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CYPRUS TAX FACTS

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Aphrodite's Rock
(Petra tou Romiou)
in Paphos

Our Awards



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Investors are advised to ask for professional assistance, since this booklet is not intended to be comprehensive. Our Firm will be happy to assist you in any way.

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DOING BUSINESS IN CYPRUS

Cyprus has established itself as a renowned international business and financial centre. Due to beneficial tax legislation, the existence of double tax treaties with both Western and Eastern European countries and various incentives granted to foreign investors, the developed infrastructure and the knowledgeable labour force are among the main factors contributing to the rapid growth of the popularity of Cyprus.

Apart from economical, Cyprus maintains excellent political relations with all Eastern European countries. As a result, the island country is recognised as a unique point for entry for investments into those countries.

Joining the EU allowed Cyprus not only to enjoy political stability, but also gave the country an access to various economic benefits, including the direct application of EU legislation related to taxes.

Cyprus has one of the lowest corporation tax rate (10%) in the EU and a wide network of double tax treaties signed with over 46 countries. As a result, the country is now in a unique position to be used as a stepping-stone for investments from Europe to North America and Asia, as well as for inbound investments in Europe.

EUROFAST TAXAND

Eurofast Taxand provides tax advisory and a range of other professional services in Cyprus. Throughout the years, we have accumulated considerable knowhow in addressing cross border tax issues which has proven to be our invaluable competitive advantage.

We work with a wide spectrum of clients including multinational and locally listed companies, mid-market companies and large private entities. Our portfolio includes a number of high net-worth individuals and clients engaged in every sector of the economy.

Eurofast Taxand is part of Eurofast Global, a 250-strong international boutique professional services Group with its roots going back to over 30 years, delivering a range of professional services in South Eastern Europe and East Mediterranean through its fully fledged offices in Lefkosia, Athens, Sofia, Bucharest, Belgrade, Podgorica, Tirana, Skopje, Zagreb, Pristina, Banja Luca, Sarajevo, Cairo, Alexandria, Tbilisi, Kiev and Moscow.

Eurofast understands that globalisation and complexity of the business environment demand sophisticated and customised tax advice that meets the highest standards delivered by experienced professionals who put their clients best interest first. This is why we remain large enough to offer a full range of technical services, but small enough to deliver a Partner Led personal service and advice with a mission to delight our clients not just satisfy!

If you measure success in numbers, Eurofast has not achieved all that much. We have never focused on numbers. We prefer to be big, but think small.

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INCOME TAX

Personal Tax

Resident individuals are subject to tax on their worldwide income. In order to be classified as a resident individual, one has to reside in the Republic of Cyprus for a period or periods exceeding in total 183 days in a calendar year. Tax is charged on income accruing in, derived from or received in Cyprus by any person in respect of gains or profits from any trade, business, profession or vocation or from any office or employment, including pensions, or from dividends, interest, rents, annuities and royalties. In the case of salaried individuals "income" also includes benefits in-kind.

Non-resident individuals are taxed on their Cyprus-source income only. Special provisions and benefits are applicable to expatriate employees.

The personal tax rates applicable are as follows:

2013 Tax Rates

Taxable Income	Tax Rate
EUR	%
0 – 19,500	0
19,501 – 28,000	20
28,001 – 36,300	25
36,301 – 60,000	30
60,001 and above	35

20% of the annual remuneration from an office or employment exercised in Cyprus or EUR 8,550 (whichever is lower) is exempt from income tax for an individual whose residence was outside Cyprus before the commencement of the office or employment. The exemption is applicable for a period of three years from January 1 2012 following the year of commencement of the office or employment.

With effect from January 1 2012, a 50% exemption applies to salary income of a non-resident individual who takes up residence in Cyprus to work for a resident employer. The exemption applies for a period of five years starting from the first year of employment provided that the annual income of the employee exceeds EUR 100,000.

Corporation Tax

Resident companies are taxed on their worldwide income at the rate of 10% on their net profits. For a company to qualify for the status of a resident company, its management and control has to be exercised in Cyprus.

Income tax is assessed in the year, in which the income is earned on a current year basis. All expenses incurred wholly and exclusively for the production of the income are allowed for tax purposes if supported by relevant documents (invoices, receipts etc.). Other deductions permitted by the law include annual depreciation, other allowances, as well as special tax incentives. The depreciation is calculated on a straight-line basis and the depreciation period depends on the type of the capital asset. Losses may be set-off against income from other sources and any balance left is allowed to be carried forward for five years.

