can be surrendered by one group company to another group company. Group relief will be given, provided that both companies are members of the same group for the whole of the tax year.

From 1 January 2012, where a company has been incorporated by its parent company during the tax year, this company will be deemed to be a member of this group for group relief purposes for that tax year.

Two companies are considered to be part of a group for group relief purposes if:

- one is a 75% subsidiary of the other, or
- both are 75% subsidiaries of a third company.

Loss of a permanent establishment outside the Republic

Losses arising from a permanent establishment outside the Republic can be offset against profits arising in the Republic. However, when a profit arises from such a permanent establishment, an amount equal to the losses that have been utilised in the past against profits arising in the Republic will be included in the taxable income.

Insurance companies

- losses of the life business can be offset against profits of the general business
- losses of the life business can be offset against profits from other sources

Tax credit for foreign tax paid

Any tax suffered abroad on income subject to income tax will be credited against any income tax payable on such income irrespective of the existence of a double tax treaty.

Insurance companies

Insurance companies of general and life business are taxable in the same way as all other companies. In the case where there is no tax payable or where the tax payable on the taxable income of the life business is less than 1.5% of the gross amount of the insurance premiums then the insurance company pays the difference as additional tax.

Pension income from services rendered abroad

The pension income of any individual resident in the Republic, which arises from services rendered abroad, is taxed at a rate of 5% for amounts exceeding €3.420 per annum.

The taxpayer has the right to choose to be taxed either under the special mode of taxation as stated above or at normal rates. If the latter is chosen the pension is added to the individual's other income.

Intellectual property rights etc

The gross income arising from intellectual property rights, other exploitation rights, compensations or other similar income arising from sources within the Republic, of a person who is not resident in the Republic, is subject to withholding tax at a rate of 10%.

Royalties received by a connected company registered in a European Union Member State are exempt from tax (subject to conditions).

Rights granted for use outside the Republic are not subject to any withholding tax.

Film royalties etc

The gross income derived by a non-resident person in respect of royalties arising from film projection in the Republic is subject to withholding tax at a rate of 5%. Royalties received by a connected company registered in a European Union Member State are exempt from tax (subject to conditions).

Profits of professionals, entertainers etc

The gross income derived by an individual not resident in the Republic from the exercise in the Republic of any profession or vocation, the remuneration of public entertainers not resident in the Republic, and the gross receipts of any theatrical or musical or other group of public entertainers, including football clubs and other athletic missions from abroad, derived from performances in the Republic is subject to a 10% withholding tax.

Interest and additional penalty of 5% for late payment of tax withheld

Tax withheld on payments to non Cypriot residents should be paid to the Inland Revenue department by the end of the following month.

In case where the tax is not paid within the deadline, an additional penalty of 5% will be imposed on the tax withheld in addition to any interest that may be imposed.

Intellectual property rights

Expenditure incurred for the development or acquisition of intangible assets as defined in the Patent Rights Law, the Intellectual Property Law and the Trademarks Law is tax deductible.

The annual capital allowance deduction on such intangible assets is equal to 20% of the acquisition cost. The capital allowance is tax deductible over 5 years including the year of acquisition.

An 80% deemed deduction applies to the net profit from the exploitation or disposal of such intangible assets (including the compensation from irregular use of these intangible assets).

The net profit is calculated after deducting from the income or profit that is generated from the exploitation or disposal of such intangible assets, all direct expenses associated with the production of this income or profit.

Capital Allowances

Allowances for the annual wear and tear

Plant and machinery

Fork lifts, excavators, loading vehicles, bulldozers and oil barrels 25%

Motor vehicles of all types except for private saloon cars 20%

Personal computers (hardware) and operating software 20%

Application software
up to €1.709 100%
above €1.709 33 1/3%

Plant and machinery used in agriculture 15%

Water drillings, industrial carpets, video recorders, televisions 10%

Any other plant and machinery 10%

Plant and Machinery (acquired during tax year 2012-2014) 20%
unless the rate on such capital allowances is higher

Furniture and fittings 10%

Buildings

Metallic frame of greenhouses 10%

Wooden frame of greenhouses 33 1/3%

Industrial, agricultural and hotel buildings 4%

Industrial and Hotel building (acquired during tax years 2012-2014) 7%

Commercial 3%

Ships

Steamships, tug-boats and ships used in the fishing industry 6%

Sailings vessels 4 1/2%

Ship launching machinery 12 1/2%

Used ships in accordance with special agreement

New commercial ships	8%
New passenger ships	6%
Used commercial and passenger ships and capital additions	remaining useful economic life in accordance with the class certificate

Tools

All tools in general	33 1/3 %
Videotapes used by video clubs	50%

Allowances for specialized fixed assets

<i>Armored Cars</i> (used by businesses which provide security services)	20%
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<i>Motor Yachts</i>	6%
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<i>Wind Generators</i> (the cost should include the cost of installation reduced by any amount of subsidy received)	10 %
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<i>Photovoltaic Systems</i> (the cost should include the cost of installation reduced by any amount of subsidy received)	10%
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<i>New Airplanes</i>	8%
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<i>New Helicopters</i>	8%
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<i>Specialized machineries for rail roading</i> (e.g. Locomotive engines, Ballast wagon, container wagon and container sleeper wagon)	20%
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SPECIAL CONTRIBUTION FOR DEFENCE

Rates

All residents of the Republic are subject to special defence contribution on the sources of income indicated below. Non residents are not subject to special defence contribution.

Dividends	20%
Interest income	15%
Interest received by an individual from Government Savings Certificates	3%
Interest received by an individual from Government Bonds	3%
Interest earned by an approved provident fund	3%
Interest earned by the Social Insurance Fund	3%
Rental income less 25%	3%

Dividends

Exemptions:

- dividends received by a company resident in the Republic from another company resident in the Republic, excluding dividends paid indirectly after 4 years from the end of the year in which the profits which were distributed as dividends arose.
- dividends received directly or indirectly from dividends on which defence contribution has already been paid.
- dividends received by a company resident in the Republic or a company not resident in the Republic which maintains a permanent establishment in the Republic from a company which is not resident in the Republic.
- This exemption does not apply if the non-resident company paying the dividend engages directly or indirectly more than 50% in activities leading to investment income; and the foreign tax burden on the income of the dividend paying company is substantially lower than the tax burden of the Cyprus tax resident company or the non-resident company which has a permanent establishment in the Republic.

