Cyprus

Become a Tax Resident in 60 days

FLEXI GROUP
“as from the tax year 2017 an individual who spends 60 days in Cyprus can be considered a Cyprus Tax Resident”

Individual tax incentives and advantages. According to the Cyprus legislation, an individual who spends more than 183 days in Cyprus territory, is considered a Cyprus Tax resident.

As from the tax year 2017 the new 60 days rule can be additionally applied for individuals.

183 days rule briefly

An individual who lives in more than “183 days” in a year is eligible to become Cyprus Tax resident and benefit from all the Personal Tax Advantages in Cyprus.

A Cyprus Tax resident is taxed on his local and international income under the Cyprus tax regime. The individual has then the opportunity to be taxed on his international income and avoid double taxation.

New 60 days rule

This rule came in 2017 as an amendment to the “183 days” rule and provides incentives to high profile individuals, professionals and executives to become Cyprus Tax residents.

The 60 days rule is effective as from tax year 2017. An individual can become a tax resident by either the case.
How does the 60 days rule applies?

An individual who in the relevant tax year
• do not reside in any other country for a
time period of more than 183
days(aggregate) and
• is not a tax resident in any other country
and
• resides in Cyprus for at least 60 days and
• has various other Cyprus ties such as:

contract of employment
he is a business owner
he is a director of a Cyprus Tax resident
company.

The above must take place in a tax year
and considered not valid in case of
termination of employment during the tax
year.

In addition, the individual must maintain a
residential property during the tax year
either owned or rented.

Note that the rule of 183 days is
still valid for individuals and if a
person resides in Cyprus for more
than 183 days no further criteria as
above are needed.
Advantages of Cyprus Tax Residents

**Income exemption for employment in Cyprus**

An individual with annual remuneration of more than €100,000 and who was not a tax residence in Cyprus before the employment, is entitled for 50% tax reduction on his income. This deduction refers to income deriving from Cyprus and the rule is valid for a period of 10 years starting on the day of his employment.

**Table 1 : No Deduction**

<table>
<thead>
<tr>
<th>SALARIED TAX SCALE</th>
<th>TAX RATE</th>
<th>TAX SCALE ON €100,000 EXCLUDING DEDUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>%</td>
<td>€</td>
</tr>
<tr>
<td>Up to 19.500</td>
<td>Zero</td>
<td>Zero</td>
</tr>
<tr>
<td>19.501 – 28.000</td>
<td>20</td>
<td>1.700</td>
</tr>
<tr>
<td>28.001 – 36.300</td>
<td>25</td>
<td>3.775</td>
</tr>
<tr>
<td>36.201 – 60.000</td>
<td>30</td>
<td>10.885</td>
</tr>
<tr>
<td>60.001 – 100.000</td>
<td>35</td>
<td>14.000</td>
</tr>
<tr>
<td><strong>Total Tax</strong></td>
<td></td>
<td><strong>30.360</strong></td>
</tr>
</tbody>
</table>

**Table 2: With 50% Deduction**

<table>
<thead>
<tr>
<th>SALARIED TAX SCALE</th>
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</tr>
<tr>
<td>36.201 – 50.000</td>
<td>30</td>
<td>4.140</td>
</tr>
<tr>
<td><strong>Total Tax</strong></td>
<td></td>
<td><strong>9.615</strong></td>
</tr>
</tbody>
</table>
Non-Domicile status

An individual is considered to be domiciled in Cyprus for tax purposes when he has been a tax resident for at least 17 years out of the last 20 years prior to the tax year in question.

An individual who is not domiciled in Cyprus for tax purposes is considered a tax resident and he is exempted from taxation in Cyprus on his worldwide income (Cyprus and worldwide sourced), dividends and interest.

This is considered a Non-domiciled status.

Exemptions

Securities
Profit arising for the sale of securities that include shares, bonds, debentures and others is exempted from taxation in Cyprus.

Please note that in the cases where the shares value comes from real estate in Cyprus the above rule is not applied.

Employment Income exemption
50% of remuneration from employment in Cyprus is exempted from income tax for the first 10 years.
This rule applies for individuals that were not tax residents before the commencement of the employment and provided that the annual remuneration exceeds €100.000.

Exemptions on income from employment out of Cyprus
An individual who is employed outside of Cyprus - to a foreign permanent establishment of a Cyprus tax resident employer for more than 90 days aggregate in a tax year, is exempted from income tax.
How the 60 days count

For both 60 and 183 days rules, the days count in and out of Cyprus territory are the below;

The day of departure from Cyprus counts as a day of residence outside Cyprus.

The day of arrival in Cyprus counts as a day of residence.

Same day arrival and departure from Cyprus counts as a day of residence in Cyprus.
Our Services

1. AUDIT & ASSURANCE SERVICES
   - Provision of Statutory Audits
   - Preparation of Financial Statements in accordance to IFRS’s and ISA’s for Private
     Public, Not-for-profit Organisations and Groups.
   - Corporate Finance Services and Transaction Support
   - Due Diligence Service

2. DIRECT & INDIRECT SERVICES
   - International Tax Planning
   - VAT Services
   - Communication with Tax and VAT Authorities for the Issuance of Certificates
   - TAX Advisory

3. FINANCIAL & REGULATION ADVISORY SERVICES
   - Cyprus Investment Firms and Regulated Funds
   - Electronic Money Institutions / Payment Institutions
   - Outsourcing of Internal Audit and AML functions
   - Risk Management and Capital Adequacy Reporting and Internal Capital
   - Adequacy Assessment Processes
   - Gaming
   - Payroll Services
   - Preparation of Management Accounts

4. FIDUCIARY
   - Structure and Jurisdiction Advice
   - Incorporation and Registration of corporate entities in all major jurisdictions
   - Registered Address Facilities/ Agent Services
   - Directors and Company Officers
   - Nominee holders of shares or other assets
   - Maintenance of statutory records
   - Corporate structuring and administration of foundations and trustees
   - Administrations and day to day running of corporate entities

5. BANKING
   - Opening of corporate, trust and personal accounts
   - Administration and maintenance of bank accounts
   - Assistance with investments
   - Set-up of Escrow Accounts
   - International trade - letters of credit, guarantees and global banking services
   - Risk management: foreign exchange, interest rate
   - Financing

6. GRANTING OF CYPRUS CITIZENSHIP
   - Preparation of Immigration Permits
   - Preparation of Residence Permits
   - Second Passport
Contact us

Start a conversation with us today to find out how you can benefit from a relationship with FLEXI GROUP. Please get in contact with one of our partners.

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