Certain types of income are exempt from corporation tax making Cyprus a very attractive destination for foreign investors, namely:

- The full amount of dividends received;
- The full amount of interest received, given that such interest is neither derived in the ordinary course of business nor is closely connected to the ordinary course of business of the company;
 - Gains from the sale of securities, whereas the term "securities" is deemed to include:
 - Ordinary shares, founder's shares, preference shares, options on titles, debentures, bonds, short positions on titles, futures/forwards on titles, swaps on titles, depositary receipts on titles (i.e. ARDs and GDRs);
 - Claim rights on bonds and debentures, excluding the right on interest of such products, index participations (provided that they are related to securities), repurchase agreements ("Repos") on titles;
 - Participations in companies; and
 - Units in open-ended or closed-ended collective investment schemes.

Local partnerships are not considered legal entities and are not subject to tax; instead, each partner (whether individual or company) is taxed on the profits of the partnership apportioned to them.

Cyprus International Trusts are taxed depending on the country of residence of the beneficiaries. If the beneficiaries are Cyprus tax residents, as a general rule the Cyprus International Trust is taxed on its worldwide income, whereas in case that the beneficiaries are not Cyprus tax residents the Cyprus International Trust is subject to taxation on income arising from sources within the Republic of Cyprus.

Cyprus operates a system of self-assessment for corporation tax. Companies have to pay provisional tax on the current year's taxable profit in three equal instalments on August 1, September 30 and December 31. An electronic filing system of tax returns has been introduced.

Following the last amendments in the Companies Law, Cap 113, all companies registered in Cyprus will have to pay an annual fee of EUR 350.

The annual fee is due by June 30 of each year.

A company incorporated in Cyprus is taxed on its worldwide income. Nevertheless, if a bilateral tax agreement is in existence with the country from where the income is derived, double taxation will be avoided. Even if there is no such agreement, a unilateral tax relief may be granted under the national tax provisions in Cyprus.

SPECIAL CONTRIBUTION TO THE DEFENCE FUND

Special defence contribution is levied on the following types of income:

- 15% on interest received, where such interest does not derive in the ordinary course of business of the company nor is closely connected with the ordinary course of business of the company;
- 3% out of 75% of the gross rental income;
- 20% on dividends received from abroad. Resident companies receiving dividends from abroad are generally exempt, unless the paying company is engaged (directly or indirectly) by more than 50% in the activities leading to investment income and the tax obligation of the foreign company is substantially lower than that of the Cyprus company (i.e. less than 5%).
- 20% on dividends paid. This provision does not apply to the payment of dividends to a Cyprus company or to a non-resident shareholder.
- 20% on deemed dividends;
 - Deemed dividend distribution is forced on 70% of the profits of the company/mutual funds that remain undistributed for a period of two years from the end of the tax year in which they have arisen;
 - The undistributed accumulated profits of the last five years of a company/mutual fund prior to its dissolution or liquidation (two years for companies under voluntary dissolution or liquidation) are deemed to be distributed at the time of dissolution/liquidation (reorganisation schemes are exempt);
 - Tax is also withheld on any amounts paid or due to the shareholders of companies which proceeded into a reduction of capital up to the amount of the share capital which was initially paid by the shareholders (redemption of units or participations in mutual funds is not considered a reduction of capital).

The aforementioned provisions do not apply to non-residents shareholders.

- 3% on interest income received by a resident individual from Cyprus government savings bonds and development stocks
- 3% on interest accruing from a provident fund or the Social Insurance Fund;
- Individuals with an annual income, including interest, of up to EURO 12,000 may request a refund of the tax withheld on interest in excess of 3%.

The provisions on special defence contribution contain an obvious tax incentive for non-resident shareholders aiming at attracting international businesses to base their holding companies in Cyprus. This will enable the investors to pull out dividends from their ventures across the continent using the low withholding tax rates in the DTTs that Cyprus has signed and then to re-distribute those profits to its shareholders with zero withholding tax.

When the income that is subject to special defence contribution has been already taxed in the source country, the foreign tax may be used as a tax credit. The existence of a DTT between the two countries in question is not required.

EUROPEAN DIRECTIVES IN BRIEF

Tax Savings Directive

This Directive came into force on July 1 2005. Its object is to guarantee that income in the form of interest payments on debt claims, forming part of the taxable income of individuals who are tax residents in a Member State, is effectively taxed. The provisions of the Directive are applicable to interest payments conducted through a paying agent throughout the EU, irrespective of where the issuer of the debt-claim generating the interest is established.

Any EU-resident legal entity that either receives interest or secures interest for the benefit of a third party may be considered a paying agent, provided that its profits are taxed under the general arrangements for business taxation.

Organisations engaged in cross-border interest payments to individual beneficial owners who are tax residents of another EU Member State are obliged to provide the tax authorities with information on such interest payments or to withhold a tax.

Cyprus has opted to comply with the obligation for the exchange of information rather than to impose any tax on outbound interest.