Interest income

Interest that is received as a result of carrying on a business activity, including interest closely connected to the ordinary activities of the business, and interest earned by open-ended or closed-ended collective investment schemes, is not considered interest for defence contribution purposes.

A person whose total annual income, including interest, does not exceed €12.000 who receives interest which has been subject to defence contribution at 15%, has the right to a refund of the amount of defence contribution suffered in excess of 3%.

Deemed distribution

A company resident in the Republic is deemed to have distributed 70% of its profits after taxation* in the form of dividends at the end of the two years from the end of the tax year in which the profits relate and must account for 20% defence contribution thereon.

In calculating the profits earned in tax years 2012, 2013 and 2014 which are subject to deemed distribution, a deduction will be given for the acquisition cost of plant and machinery (excluding private saloon cars) that were acquired during the tax years 2012, 2013 and 2014.

* «Taxation»

The term «taxation» includes in addition to the corporate tax:

- the Special Defence Contribution
- the Capital Gains tax and
- any tax paid abroad that has not been credited against income tax and/or special defence tax payable for the relevant year

A person who is a tax resident of Cyprus, who is deemed to receive dividends from a collective investment scheme, whose formation and operation is regulated by the Open-ended Collective Investments in Transferable Securities and Related Matters Law or any other law which regulates the formation and operation in the Republic of other collective investment schemes, is subject to defence contribution of 3% of the deemed dividend.

The amount of deemed dividend is reduced by the amount of actual dividend distributed during the two preceding years and during the tax year to which the profits relate.

In cases where an actual dividend is paid after the two

year period, any deemed distribution reduces the actual dividend on which the defence contribution is withheld.

For the purpose of calculating the amount of the deemed distribution, «profits» mean the accounting profits arrived at using generally acceptable accounting principles, but after the deduction of any transfers to reserves as specified by any law. Any offset of group losses as well as any amounts, including any additional depreciation, which emanate or are the result of revaluation of movable and immovable property are ignored.

The deemed distribution provisions do not apply to profits which relate directly or indirectly to non-resident shareholders.

In the case of a person not resident in the Republic receiving dividends from a company which is resident in the Republic, emanating from profits which at any stage were subject to deemed distribution, the defence contribution paid as a result of the deemed distribution which is attributable to such person is refundable.

In the case where a company disposes an asset to its shareholder (individual) or to his or her relative of up to second degree or his or her spouse, without consideration or for consideration which is below the market value of the asset disposed, it is deemed that the company has distributed dividends to its shareholder, equal to the difference between the market value of the asset and the amount of the consideration.

The above will not apply in case the asset was received by the company by way of a gift from its shareholder (individual) or from his or her relative of up to second degree or from his or her spouse.

Company dissolution

The aggregate amount of profits in the five years prior to the company dissolution, which have not been distributed or be deemed to be distributed, will be considered as distributed on dissolution and will be subject to defence contribution at 20%.

Companies that are under voluntary dissolution or liquidation are obliged to submit within one month from the date of the approval of the resolution, a deemed dividend declaration and pay any special defence contribution in relation to the profits of the specific tax year and the two preceding years.

The Commissioner has the right to issue an assessment for the purpose of collecting the special defence contribution in relation to the above.

The deemed dividend distribution provisions do not apply on any accounting profits arising during the dissolution or liquidation if the assets of the company are not sufficient for the repayment of its creditors and no amount is available to be distributed to its shareholders.

Where assets are distributed to the company's shareholders upon the company's liquidation or dissolution, which have a market value that exceeds the cost of their acquisition by the company, the deemed distribution provisions will apply. The amount of the dividend that is deemed to be distributed to its shareholders will be equal to the difference between the market value of the assets and the cost of acquisition of the particular asset by the company.

The deemed dividend distribution of profits that become realized upon the company's dissolution or liquidation may not exceed the amount of the net assets distributed to the shareholders.

The dissolution of an open-ended or closed-ended collective investment scheme falls under the deemed distribution provisions but the undistributed profits will be subject to defence contribution of 3%.

These provisions do not apply in the case of dissolution under reorganisation, in accordance with certain prerequisites set out in Regulations or where the shareholders are not resident in the Republic.

Reduction of capital

In the case of a company's capital reduction, any amounts paid to shareholder individuals in excess of the amount of the share capital that was actually paid by the shareholder will be treated as deemed dividend.

The buy back or redemption of units or other ownership interests in an opened-ended or closed-ended collective investment scheme is not considered a capital reduction and is not subject to defence contribution.

Tax credit for foreign tax paid

Any tax suffered abroad on income which is subject to defence contribution will be credited against any defence contribution payable on such income irrespective of the existence of a double taxation treaty.

PROFITS FROM SHIPPING ACTIVITIES

The following are exempt from taxation in accordance with the provisions of the Merchant Shipping (Fees and Taxing Provisions) Law and are subject to tonnage tax:

- The income of a qualifying ship-owner from the operation of a qualifying Cyprus, community and/or foreign (under conditions) ship, in a qualifying shipping activity.
- The income of a qualifying charterer from the operation of a qualifying Cyprus, Community and/or foreign (under conditions) ship, in a qualifying shipping activity.
- The income of a qualifying ship operator from the provision of ship management services of the crew and/or technical administration services.
- Dividends paid directly or indirectly from the profits mentioned above.
- Salaries or other benefits paid to the masters, officers and the crew of a qualifying Cyprus ship in a qualifying shipping activity.

For the purpose of the above mentioned Law in the case of a Cyprus ship, the term «ship owner» includes also the bareboat chartered.

CAPITAL GAINS TAX

Capital Gains Tax is imposed on gains from disposal of immovable property situated in the Republic including shares of companies not listed on a recognised Stock Exchange which own immovable property situated in the Republic, at the rate of 20%.

In computing the capital gain the value of the immovable property as at 1 January 1980 (or cost if the date of acquisition is later), the cost of any additions after 1 January 1980 or the date of acquisition if later, any expenditure incurred for the production of the gain and the indexation allowance, are deducted from the sale proceeds.

