

## Cyprus Tax Alert

10 July 2023

### **AMENDMENTS TO THE PROCESS OF WITHHOLDING DEFENCE TAX ON RENTAL INCOME**

Last month, an amendment to the Special Contribution for the Defence Law was published in the Official Gazette of the Republic.

The amendments state, (in line with the requirement of withholding defence tax on rental income where the tenant is a legal entity), every person who pays rent should pay in 2 instalments, by the 30th of June and by the 31st of December of each year, the defence tax withheld during the first and second semester of the year, respectively.

In cases where the defence tax is not withheld or withheld and not paid within the month following June 30 and December 31 of each year, interest shall be imposed at the rate of 2,25%.

It is noted the existing penalty of 5% on the due tax in such instances where the due tax is not timely paid.

For any assistance, please feel free to contact us.

#### **Our contact details:**

Nicholas Stavrinides  
Tax Partner  
[nicholas.s@pkf.com.cy](mailto:nicholas.s@pkf.com.cy)

+357 25 868 000