Interest and Royalties Directive

The aim of the Directive is to abolish withholding taxes on interest and royalty payments in a Member State. The benefits of the Interest and Royalties Directive are only available to companies which are subject to corporation tax in the EU, are tax residents in one of the EU Member States and exist in one of the forms included in the Annex to the Directive.

Under the domestic law implementing the provisions of the Interest and Royalties Directive, outbound royalties are exempt from withholding tax, provided that the beneficial owner of the royalties is an associated company of the paying company and is resident in another Member State or such a company's permanent establishment is situated in another Member State.

Two companies are considered to be "associated" if one of them has a direct minimum holding of 25% in the capital of the other; or a third EU company has a direct minimum holding of 25% in the capital of the two companies. No minimum holding period is required.

Parent Subsidiary Directive

The Parent - Subsidiary Directive aims to eliminate the tax obstacles on profit distributions within the EU. It provides for an exemption from withholding taxes on dividends distributed by the subsidiary given that a holding participation of at least 10% exists. The Member States may opt to apply the requirement of a 2-year holding period.

In order to avoid double taxation, the Member State of the parent company must either impose no tax on profits distributed by a subsidiary or credit the tax paid in the Member State of the subsidiary against any tax imposed.

Following the implementation of the Directive in the national law of Cyprus, an exemption on withholding taxes on dividends is granted irrespective of the amount of participation. In addition, Cyprus has opted not to apply the minimum holding requirement of at least 2 years.

Merger Directive

The Merger Directive applies to mergers, divisions, partial divisions, transfers of assets and exchanges of shares between companies resident in different EU Member States.

According to the provisions of the Directive, a deferral of the taxation of capital gains related to transferred assets is allowed until their actual disposal. Accordingly, it is essential that EU Member States take measures in order to guarantee that this tax incentive is carried over upon the transfer of a company.

Additionally, a capital gains exemption is granted where the receiving company holds shares in the transferring company. Capital gains tax due by the receiving company shall not be taxed on the cancellation of its holding. The minimum holding percentage is 10%.

The Directive introduces specific provisions providing relief on the conversion of branches into subsidiaries.

It applies to European Companies, as well as to European Co-operative Societies and provides that in the case of transferring the registered address of such an entity, a tax deferral on capital gains shall be available where a linkage between the assets and the former permanent establishment still exists.

CAPITAL GAIN TAX

Companies and individuals, either resident or non-resident, are liable to 20% tax on gains from the disposal of immovable property situated in Cyprus or from the disposal of shares in companies which own any immovable property in Cyprus. No capital gains tax is payable on gains from the disposal of any property outside Cyprus.

Gains from the sale of shares listed in any recognised stock exchange are excluded from the scope of the capital gains tax.

The gain is calculated as the difference between the proceeds and the original acquisition cost of the property, adjusted for inflation.

The tax liability for capital gains on disposal of immovable property is subject to certain exceptions:

- Transfer by reason of death;
- Gifts among spouses or relatives up to the 3rd degree;
- Gifts to companies by members of the family of the shareholders (it is obligatory that the such relationship is present for at least five years);
- Gift by a family-owned company to its shareholders given that the donated property was also acquired by the company by way of a gift (the property should remain in the possession of the shareholders for at least three years);
- Donation for charity, to charitable organisations or to the Republic;
- Sale or exchange of property consistent with the provisions of the Agricultural Land (Consolidation) Laws;
 - Exchange of properties of equal value;
 - Expropriation of property;
 - Profit from the transfer of ownership of property or shares where a company reorganisation has taken place;
 - Transfer of immovable property between spouses after the issue of a divorce, which constitute a settlement of property between them.

Additionally, there are certain life-time exemptions available to individuals on the following amounts relating to the disposal of immovable property:

- For principal dwelling residence used by the owner exclusively for own habitation for a period of at least 5 years - €85,430.07
- For agricultural property by a farmer - €25,629.02
- Any other disposal or disposals of immovable property - €17,086.01

IMMOVABLE PROPERTY TAX

The owners of immovable property in Cyprus, irrespective of their tax residency, are subject to annual taxation. The basis to determine the tax due is the estimated market value of the property as at January 1 1980.

The applicable rates are as follows:

Value of property as at 1 January 1980	Tax Rate‰
€0 - €120.000	0
€120.001 – €170.000	4
€170.001 – €300.000	5
€300.001 – €500.000	6
€500.001 – €800.000	7
Over €800.001	8

An exemption from immovable property tax is granted to churches and other religious buildings, public cemeteries, schools and public hospitals, property owned by foreign embassies, consulates or the Republic, agricultural land used by a farmer for agricultural purposes, buildings owned by charitable organisations, etc.

TRANSFER FEES FOR IMMOVABLE PROPERTY

Transfers of immovable property are subject to transfer fee based on the agreed price or on the current market value of the property. The rates range from 3% to 8%.