The following expenses are not considered expenses wholly and exclusively for the production of the profit and therefore are not deductible:

- a) Immovable Property Tax
- b) Immovable Property Fees
- c) Sewerage Council Fees

Exemptions

The following disposals of immovable property are exempt from capital gains tax:

- transfer on death
- gifts between spouses, parents and children and relatives up to third degree
- gift to a company whose shareholders are members of the donor's family and continue to be members of the family for a period of five years from the date of the gift
- gift by a family company to its shareholders, if the company had also acquired the property in question via donation. However if the shareholder disposes the property within 3 years then the shareholder will not be entitled to the deductions listed below
- gifts to a charitable organisation or the Republic
- exchange or disposal under the Agricultural Land (Consolidation) Laws

- exchange provided the gain is used for the acquisition of new property. The gain derived from the exchange reduces the cost of the new property and the tax is paid when the latter is disposed
- expropriations
- transfer of ownership or share transfers in the event of company reorganisations
- transfer of property of a missing person under administration
- transfer of ownership between spouses that their marriage has been dissolved by a court order or in case of transfer of ownership between the same persons for the purpose of settling their property according to the Settlement of Property Relationships between Spouses Law.

Deductions

Individuals are entitled to deduct from the gains the following:

	€
Disposal of principal private residence (subject to conditions)	85.430
Disposal of agricultural land by a farmer	25.629
Other disposals	17.086

The above are lifetime deductions.

Administrative penalties

Administrative penalties amounting to €100 or €200 depending on the specific case, will be imposed for late submission of declarations or late submission of supporting documentation requested by the Commissioner.

In the case of late payment of the tax due, an additional penalty at the rate of 5% will be imposed on the unpaid tax.

IMMOVABLE PROPERTY TAX

Immovable property tax is imposed on the market value of immovable property as at 1 January 1980 and is calculated on the immovable property owned by the taxpayer on 1 January of each year.

Rates

Value of Property €	Rate %	Tax €	Cumulative Tax €
0 - 120.000	0	0	0
120.001 - 170.000	0,4	200	200
170.001 - 300.000	0,5	650	850
300.001 - 500.000	0,6	1.200	2.050
500.001 - 800.000	0,7	2.100	4.150
800.001 and over	0,8		

Exemptions

The following properties are exempt from immovable property tax:

- public cemeteries
- public hospitals
- schools
- immovable property owned by the Republic, foreign embassies and consulates
- buildings under a preservation order subject to conditions
- buildings of charitable organisations
- agricultural land used for agriculture or animal husbandry by a farmer
- immovable property situated in inaccessible or depressed areas
- property of a missing person under administration.

ESTATE DUTY

Estate duty is not levied in relation to individuals who have died on or after 1 January 2000.

The Deceased Persons Estate (Taxation Regulations) Law of 2000 provides for a compulsory submission of an «assets and liabilities» statement of the deceased person to the Commissioner of Income Tax within six months from the date of death.

MAINTENANCE OF ACCOUNTING BOOKS AND RECORDS

Every person (individual, company or partnership) deriving income from:

- i any profits or other benefits from any business, or
- ii dividends, interest or discounts or
- iii any profits or other benefits from any office or employment, intellectual property rights, patent rights, remuneration or other profits arising from ownership or
- iv any amount or consideration in respect of any trade goodwill

is obliged for every tax year to:

- a. issue receipts and invoices in relation to transactions and receipts, as specified by Regulations issued by the Council of Ministers and published in the Cyprus Gazette.

Invoices should be issued within 30 days from the date of the transaction unless a written approval has been obtained by the Commissioner for the purpose of issuing the invoices at a later date.

In case where invoices are not issued within the prescribed deadline, a penalty of €100 per month will be imposed, starting from 1.1.2012.

- b. maintain accounting books and records and prepare accounts in accordance with acceptable accounting standards, that are audited in accordance with acceptable auditing standards, by a person that is eligible to act as an auditor of a company in accordance with the Companies Law.

A person is obliged to update books and records within four months from the date of the transactions.

In the case where books and records are not updated within the prescribed deadline, a penalty of €100 per quarter will be imposed, starting from 1.1.2012.

An individual is exempt from the obligation to maintain accounting books and records where the annual turnover does not exceed the amount of €70.000.

Books and records should be kept for a period of at least six years.

In case a business maintains stocks, a stock take should be carried out during the year end and the results of the stock take should be made available to the Commissioner, in case requested.

DOUBLE TAX TREATIES

The following tables show the rates of withholding tax deducted from income, with countries that have signed a double taxation treaty with Cyprus.

	Received in Cyprus		
	Dividends	Interest	Royalties
	%	%	%
Armenia	0 ⁽³²⁾	5 ⁽³³⁾	5
Austria ⁽³¹⁾	10	0	0
Belarus	5 ⁽⁴⁾	5	5
Belgium	10 ⁽¹⁾	10 ⁽¹⁶⁾	0
Bulgaria	5 ⁽¹⁹⁾	7 ⁽²⁵⁾	10 ⁽²⁰⁾
Canada	15	15 ⁽⁷⁾	10 ⁽¹¹⁾
China	10	10	10
Czech Republic	0 ⁽³⁰⁾	0	10
Denmark	0 ⁽³⁴⁾	0	0
Egypt	15	15	10
Estonia ⁽³⁵⁾	0	0	0
France	10 ⁽²⁾	10 ⁽⁹⁾	0 ⁽²⁶⁾
Germany	5 ⁽²⁾	0	0
Greece	25	10	0 ⁽¹²⁾
Hungary	5 ⁽¹⁾	10 ⁽⁸⁾	0
India	10 ⁽²⁾	10 ⁽⁸⁾	15 ⁽¹⁵⁾
Ireland	0	0	0 ⁽¹²⁾
Italy	15	10	0
Kuwait ⁽³¹⁾	10	10 ⁽⁸⁾	5 ⁽¹⁴⁾
Kyrgyzstan ⁽²⁷⁾	0	0	0
Lebanon	5	5 ⁽¹⁶⁾	0
Malta	0 ⁽²²⁾	10 ⁽⁸⁾	10
Mauritius	0	0	0
Moldova	5 ⁽¹⁹⁾	5	5
Montenegro ⁽²⁸⁾	10	10	10
Norway	5 ⁽³⁾	0	0
Poland	0 ⁽³⁶⁾	5 ⁽⁸⁾	5
Qatar	0	0	5
Romania	10	10 ⁽⁸⁾	5 ⁽¹⁴⁾
Russia	5 ⁽⁶⁾	0	0
San Marino	0	0	0
Serbia ⁽²⁸⁾	10	10	10
Seychelles	0	0	5
Singapore	0	10 ⁽²³⁾	10
Slovakia ⁽²⁹⁾	10	10 ⁽⁸⁾	5 ⁽¹⁴⁾
Slovenia	5	5 ⁽³³⁾	5
South Africa	0	0	0
Sweden	5 ⁽¹⁾	10 ⁽⁸⁾	0
Syria	0 ⁽¹⁾	10 ⁽⁸⁾	15 ⁽¹³⁾
Tajikistan ⁽²⁷⁾	0	0	0
Thailand	10	15 ⁽¹⁷⁾	5 ⁽¹⁸⁾
Ukraine ⁽²¹⁾	0	0	0
United Arab Emirates ⁽³⁵⁾	0	0	0
United Kingdom	0 ⁽²⁴⁾	10	0 ⁽²⁶⁾
USA	15 ⁽⁵⁾	10 ⁽¹⁰⁾	0
Uzbekistan ⁽²⁷⁾	0	0	0

