

Cyprus Tax Alert

Limassol, 1st November 2024

BENEFITS OF CYPRUS TAX RESIDENTS NON DOMICILES

This alert summarizes the benefits of being a Cyprus tax resident individual who has a non domicile status

NON DOMICILE TAX BENEFITS

Non domicile individuals who are Cyprus tax residents are exempted from the Defence Contribution which is the base taxation for the passive sources of income in Cyprus.

Specifically for the non domiciles the following tax benefits apply:

- Exemption from dividend income
- Exemption from interest income
- Exemption from rental income (part of)

CYPRUS TAX RESIDENTS TAX BENEFITS

In addition to the above, Cyprus tax resident individuals, enjoy certain tax benefits which apply to all tax residents, irrespective of their domicile status

- Exemption from tax on profit from the sale of shares/securities (with no immovable property in Cyprus)
- Special pension tax regime for overseas pensions at max rate 5%

Introduction of Domicile term

- The inclusion of the term “domicile” (for individuals) in the defence tax legislation in addition to the definition of the term tax resident as given to it under the Income tax legislation, means that only Cypriot tax resident and domicile individuals will be taxed under Defence tax legislation.
- An individual is considered of a Cyprus domicile if he/she has a domicile of origin in Cyprus based on the provisions of the Will and Succession legislation.

Examples of domicile may include domicile of the parents at the time of birth or permanently living and intending to live in a country

- An individual is not considered of a Cyprus domicile if he/she has acquired a domicile of choice outside of Cyprus provided that he/she has not been a Cyprus tax resident in the last 20 years prior to the relevant tax year (irrespective whether he/she is of a Cyprus origin) or although of a Cyprus origin, has not been a Cyprus tax resident for the last 20 years.
- Notwithstanding the above, an individual who although not of a Cyprus origin has been a Cyprus tax resident for 17 out of the last 20 years, prior to the relevant tax year, is considered as a Cyprus domicile.

SUMMARY

Cyprus is an attractive jurisdiction for individual investors who hold shares in companies/securities and financial assets and can get their investment income tax free.

In case of any further clarification please do not hesitate to contact us.

Our contact details:
Nicholas Stavrinos
nicholas.s@pkf.com.cy

+357 25 868 000