The rate of 3% is imposed on the first € 85,430.07 of the taxable base, which is then increased to 5% regarding the amount from €85,430.08 to €170,860.14 and finally to 8% on any amount above €170,860.14.

As of December 2 2011 individuals who paid VAT at the time of the first acquisition of immovable property, no transfer fees will be due. For those who did not pay VAT at the time of the first acquisition of immovable property, property transfer fees are reduced by 50 %. This provision will remain in force until December 31 2014. It should be noted that it does not apply to re-sales.

The bill does not have retroactive effect.

Where transfer fees are paid in relation to the transferring of property to a family company, these are refunded in 5 years provided that certain requirements are met:

- The company remains the owner of the property; and
- The shareholders of the company have remained the same.

In cases of transfer of immovable property from a family company to its shareholders, as well as on transfers by donation between spouses, parents and children or between relatives up to the 3rd degree, transfer fees are calculated based on the value of the property in the deed of the property at the following rates:

- Transfer to a spouse and/or relative up to the 3rd degree 8%
- Transfer to a child 4%

Mortgage registration fees are rated at 1% of the current market value of the property.

In cases of transfers resulting from corporate reorganisation, an exemption from both mortgage registration fees and transfer fees is available.

STOCK EXCHANGE TRANSACTION FEES

A special fee at the rate of 0.15% is imposed on both individuals and legal entities in relation to transactions that take place in the Cyprus Stock Exchange or are announced to the Cyprus Stock Exchange.

Certain exemptions apply:

- issue and redemption of shares by the issuer
- transactions which relate to non-convertible corporate bonds, debentures, promissory notes
- transactions which relate to bonds, debentures and government securities
- gifts of securities between spouses or relatives up to the third degree
- transfer of securities by reason of death

STAMP DUTY

In general, stamp duty is payable on a document if it relates to any property situated in Cyprus or to any matter or thing to be performed or done in Cyprus, irrespective of the place where it is executed. As a result, even if a document is executed in Cyprus, no stamp duty will be chargeable if it relates to any matter or thing to be performed or done outside Cyprus.

Stamp duty is levied on a variety of commercial and legal documents such as cheques, letters of credit, receipts, customs documents, declarations of trust, powers of attorney, etc.

The stamp duty is determined as a fixed amount or depends on the value in the document.

The applicable rates payable on commercial contracts are 0.15% on sums up to €170,860.14 and 0.2 % on sums exceeding €170,860.14. In cases where the amount involved is unspecified, the stamp duty payable amounts to €34.17. High-value contracts with a consideration of over €8,543,007.21 are subject to a special treatment and are thus subject to a stamp duty of €17,086.01.

Transactions relating to company reorganisation are exempt from stamp duty.

VALUE ADDED TAX

VAT is imposed on every taxable supply of goods and services, i.e. on every supply of goods and services made in Cyprus by a taxable person in the course of his business, unless the supply is exempt in accordance with the provisions of the law. Additionally, VAT is imposed on the acquisition of goods from other EU Member States and on the importation of goods into Cyprus from non-EU countries.

In general, VAT must be charged by the taxable person supplying goods/services. As “taxable” is considered every person, individual or legal entity, either resident or non-resident, that carries on business in Cyprus and has been registered as such in the VAT Register or is required to be registered according to the provisions of the VAT legislation.

The VAT registration threshold is €15,600 per - annum. A taxable person is also required to register for VAT purposes if it supplies services to taxable persons established in another Member State, irrespective of the volume of the supplies. In addition, where, in the course of the year, the intra-Community acquisitions of goods of a taxable person exceed the threshold of EUR 10,251.61 the acquirer must apply for registration within 30 days from the end of the month in which the threshold was exceeded.

Voluntary registration is available where a person:

- Makes taxable supplies or effects intra-Community acquisitions of goods not exceeding the thresholds for compulsory registration;
- Is engaged in activities outside Cyprus that would be taxable if they were carried out in Cyprus; and
- Intends to start a business (evidence to be provided to the VAT authorities)

Applicable rates

The tax levied on the supply of goods and services vary from 0% to 18%.

Certain transactions are exempted from VAT. Exemption is granted for certain activities in the public interest (public postal services, hospital and medical care, educational services), as well as other transactions (insurance and reinsurance, financial transactions, lotteries etc.)

A number of transactions are zero-rated, among which exports out of the EU, transport of goods and passengers from Cyprus to a country outside the EU or vice versa, services relating to the importation of goods into Cyprus, intra-Community supplies of goods etc.