	Paid from Cyprus*		
	Dividends	Interest	Royalties
	%	%	%
Non-treaty countries	0	0	0**
Armenia	0 ⁽³²⁾	5 ⁽³³⁾	5
Austria ⁽³¹⁾	10	0	0
Belarus	5 ⁽⁴⁾	5	5
Belgium	10 ⁽¹⁾	10	0
Bulgaria	5 ⁽¹⁹⁾	7 ⁽²⁵⁾	10
Canada	15	15 ⁽⁷⁾	10 ⁽¹¹⁾
China	10	10	10
Czech Republic	0 ⁽³⁰⁾	0	10
Denmark	0 ⁽³⁴⁾	0	0
Egypt	15	15	10
Estonia ⁽³⁵⁾	0	0	0
France	10 ⁽²⁾	10 ⁽⁹⁾	0 ⁽²⁶⁾
Germany	5 ⁽²⁾	0	0
Greece	25	10	0 ⁽¹²⁾
Hungary	0	10 ⁽⁸⁾	0
India	10 ⁽²⁾	10 ⁽⁸⁾	15 ⁽¹⁵⁾
Ireland	0	0	0 ⁽¹²⁾
Italy	0	10	0
Kuwait ⁽³¹⁾	10	10 ⁽⁸⁾	5 ⁽¹⁴⁾
Kyrgyzstan ⁽²⁷⁾	0	0	0
Lebanon	5	5 ⁽¹⁶⁾	0
Malta	15	10 ⁽⁸⁾	10
Mauritius	0	0	0
Moldova	5 ⁽¹⁹⁾	5	5
Montenegro ⁽²⁸⁾	10	10	10
Norway	0	0	0
Poland	0 ⁽³⁶⁾	5 ⁽⁸⁾	5
Qatar	0	0	5
Romania	10	10 ⁽⁸⁾	5 ⁽¹⁴⁾
Russia	5 ⁽⁶⁾	0	0
San Marino	0	0	0
Serbia ⁽²⁸⁾	10	10	10
Seychelles	0	0	5
Singapore	0	10 ⁽²³⁾	10
Slovakia ⁽²⁹⁾	10	10 ⁽⁸⁾	5 ⁽¹⁴⁾
Slovenia	5	5 ⁽³³⁾	5
South Africa	0	0	0
Sweden	5 ⁽¹⁾	10 ⁽⁸⁾	0
Syria	0 ⁽¹⁾	10 ⁽⁸⁾	15 ⁽¹³⁾
Tajikistan ⁽²⁷⁾	0	0	0
Thailand	10	15 ⁽¹⁷⁾	5 ⁽¹⁸⁾
Ukraine ⁽²¹⁾	0	0	0
United Arab Emirates ⁽³⁵⁾	0	0	0
United Kingdom	0	10	0 ⁽²⁶⁾
USA	0	10 ⁽¹⁰⁾	0
Uzbekistan ⁽²⁷⁾	0	0	0

Notes

- * Payments of dividends and interest to non residents are exempt from withholding tax in Cyprus according to the Cyprus Legislation. Royalties granted for use outside of Cyprus are also free of withholding tax in Cyprus.
 - ** 10% in the case of royalties granted for use within the Republic. 5% on film and TV rights.
- (1) 15% if received by a company controlling less than 25% of the voting power.
 - (2) This rate if received by a company controlling more than or equal to 10% of the voting power. 15% in all other cases.
 - (3) NIL if paid to a company controlling at least 50% of the voting power.
 - (4) This rate if the amount invested by the beneficial owner is over €200.000 irrespective of the % of voting power acquired. 10% is imposed if received by a holder of at least 25% of the share capital of the paying company. Otherwise the rate is 15%.
 - (5) 5% if received by a company controlling at least 10% of the voting power.
 - (6) 10% if received by company, which has invested less than €100,000.
 - (7) NIL if paid to the Government or for export guarantee.
 - (8) NIL if paid to the Government of the other State or to a financial institution.
 - (9) NIL if paid to the Government of the other State or in connection with the sale on credit of any industrial, commercial or scientific equipment or any merchandise by one enterprise to another or in relation to any form of loan granted by a bank or is guaranteed from government or other governmental organisation.
 - (10) NIL if paid to the Government of the other State, to a bank or a financial institution or in respect to debt obligations arising in connection with sale of property or the provision of services.
 - (11) NIL on literary, dramatic, musical or artistic work with the exception of films used for television programs.
 - (12) 5% on film royalties (except films shown on TV).
 - (13) 10% on literary, musical, artistic work, films and TV royalties.

