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Cyprus Tax Update – Year 2017

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**AMENDMENT OF THE TERM “CYPRUS TAX RESIDENT INDIVIDUAL”**

On 14<sup>th</sup> July 2017 the House of Representatives voted into law, an amendment to the definition of “Cyprus Tax Resident Individual” as per the Income Tax Law.

More specifically, as of 1<sup>st</sup> January 2017, an individual who:

- does not spend more than a total of 183 days in any State within a tax year and
- is not a tax resident of another State within the same tax year

and satisfies the following three conditions:

- i. remains in Cyprus for at least 60 days in the tax year;
- ii. carries on a business in Cyprus or is employed in Cyprus or holds an office in a Cyprus tax resident person at any time during the tax year and
- iii. maintains a permanent home in Cyprus that is either owned or rented

will be considered as a Cyprus tax resident.

It is important to note that, if the employment/business or holding of an office as per the condition (ii) is terminated, then the individual shall cease to be considered a Cyprus tax resident for that tax year under these extended rules.

**AUDITPRO COMMENTS**

*This is a unique opportunity for Cyprus non-domicile individuals to take advantage of the exemption from payment of withholding tax (Special Defence Contribution) on the following sources of worldwide income:*

- *Dividends (currently subject to 17% withholding tax)*
- *Interest (currently subject to 30% withholding tax)*
- *Rents (currently subject to 3% withholding tax)*