Supplies of goods or services rated at 5% include foodstuffs, pharmaceutical products and vaccines for medical and veterinary purposes, animal food, seeds, fertilizers, insecticides, fungicides, newspapers, books, products intended to be used by disabled people, ice-creams, bus fares for urban and rural areas, water, gas, crisps and nuts, theatre, museum, cinema, zoo, exhibitions and other cultural event tickets, sport event tickets, hairdressing services etc.

The acquisition of a first residence is subject to 5% VAT, provided that certain criteria are met.

With effect from November 1 2011, the following supplies are also subject to 5% VAT (subject to certain conditions):

- The supply of buildings or parts thereof and of the land on which they stand, before first use, to be used as the main residence;
- The transfer of the possession of buildings or parts thereof and of the land on which they stand under (i) a sales agreement or (ii) agreements which provide

transfer of the building in future, before first use, in order to be used as the main residence;

- The construction of a building or parts thereof on building land, before first use, in order to be used as the main residence.

Restaurant and catering services, hotel accommodation, taxi transportation and local sea transport fall under the reduced VAT rate of 8%.

The standard rate of 18% applies to all other goods or services not covered by any of the above, in particular alcoholic products, wines, beer and carbonated refreshments.

At present, the VAT legislation of Cyprus is fully-harmonised with the EU VAT directives, including the last amendments related to the place of supply of services, the application of the reverse charge mechanism, as well as the VAT refund procedures relating to intra-community transactions.

SOCIAL INSURANCE CONTRIBUTIONS

The social security system in Cyprus is designed to cover certain social security risks and to provide benefits in the events of unemployment, sickness, medical care, maternity, retirement, disability, death etc. The social insurance system is financed by contributions paid by the employers, the employees and the government of Cyprus. Social security contributions are equally due by residents and non-residents working in Cyprus, as well as by self-employed.

The applicable rates are as follows:

	Social Insurance Contribution	Contribution to the Redundancy Fund	Contribution to the Industrial Training Fund	Social Cohesion Fund
Self-Employed	13.6%	-	-	
Employee	6.8%	-	-	
Employer	6.8%	1.2%	0.5%	2%

An exemption from the contribution to the social cohesion fund is granted in cases of foreign employees employed by an International Business Company, a foreign government, a ship management company or a company owning a Cyprus ship.

From January 1 2012, a special contribution to the budget will apply to public officials/employees and those working in the private sector, including self-employed. The measure is planned to operate for the following 2 years.

The rates of the contribution are as follows:

Salary Range (EUR)	Reducton (%)
0-2500	0
2.501-3.500	2.5
3.501 - 4.500	3.0
Over 4.501	3.5

In case of public official or employee who is at the highest tier of his/her position, an additional 0,5% will be deducted.

The contribution due by the private sector will be shared equally by the employer and the employee.

The contribution is deductible for income tax purposes.

Certain emoluments such as retirement gratuity, amount paid by welfare funds, remuneration of foreign diplomatic and consular representatives who are not Cyprus citizens etc. are exempted from the special contribution.

TAXATION OF SHIPPING ACTIVITIES

Cyprus nowadays is considered as one of the best destinations in the world for the establishment of ship-owning and ship-management companies due to its favourable geographic location and the tax incentives provided by the local legislation.

In 2010, the new Merchant Shipping (Fees and Taxing Provisions) Law came into effect introducing a tonnage tax system in Cyprus. The regime has received the EU approval for a period of 10 years. It extends to owners of foreign flag vessels and charterers, as well as to owners of Cyprus flag vessels and ship managers.

The legislation provides for complete exemption from all profit taxes and imposes tonnage tax, which is calculated based on the net tonnage of the vessels.

The applicable rates are as follows:

Tonnage	Rate per Tone
0-1.000 for every 100 units	€36,50
1.001-10.000 for every additional 100 units	€31,03
10.001- 25.000 for every additional 100 units	€20,08
25.001-40.000 for every additional 100 units	€12,78
Each tone above 40,000 for every additional 100 units	€7,30

Further to the above, all qualifying parties under the tonnage tax scheme enjoy tax exemption on dividends, on interest income derived from qualifying shipping activities, as well as on gains derived from the alienation of ships.

Apart from the incentives above, no income tax is payable on the salaries of officers and crew of Cypriot qualifying flag ships and no stamp duty is payable on bills of sale and mortgages on qualifying ships and related documents.

Owners of ships registered under Cyprus flag enjoy low registration costs, freedom of movement of foreign currency and no exchange controls, full protection for financiers and mortgagees, a network of local inspectors covering important ports worldwide in order to ensure efficient and effective control of Cypriot vessels and to avoid detentions by port state control, as well as extensive network of double tax treaties.

The recent beneficial developments in the area of merchant shipping have resulted in the increase of Cyprus's shipping industry activities and the number of ships and shipping companies registered in Cyprus.