- (14) NIL on literary, artistic or scientific work including films.
- (15) Treaty rate restricted to Cyprus legislation rate of 10%. 10% also applies to payment of technical fees, management fees and consultancy fees.
- (16) NIL if paid to the Government of the other State, a political subdivision or a local authority, the National Bank or any institution the capital of which is wholly owned by the State or a political subdivision or a local authority or in the form of interest income from bank deposits.
- (17) 10% on interest received by financial institutions, on interest paid in connection with industrial, commercial, scientific equipment or the sale or merchandise between two companies.
- (18) 10% on right to use industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience and 15% for patents, trademarks, designs, models, plans, secret formulas or processes.
- (19) This rate is applicable if received by a company owning directly at least 25% of the capital. In all other cases the withholding tax is 10%.
- (20) This rate does not apply, where 25% or more of the capital of the Cypriot resident is owned directly or indirectly by the Bulgarian resident paying the royalties and the Cyprus company pays less than the normal rate of tax.
- (21) A new treaty has been signed as of 8 November 2012 that has not come into effect yet.
- (22) The treaty provides that the tax on the gross amount of the dividends shall not exceed that chargeable on the profits out of which the dividends are paid.
- (23) 7% if paid to a bank or similar financial institution. NIL if paid to the government.
- (24) The treaty provides for 15% withholding tax but the local taxation provides for 0% withholding tax.
- (25) NIL if paid to or is guaranteed by the Government, statutory body, the Central Bank.
- (26) 5% on film royalties, including films used for television programs.
- (27) The treaty between the Republic of Cyprus and the United Soviet Socialist Republic still applies.

- (28) The treaty between the Republic of Cyprus and the Socialist Federal Republic of Yugoslavia still applies.
- (29) The treaty between the Republic of Cyprus and the Czechoslovak Socialist Republic still applies.
- (30) Nil if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends where such holding is being possessed for an uninterrupted period of no less than one year. 5% in all other cases.
- (31) The new treaty which provides for changes in the above rates has been published in the Government Gazette but has not come into force until the time of publication of this booklet.
- (32) 5% if the beneficial owner has invested in the capital of the company less than the equivalent of €150.000 at the time of the investment.
- (33) Nil if paid to the Government or to a local authority, or to the Central Bank.
- (34) Nil if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends, where such holding is being possessed for an uninterrupted period of no less than 12 months.

Nil if the beneficial owner is the other Contracting State or the Central Bank of that other State, or any national agency or any other agency (including a financial institution) owned or controlled by the Government of that other State.

Nil if the beneficial owner is a pension fund or other similar institution providing pension schemes in which individuals may participate in order to secure retirement benefits, where such pension fund or other similar institution is established, recognized for tax purposes and controlled in accordance with the laws of that other State. 15% in all other cases.

- (35) The treaty has been published in the Government Gazette but has not come into force until the time of publication of this booklet.
- (36) Nil if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends, where such holding is being possessed for an uninterrupted period of no less than 24 months. 5% in all other cases.

TAX DIARY

End of each month	<p>PAYE deducted from employees' salaries for the previous month</p> <p>Payment of tax withheld on payments made to non tax residents during the previous month</p> <p>Defence contribution deducted from dividends, interest or rent* paid in the previous month</p> <p>*Companies, partnerships, the Government or any local authority that pay rent have an obligation to withhold special defence contribution on the amount of the rent paid</p>
31 January	Submission of the deemed dividend distribution declaration for the tax year 2010
31 March	<p>Electronic submission of 2011 income tax return for individuals and companies preparing audited accounts</p> <p>Submission of return and payment of the first instalment of the special tax levy by Credit Institutions for 2013</p>
30 April	<p>Submission of personal tax returns for 2012 by salaried individuals whose gross income exceeds €19.500</p> <p>Submission of employers' return and employees' details for 2012</p> <p>Payment of provisional tax by insurance companies (life business) for the first four months of 2013</p>
30 June	<p>Submission of personal tax return for 2012 by individuals who do not prepare audited accounts if their gross income exceeds €19.500</p> <p>Payment of tax balance for 2012 through self assessment by individuals who do not prepare audited accounts</p> <p>Payment of special contribution for defence in relation to rents, dividends or interest from sources outside Cyprus for the first half of 2013</p>

	Payment of the second instalment of the special tax levy by Credit Institutions for 2013
31 July	Electronic submission of personal tax return for 2012 by salaried individuals whose gross income exceeds €19.500 Electronic submission of employers' return and employees' details for 2012 Submission of provisional tax assessment for 2013 and payment of the first installment
1 August	Payment of 2012 tax balance through self assessment by individuals and companies preparing audited accounts
31 August	Payment of provisional tax by insurance companies (life business) for the second four months of 2013
30 September	Electronic submission of personal tax return for 2012 by individuals who do not prepare audited accounts if their gross income exceeds €19.500 Payment of immovable property tax for 2013 Payment of the third instalment of the special tax levy by Credit Institutions for 2013
31 December	Submission of 2012 tax returns for individuals and companies preparing audited accounts Payment of the second instalment of 2013 provisional tax Payment of special contribution for defence in relation to rents, dividends or interest from sources outside Cyprus for the second half of 2013 Payment of provisional tax by insurance companies (life business) for the last four months of 2013 Payment of the fourth instalment of the special tax levy by Credit Institutions for 2013

Electronic submission of tax returns

Individuals and companies, that prepare audited financial statements or persons that their tax return is submitted by a professional accountant, may be obliged to submit their tax return electronically in accordance with such means that may be approved by the Commissioner of Income Tax.

In case of such electronic submission of tax returns, the deadline is extended by 3 months.

Administrative penalties

Administrative penalties amounting to €100 or €200 depending on the specific case, will be imposed for late submission of declarations or late submission of supporting documentation requested by the Commissioner. In the case of late payment of the tax due, an additional penalty at the rate of 5% will be imposed on the unpaid tax.

Note:

The rate of interest for late payment of tax is determined by the Minister of Finance through a decree and it is applicable for the whole year. The rate for 2013 was set at 4,75%.

The applicable interest rate for the previous years is as follows:

Period	Interest rate
	%
Up to 31/12/2006	9
01/01/2007 - 31/12/2009	8
01/01/2010 - 31/12/2010	5.35
01/01/2011 - 31/12/2012	5

VALUE ADDED TAX

Imposition of tax

Value Added Tax is imposed on the supply of all goods and services in Cyprus, on the acquisition of goods from other Member States and on the importation of goods from third countries.