KEEPING AND MAINTAINING ACCOUNTING BOOKS AND RECORDS

As from January 1 2011, a newly-incorporated resident company is obliged to send a notice of its registration to the tax authorities not later than 60 days following the date of its incorporation. The same requirement applies to companies registered outside Cyprus upon them obtaining Cypriot residency.

Every taxable person must keep books and records and retain them for 7 years from the date entries of transactions have been completed. For every transaction, the company is required to produce supporting documentation in the form of invoices and receipts which must be issued within 30 days from the date a transaction has occurred. Furthermore, accounting books and records must be regularly maintained and should be updated every quarter at the end of the month following the quarter. Businesses which maintain inventory are obliged to conduct annual inventory counts.

Books and records must be kept up-to-date to contain the information needed by a taxable person for the purpose of calculating the amounts of tax due and other information required for filling the statutory tax returns. Financial statements should be prepared in accordance with the International Financial Reporting Standards and qualifying companies are required to appoint a licensed auditor to audit the company's financial statements and prepare an audit report.

The Directors of the company have the obligation to ensure that the annual accounts and financial reports are prepared and submitted to the relevant authorities on time.

Upon request the Commissioner of Inland Revenue can inspect the premises of any business provided reasonable notification is granted.

TAX DIARY

Month	Date	Return/ payment	Tax form
January 2013	10/01/2013	VAT Return/ payment for Sep-Nov'12 (Category C) [1] INTRASTAT Return for Dec'12 [1]	ΦΠΑ 4 Electronic
	14/01/2013	Estimated date for VAT standard rate increase to 18%.	
	15/01/2013	VIES Return for Dec'12 [1]	Electronic
	during Jan	Claim for allowances submission by Employees to the Employer [2]	IR 59
	31/01/2013	Payment of PAYE Income tax for employees for Dec'12 [2]	IR 61
		Payment of Soc.security contributions for employees for Dec'12 [2]	Soc.Sec.form
Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Dec'12) [3]		IR 601	
	Deemed Dividend distribution return and payment of Special Defense Contribution on deemed dividends for the year 2010 (for resident ultimate shareholders) [3]	IR 623; Declarations	

Month	Date	Return/ payment	Tax form
February 2013	10/02/2013	VAT Return/ payment for Oct-Dec'12 (Category A) [1] INTRASTAT Return for Feb'13 [1]	ΦΠΑ 4 Electronic
	15/02/2013	VIES Return for Jan'13 [1]	Electronic
	28/02/2013	Payment of PAYE Income tax for employees for Jan'13 [2]	IR 61
		Payment of Soc.security contributions for employees for Jan'13 [2]	Soc.Sec.form
		Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Jan'13) [3]	IR 601

Month	Date	Return/ payment	Tax form
March 2013	10/03/2013	VAT Return/ payment for Nov'12-Jan'13 (Category B) [1] INTRASTAT Return for Jan'13 [1]	ΦΠΑ 4 Electronic
	15/03/2013	VIES Return for Feb'13 [1]	Electronic
	31/03/2013	Payment of PAYE Income tax for employees for Feb'12 [2]	IR 61
		Payment of Soc.security contributions for employees for Feb'13 [2]	Soc.Sec.form
		Company tax return based on audited accounts, for 2011 (extended deadline) [5]	IR 4 (only Electronically)
		Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Feb'13) [3]	IR 601

Month	Date	Return/ payment	Tax form
April 2013	10/04/2013	VAT Return/ payment for Dec'12-Feb'13 (Category C) [1] INTRASTAT Return for Mar'13 [1]	ΦΠΑ 4 Electronic
	15/04/2013	VIES Return for Mar'13 [1]	Electronic
	30/04/2013	Payment of PAYE Income tax for employees for Mar'13 [2]	IR 61
		Payment of Soc.security contributions for employees for Mar'13 [2]	Soc.Sec.form
		Employer's Return [2]	IR 7 (only Electronically)
		Income Tax Return by individuals with gross income over € 19.500 for the year 2012 (together with the Certificate of Emoluments) [6]	IR 1 IR 1; IR 63 (deadline extended to 31/07/2013, if Electronically)
		Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Mar'13) [3]	IR 601

Month	Date	Return/ payment	Tax form
May 2013	10/05/2013	VAT Return/ payment for Jan-Mar'13 (Category A) [1]	ΦΠΑ 4
		INTRASTAT Return for Apr'13 [1]	Electronic
	15/05/2013	VIES Return for Apr'13 [1]	Electronic
	31/05/2013	Payment of PAYE Income tax for employees for Apr'13 [2]	IR 61
		Payment of Soc.security contributions for employees for Apr'13 [2]	Soc.Sec.form
	Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Apr'13) [3]	IR 601	