Rates

Standard rate applicable (from 14/1/2013 until 12/1/14)	18%
Standard rate (until 13/1/2013)	17%
Reduced rate	8%
Reduced rate	5%
Zero rate	0%

Standard rate

The standard rate applies to the supplies of all goods and services in Cyprus which are not subject to the zero rate, the reduced rate or are not exempt.

Reduced rate 8%

The reduced rate of 8% applies to:

- All restaurant and catering services (including the supply of alcoholic drinks, beer, wine and soft drink)
- Accommodation in hotels, tourist lodgements and any other similar lodgements including the provision of holiday lodgements
- Transportation of passengers and their accompanying luggage within the Republic using urban, intercity and rural taxis and tourist and intercity buses
- Movement of passengers in inland waters and their accompanying luggage.

Reduced rate 5%

The reduced rate of 5% applies to:

- The supply of foodstuff
- The supply of prepared or unprepared foodstuff and/or beverages (excluding alcoholic drinks, beer, wine and softdrinks) or both, irrespective of whether the goods are delivered from the supplier to the customer or taken away by the customer
- The supply of pharmaceutical products and vaccines that are used for health care, prevention of illnesses and as treatment for medical or veterinary purposes
- The supply of animals used for the preparation of food

- Books, newspapers and magazines
- Entry fees to theaters, circus, festivals, luna parks, concerts, museums etc
- Entry fees at sports events and fees for using athletic centres
- Hairdressing services
- Renovation and repair of private households after three years of first residence
- Supply of catering services from school canteens
- Acquisition or construction of residence (subject to conditions)

Zero rate

The zero rate applies to:

- The exportation of goods
- Supply, modification, repair, maintenance, chartering and hiring of sea-going vessels, which are used for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or other activities
- Supply, modification, repair, maintenance, chartering and hiring of aircrafts, used by airlines operating for reward mainly on international routes
- Supply of services to meet the direct needs of sea going vessels and aircrafts
- Transportation of passengers from the Republic to a place outside the Republic and vice versa using a seagoing vessel or aircraft
- Supplies of gold to the Central Bank of the Republic etc.

Exemptions

Exempt supplies include:

- Rental of immovable property
- Financial services (with some exceptions)
- Hospital and medical caring services
- Postal services
- Insurance services
- Disposal of immovable property where the application for building permission has been submitted prior to 1 May 2004
- Educational services at all levels of education under certain conditions.

Who is obliged to register

Every individual or company is obliged to register if:

- (a) at the end of any month, the value of taxable supplies recorded in the last 12 months exceeds €15.600 or
- (b) at any point in time the value of taxable supplies are expected to exceed €15.600 in the next 30 days

- (c) provides services to a VAT registered person within European Union with nil registration threshold
- (d) offers distant sales with registration threshold of €35.000
- (e) is involved in the acquisition of goods from other EU member states and relates to persons who offer exempt supplies of goods and services or are non profitable organisations with registration threshold of €10.250
- (f) offers zero rated supplies of goods or services
- (g) acquires a company on a going concern basis.

Right for registration

Persons who trade, outside the Republic, in goods or services which would have been taxable if they were provided within the Republic, Groups of companies and Divisions of Companies.

VAT returns and payment of VAT

Any registered person has to submit to the VAT Commissioner a VAT return within 40 days from the end of any tax period and pay the VAT due.

Administration of intra-community trading and intra-community services

Businesses that undertake intra-community trading, i.e. acquisitions and sales of goods and supply of services from/to EU member states need to complete the following forms:

Intra-Community Acquisitions

1. Intrastat - Arrivals of Goods
2. Inclusion in the VAT return (on a total basis)

Intra-Community Supplies

1. Intrastat - Departures of goods
2. Recapitulative statement for supplies of goods and services (VIES form)
3. Inclusion in the VAT return on a total basis

When and how are they submitted

INTRASTAT forms are submitted to the VAT authorities within 10 days from the end of the related month, in electronic form only.

The Recapitulative statement, is submitted to the VAT authorities within 15 days from the end of the related month in electronic form only.

Penalties and interest

Late registration	€85 for every month of delay
Late submission of return	€51 for each return
Late payment of VAT	10% of amount due plus 4,75% p.a. interest
Late de-registration	€85 one-off
Late submission of Intrastat form	€15 for each return
Late submission of Recapitulative statement (VIES return) for supplies	€50 for each statement

SOCIAL SECURITY CONTRIBUTIONS

Contributions

	Employer %	Employee %	Self employed %
Social Insurance	6,8	6,8	12,6
Redundancy Fund	1,2	-	-
Industrial Training	0,5	-	-
Social Cohesion Fund	2,0*	-	-

Upper limits for employees

	per week from 7/1/2013 €	per month €	per annum €
Weekly employees	1.046	-	54.392
Monthly employees	-	4.533	54.396

* The amount of contribution to Social Cohesion Fund is calculated on the total emoluments with no upper limit

Occupational categories and amount of contributions for self-employed from 7/1/2013 to 5/1/2014

Occupational Category	Lower Weekly Limit €	Upper Weekly Limit €
1. Medical Doctors, Pharmacists, Health professionals		
a. persons with up to 10 years practice	383,64	1.046
b. persons with more than 10 years practice	775,99	1.046
2. Accountants, Economists, Lawyers and other Liberal professions		
a. persons with up to 10 years practice	383,64	1.046
b. persons with more than 10 years practice	775.99	1.046
3. Managers (Businessmen), Estate Agents, Wholesalers	775.99	1.046
4. Teaching Professionals (University, Secondary education, Primary and pre-primary education, Teaching Associates, Special education teaching professionals)		

a. persons with up to 10 years practice	374,92	1.046
b. persons with more than 10 years practice	749,83	1.046
5. Builders and related occupations	470,83	1.046
6. Farmers, Dairy and Livestock producers, Poultry producers, Fishermen and related occupations	261,57	1.046
7. Drivers, Excavator operators and related occupations	374,92	1.046
8. Technicians, Mass Media Associates, Stationary-Plant (not related to building occupations) and Metal, Rubber, Plastic, Wood and related product assemblers	374,92	1.046
9. Clerks, Typists, Cashiers, Secretaries	374,92	1.046
10. Artisans not falling under any other occupational category	374,92	1.046
11. Shopkeepers	357,48	1.046
12. Butchers, Bakers, Pastry-cooks, Meat, Milk, Fruit, Tobacco product makers/preservers and related occupations	287,73	1.046
13. Street vendors, Mail carriers, Garbage collectors, Miners and quarry workers, Deck, Underwater workers, Riggers and cable splicers, Sweepers, Service providers and Salesmen	261,57	1.046
14. Cleaners, Messengers, Watchpersons, Dry Cleaning Owners	357,48	1.046