Month	Date	Return/ payment	Tax form
June 2013	10/06/2013	VAT Return/ payment for Feb-Apr'13 (Category B) [1]	ΦΠΑ 4
		INTRASTAT Return for May'13 [1]	Electronic
	15/06/2013	VIES Return for May'13 [1]	Electronic
	30/06/2013	Payment of PAYE Income tax for employees for May'13 [2]	IR 61
		Payment of Soc.security contributions for employees for May'13 [2]	Soc.Sec.form
		Income tax return and payment of Income tax by individuals with obligation of issuing invoices and receipts (without accounting/ audit obligations) for the year 2012 [6]	IR 1 (deadline extended to 30/09/2013, if Electronically)
Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (May'13) [3]		IR 601	
	Payment of Special Defense Contribution on Rental income (from residents and non-residents) for Jan-Jun'13 [3]	IR 601	

Month	Date	Return/ payment	Tax form
July 2013	10/07/2013	VAT Return/ payment for Mar-May'13 (Category C) [1]	ΦΠΑ 4
		INTRASTAT Return for Jun'13 [1]	Electronic
	15/07/2013	VIES Return for Jun'13 [1]	Electronic
	31/07/2013	Payment of PAYE Income tax for employees for Jun'13 [2]	IR 61
		Payment of Soc.security contributions for employees for Jun'13 [2]	Soc.Sec.form
		Self assessment Temporary tax return for Self-employed individuals; Payment of first Temporary tax installment for 2013 [6]	IR 5
Self assessment Temporary tax return for Companies; Payment of first Temporary tax installment for 2013 [5]		IR 6	
	Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Jun'13) [3]	IR 601	

Month	Date	Return/ payment	Tax form
August 2013	01/08/2013	Payment of final Income tax balance by individuals with obligation to keep accounting records and undergo audit, for the year 2012 [6]	IR 1 (last page)
		Self assessment and payment of final Corporation tax balance by Companies for the year 2012 [5]	IR 158 A
	10/08/2013	VAT Return/ payment for Apr-Jun'13 (Category A) [1]	ΦΠΑ 4
		INTRASTAT Return for Jul'13 [1]	Electronic
	15/08/2013	VIES Return for Jul'13 [1]	Electronic
		31/08/2013	Payment of PAYE Income tax for employees for Jul'13 [2]
	Payment of Soc.security contributions for employees for Jul'13 [2]		Soc.Sec.form
	Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Jul'13) [3]	IR 601	

Month	Date	Return/ payment	Tax form
September 2013	10/09/2013	VAT Return/ payment for May-Jul'13 (Category B) [1]	ΦΠΑ 4
		INTRASTAT Return for Aug'13 [1]	Electronic
	15/09/2013	VIES Return for Aug'13 [1]	Electronic
	30/09/2013	Payment of PAYE Income tax for employees for Aug'13 [2]	IR 61
		Payment of Soc.security contributions for employees for Aug'13 [2]	Soc.Sec.form
		Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Aug'13) [3]	IR 601
Immovable Property tax payment for 2012 [7]		Notification	
	Property tax payment for 2012 [7]	Notification	

Month	Date	Return/ payment	Tax form
October 2013	10/10/2013	VAT Return/ payment for Jun-Aug'13 (Category C) [1]	ΦΠΑ 4
		INTRASTAT Return for Sep'13 [1]	Electronic
	15/10/2013	VIES Return for Sep'13 [1]	Electronic
	31/10/2013	Payment of PAYE Income tax for employees for Sep'13 [2]	IR 61
		Payment of Soc.security contributions for employees for Sep'13 [2]	Soc.Sec.form
	Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Sep'13) [3]	IR 601	

Month	Date	Return/ payment	Tax form
November 2013	10/11/2013	VAT Return/ payment for Jul-Sep'13 (Category A) [1]	ΦΠΑ 4
		INTRASTAT Return for Oct'13 [1]	Electronic
	15/11/2013	VIES Return for Oct'13 [1]	Electronic
	30/11/2013	Payment of PAYE Income tax for employees for Oct'13 [2]	IR 61
		Payment of Soc.security contributions for employees for Oct'13 [2]	Soc.Sec.form
	Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Oct'13) [3]	IR 601	