15. Draughtspersons, Computer equipment operators, Ships' engineers, Agents and related occupations Musicians, Magicians	383,64	1.046
16. Persons not falling, under any other occupational category	383,64	1.046

Deadline for payment of the contributions by the employers

The contributions that the employer is obliged to pay in accordance with the Law, should be paid not later than the end of the calendar month following the month that the contributions relate.

Deadline for payment of contributions of self employed

Months that the contributions relate	Date
January - March	10th of following May
April - June	10th of following August
July - September	10th of following November
October - December	10th of following February

Additional fee for late payment of contributions

Every employer or a self employed who fails to pay the contributions within the time limit determined in the relevant regulations, is obliged to pay an additional fee in the range of 3% and 27% depending on the period of delay, on the amount of contributions due for payment.

TRANSFER FEES FOR IMMOVABLE PROPERTY

Transfer fees

These are paid on transfers of immovable property and are calculated on the market value of the property as estimated by the Land Registry department.

Market Value	Percentage	Fees	Cumulative Fees
€	%	€	€
0 - 85.430	3	2.563	2.563
85.431 - 170.860	5	4.272	6.835
170.861 and over	8		

Transfer fees paid on the transfer of property to a family company are refunded in five years provided the company still owns the property and there have not been any changes to its shareholders.

On the transfer of immovable property from a family company to its shareholders as well as on transfers by donation between spouses, spouses and children or relatives up to third degree of kindred, transfer fees are calculated on the estimated value of property appearing on the title deed at the following rates:

Transfer to spouse	8%
Transfer to children	4%
Transfer to relative	8%

Transfers of immovable property by a company to another company for the purpose of a company re-organisation are exempt from transfer fees.

Transfer fees for the period 2/12/2011 - 31/12/2014

For the above period the following apply:

- 1 Exemption from transfer fees if the transfer relates to a transaction that is subject to VAT
- 2 In case a transaction is not subject to VAT, the legislation provides for an exemption of 50% of the transfer fees. This applies to transactions where transfer fees apply or are due and the transfer relates to plots of land, buildings or interests in land or indivisible interests that are sold for the first time from the date of issue of the relevant building permit and the relevant contract is prepared and submitted for the first time to the local District Land Registry during the period of application of the law

Mortgage fees

On loans 1%

The transfer of a loan to another financial institution is subject to a levy of the lower of 1% of the new mortgage or €200.

Renewal of the loan at the same financial institution is subject to a levy of €50.

No fees are imposed on the transfer of mortgage by a company to another company as a result of a reorganisation.

STAMP DUTY

Type of document	Until 28/2/2013 Duty	From 1/3/2013 Duty
Letters of guarantee	€3,42	€4
Letter of credit	€1,71	€2
Receipts for amounts between €3,42-€34,17	€0,03	
Receipts for amounts over €4		€0.07
Receipts for amounts over €34,17	€0,07	
Customs documents	€17,09/€34,17	€18/ €35
Bills of lading	€3,42	€4
Bills of exchange (payable at sight on first demand or within 3 days from demand or sight)	€0,85	€1
Charterhire document	€17,09	€18
General power of attorney	€5,13	€6
Special power of attorney	€1,71	€2
Certified copies of contracts and documents	€1,71	€2
Will	€17,09	€18
Estate administration document	€8,54	€9
Contracts up to 28/2/2013		
For amounts up to €170.860	0,15%	
For amounts over €170.860	0,2%	
	plus €256,29 (maximum duty €17.086)	
Contracts from 1/3/2013		
For amounts up to €5.000		0%
For amounts between €5.001 - €170.000		0,15%
For amounts over €170.001		0,2%
		(Maximum duty €20.000)
Without fixed amount	€34,17	€35
Issue of tax residency certificate by Inland Revenue Department	€80,00	€80

Company reorganisation

Transactions that take place in relation to a company reorganisation are exempt from stamp duty.

COMPANIES REGISTRAR RIGHTS AND FEES

Registration of a limited company by shares or guarantee, with share capital	€105 plus 0.6% on nominal capital
Registration of a company without share capital	€175
Registration of an increase in the company's share capital	0.6% on the additional amount of increase
Registration of issue of shares where the value of the shares issued is payable in cash or in kind	€20
Change of name of company	€40
Reduction of capital	€80
Application for registration of a general or a limited partnership	€120
Application for registration of a business name	€80
Filing with the Registrar of the following document:	
Annual Report	€20
Annual Report which is overdue	€40
Notification of a registered mortgage on immovable property in the Republic of Cyprus irrespective of the sum of money	€20
Registration of a charge apart from a mortgage on immovable property within the Republic of Cyprus:	
- On the form of notification of the charge	€40
- On the charge document securing maximum amount:	
- For a sum of money up to €17.086	€100

- For a sum of money exceeding €17.086 but not over €34.172	€200
- For a sum of money exceeding €34.172 but not over €85.430	€340
- For a sum of money exceeding €85.430 but not over €170.860	€500
- For a sum of money over €170.860 where no amount is mentioned	€600

Payment of annual levy by companies registered in the Cyprus company register

All companies registered in Cyprus must pay an annual levy of €350. In the case of group companies the total amount payable is capped at €20.000.

- The annual levy is payable from the year of incorporation.
- The above mentioned levy is payable to the Registrar of Companies by 30 June of each year.
- Late payment of the levy will give rise to the following penalties:
 - * in case of up to a 2 month delay - a 10% penalty;
 - * in case of a delay between 2 and 5 months - a 30% penalty.
- Non-payment of the levy may result in deregistration (strike-off) of a company by the Cyprus Registrar of Companies (which will not allow the company to submit documents or request certificates from the Registrar of Companies).
- If a company is re-instated within a two year period from its strike-off a fixed penalty of €500 (in addition to the outstanding amount of the levy) is imposed. The fixed fee will be increased to €750 where a company is re-instated after the two year period.