Month	Date	Return/ payment	Tax form
December 2013	10/12/2013	VAT Return/ payment for Aug-Oct'13 (Category B) [1]	ΦΠΑ 4
		INTRASTAT Return for Nov'13 [1]	Electronic
	15/12/2013	VIES Return for Nov'13 [1]	Electronic
	31/12/2013	Payment of PAYE Income tax for employees for Nov'13 [2]	IR 61
		Payment of Soc.security contributions for employees for Nov'13 [2]	Soc.Sec.form
		Income tax return for individuals with obligation to keep accounting records and undergo audit, for the year 2012 [6]	Soc.IR 1 IR 1 (deadline extended to 31/03/2014, if Electronically)
		Payment of second (final) Temporary tax installment for 2013 for Self-employed individuals [6]	IR 5 (copy of Submitted return)
		Company tax return based on audited accounts, for 2012[5]	IR 4 (only Electronically)
		Payment of second (final) Temporary tax installment for 2013 for Companies [5]	IR 6 (copy of Submitted return)
		Payment of Special Defense Contribution from Dividends and Interest from Cyprus sources (Nov'13) [3]	IR 601
Payment of Special Defense Contribution on Rental income (from residents and non-residents) for Jul-Dec'13 [3]		IR 601	
	Payment of Special Defense Contribution from Dividends and Interest from Overseas sources for all the year 2013 [3]	IR 601	

1 month after transaction	Capital Gains Tax return (Declaration of disposal of property) and tax payment [7]	IR 401 (Immovable property); IR 402 (Company shares)
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Notes:

- (1). VAT related
- (2). Employee related
- (3). Special Defence Contribution related
- (4). Changes to the tax legislation
- (5). Related to companies
- (6). Related to individuals
- (7). Property related taxes

Various penalties and interest may be imposed in case of non compliance with the abovementioned deadlines.

The rate of penalty interest as from 1/1/2007, as determined by the Ministry of Finance, is 8%.

DOUBLE TAX TREATIES

Cyprus has concluded a great number of Double Tax Treaties. The main purpose of these treaties is the avoidance of double taxation on income earned in any of the countries that Cyprus has entered into agreement with.

Double Tax Treaties, in conjunction with the other tax advantages, prevent double taxation and tax payable can be reduced to a minimum.

Under these agreements, a tax credit is usually allowed against the tax paid to the country the taxpayer has his permanent residence. Normally, the effect of these arrangements is that the taxpayer pays no more than the higher of the two rates. However the existence of these treaties combined with the low Corporation Tax of Cyprus offer tremendous possibilities for tax planning through Cyprus.

Format of Cyprus' tax treaties and important articles

The majority of Cyprus' tax treaties follow closely the treaty developed by the Organization of Economic Cooperation and Development (OECD). Changes are made only to reflect the different tax systems of Cyprus and each treaty partner individually.

All double tax treaties that Cyprus has entered into include articles that explain the right of a contracting state to tax dividends, interest received and royalties. The rates of those taxes are shown on the following table.

Double Tax Treaty Table - Cyprus

Country	Dividends [1]	Interest [2]	Royalties
Armenia	0,5	5	5
Austria	10	0	0
Azerbaijan*	0	0	0
Belarus	5/10/15	5	5
Belgium	10/15	15	0
Bulgaria	5/10	7	10
Canada	15	15	0/10 ¹
China	10	10	10
Czech Republic	0/5	0	10
Denmark	0/15	0	0
Egypt	15	15	10
France	10/15	10	0/5 ¹
Germany	5/15	0	0
Greece	25	10	5
Hungary	5/15	10	0
India	10/15	10	15
Ireland	0	0	0/5 ¹
Italy	0	10	0
Kuwait	10	10	0/5 ¹
Kyrgyzstan*	0	0	0
Lebanon	5	5	0
Malta	15	10	10
Mauritius	0	0	0
Moldova	5/10	5	5
Montenegro**	10	10	10
Norway	0	0	0
Poland	10	0/10	5
Qatar	0	0	5

Romania	10	10	0/5 ¹
Russia***	5/10	0	0
San Marino	0	0	0
Serbia**	10	10	10
Seychelles	0	0	5
Singapore	0	0/7/10 ¹	10
Slovak Republic****	10	10	0/5 ¹
Slovenia	5	5	5
South Africa	0	0	0
Sweden	5/15	10	0
Syria	0/15	10	0/15 ¹
Tajikistan*	0	0	0
Thailand	10	10/15 ¹	5/10/15 ¹
Turkmenistan*	0	0	0
Ukraine*****	0	0	0
United Kingdom	0	10	0/5
USA	0	10	0
Uzbekistan*	0	0	0

Notes:

*Application of the Treaty between the Republic of Cyprus and the USSR.

** Application of the Treaty between the Republic of Cyprus and Yugoslavia

*** Amending protocol to treaty between Russia and Cyprus was signed on October 7 2010 but did not yet come into force. Important provision of the amending protocol is the introduction of a new article on the exchange of information. It is expected that Cyprus will be removed from the Russian "black list" as soon as the protocol becomes effective

**** Application of the Treaty between the Republic of Cyprus and Czechoslovakia

***** On November 8 2012 a new Treaty had been signed between the Republic of Cyprus and Ukraine, which will enter into force once it has been ratified by both countries



One Company

Eighteen cities

One Philosophy

One Management

One Language



Eurofast

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