STOCK EXCHANGE TRANSACTION FEES

A special fee is imposed in relation to transactions that take place in the Cyprus Stock Exchange or are announced to the Cyprus Stock Exchange at the following rates:

Individuals and legal entities 0,15%

The fee is suffered by the seller or the person who announces the transaction.

Exempt transactions

The following transactions are exempt:

- share issue and share redemption by the issuer
- transactions in non-convertible company bonds
- transactions in non-convertible company promissory notes
- transactions in bonds, development bonds and government bills of exchange
- gifts of securities by parent to child, either single or married, between spouses or relatives up to third degree.

SPECIAL CONTRIBUTIONS FOR THE EMPLOYEES, SELF-EMPLOYED INDIVIDUALS AND PENSIONERS OF THE PRIVATE SECTOR

Each employee, self-employed, or person operating in the private sector receiving a pension, shall pay a special contribution to the Republic in order to strengthen public finances. The contribution is a percentage levied on the gross earnings as shown in the table below.

Gross monthly salary €	Special Contribution %
Up to 2.500	0
2.501 - 3.500	2,5 (with a minimum amount of special contribution of €10)
3.501 - 4.500	3
4.501 and over	3,5

The above special contribution is calculated on the total gross earnings with no restriction or maximum limit on the amount of the levy.

For employees of the private sector, the following are exempt from the special levy:

- Retirement bonus
- Amounts paid by provident funds
- Remuneration of a foreigner who is employed by a foreign government or by an international organization
- Remuneration of foreign diplomats and consular representatives who are not citizens of the Republic
- Remuneration of Cypriot ship's crew
- Allowances paid to employees covering business expenses on behalf of an employer

Employees or pensioners, who pay the Special Contribution under the Officers, Employees and Pensioners of the State and Public Sector Law on their salaries or pensions, are exempt from the above payment.

In the case of an employee, the payment of the special contribution is shared equally by the employer and the employee, (i.e. 50% of the special contribution is paid by the employee and 50% is paid by the employer).

The special contribution paid is deductible from the taxable income of the employee/employer that it relates to.

Imposition and payment of special contribution

The imposition and payment of the special contribution will be as follows:

- a) In the case of an employee of the private sector and / or person receiving a pension from the private sector the amount of special contribution will be withheld from the wage or pension and will be paid to the Inland Revenue on a monthly basis.
- b) In the case of a self-employed, the amount of special contribution will be declared on a form approved by the Director of Inland Revenue and paid in two installments following the same procedure and dates provided for the provisional income tax (i.e. July 31 and December 31).

THE DELOITTE TAX TEAM

Partners and Management Personnel

Nicosia

Partners and Members of the Board of Directors

Pieris M. Markou - pmarkou@deloitte.com
Paul Mallis - pmallis@deloitte.com
Christos Papamarkides - cpapamarkides@deloitte.com

Chairman Emeritus

Michael Christoforou
(Member of the Board of Directors)

Management

Agis Agathocleous
George A. Tziambos
Costas Charalambous
Harris Kleanthous
Melina Demetriou
Milto Phanti
Kyriacos Ioannou
Marios Fokides
Anna Efstathiou
Mary Poufou
Leonid Pechernicov

Limassol

Partners and Members of the Board of Directors

Antonis Taliotis - ataliotis@deloitte.com
Alec Papalexandrou - apapalexandrou@deloitte.com

Management

Christakis Economou
Alexia Konnari
Marios Stouppas
Nicolas Papapanayiotou
Stella Koustai

Larnaca

Partner and Member of the Board of Directors

Panayiota Vayianou - pvayianou@deloitte.com

Management

Andri Pitsilli

OUR OFFICES IN CYPRUS

Partners and Members of the Board of Directors

Christis M. Christoforou (*Chief Executive Officer*)

Eleftherios N. Philippou

Nicos S. Kyriakides

Nicos D. Papakyriacou

Athos Chrysanthou

Costas Georghadjis

Antonis Taliotis

Panos Papadopoulos

Pieris M. Markou

Nicos Charalambous

Nicos Spanoudis

Maria Paschalis

Alexis Agathocleous

Alkis Chistodoulides

Christakis Ioannou

Yiannos Ioannou

Paul Mallis

Panicos Papamichael

Christos Papamarkides

George Martides

Kerry Whyte

Andreas Georgiou

Christos Neocleous

Demetris Papapericleous

Andreas Andreou

Alecos Papalexandrou

George Pantelides

Panayiota Vayianou

Chairman Emeritus

Michael Christoforou

(*Member of the Board of Directors*)

Offices and contact details

Christis M. Christoforou
Chief Executive Officer and Managing Partner
Email: cchristoforou@deloitte.com

Nicosia

Nicos D. Papakyriacou
Partner - In Charge of the Nicosia office
Email: npapakyriacou@deloitte.com

24 Spyrou Kyprianou Avenue
CY-1075 Nicosia, Cyprus
P.O.Box 21675
CY-1512 Nicosia, Cyprus
Telephone: + 357 22360300
Facsimile: + 357 22360400
Email: infonicosia@deloitte.com

Limassol

Nicos S. Kyriakides
Partner - In Charge of the Limassol office
Email: nkyriakides@deloitte.com

Maximos Plaza, Tower 1, 3rd Floor
213, Arch. Makarios III Avenue
CY-3030 Limassol, Cyprus
P.O.Box 58466
CY-3734 Limassol, Cyprus
Telephone: +357 25 868686
Facsimile: +357 25 868600
Email: infolimassol@deloitte.com

Larnaca

Nicos Spanoudis
Partner - In Charge of the Larnaca office
Email: nspanoudis@deloitte.com

Patroclos Tower, 4th floor
41-43, Spyrou Kyprianou Avenue
CY-6051 Larnaca, Cyprus
P.O.Box 40772
CY-6307 Larnaca, Cyprus
Telephone: +357 24 819494
Facsimile: +357 24 661222
Email: infolarnaca@deloitte.com

www.deloitte.com/cy

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