



**K. TREPPIDES
& CO LTD**

Direct Taxation

July Newsletter - Issue 13/2023



**50% income tax exemption granted on remuneration
from employment in Cyprus**

We would like to inform you that the Cyprus Income Tax Law has been amended to extend the benefit of a 50% exemption from income tax which is granted on the remuneration earned for employment exercised in Cyprus by persons who were not tax residents of Cyprus before commencing their first employment in Cyprus, so that taxpayers can benefit from this exemption even if they change employer.

Eligible taxpayers can benefit from a 50% exemption from income tax on their salary for employment exercised in Cyprus and reduce their income tax liability for a maximum period of 17 tax years.

The amendment provides an additional incentive to entrepreneurs, professionals and key personnel of multinational companies to relocate to Cyprus and make Cyprus their base for doing business internationally.

New provisions	Prior provisions
Exemption applies to remuneration from employment in Cyprus, thus individuals can qualify for the exemption even if they change employer	Exemption is applicable only on remuneration from first employment in Cyprus, thus the exemption is lost once an individual leaves his first employer
Applies to individuals who were not Cyprus tax residents for at least 15 consecutive years immediately before their first employment in Cyprus	Applies to individuals who were not Cyprus tax residents for at least 10 consecutive years immediately before their first employment in Cyprus
Applies for a period of 17 tax years or until the provisions of the Law are repealed , whichever occurs earlier, starting from the tax year of commencing first employment in Cyprus	Applies for a period of 17 tax years starting from the tax year of commencing employment in Cyprus
Granted in any tax year in which the remuneration from employment in Cyprus exceeds €55.000, provided that during the first or second year following the date of commencement of first employment in Cyprus , the remuneration exceeded €55.000 per annum	Granted in any tax year in which the remuneration from employment in Cyprus exceeds €55.000, provided that during the first or second year of employment in Cyprus , the remuneration exceeded €55.000 per annum

New provisions	Prior provisions
<p>Granted in the tax year of commencement of first employment, provided that the remuneration from employment in Cyprus during the first 12 months exceeds €55.000</p>	<p>Granted in the tax year of commencement of first employment, provided that the remuneration from first employment in Cyprus during the first 12 months exceeds €55.000</p>
<p>-</p>	<p>Granted in the tax year of termination of employment or at the end of the 17-year period, provided that the remuneration from employment in Cyprus during the last 12 months exceeds €55.000</p>
<p>“Commencement of first employment in Cyprus” is defined as when a person for the first time, after a period of 15 consecutive tax years during which he did not provide any salaried services in Cyprus, commences employment in Cyprus for a Cyprus resident or non-resident employer</p>	<p>“Commencement of first employment in Cyprus” is defined as when a person for the first time provides salaried services in Cyprus for a Cyprus resident or non-resident employer, without taking into account any occasional full-time or part-time employment in Cyprus for a period not exceeding 120 days in a tax year</p>
<p>Available for persons that commenced first employment in Cyprus on or after 01/01/2022</p>	<p>Available for persons that commenced first employment in Cyprus on or after 01/01/2022</p>

Employments which commenced before 01/01/2022

Persons who commenced employment in Cyprus before 1st January 2022, may be eligible to claim the 50% exemption starting from 1st January 2022 under certain conditions.

New provisions	Prior provisions
<p>Applies to persons who:</p> <ul style="list-style-type: none"> • had continuous employment in Cyprus from the year of commencement of first employment up until the tax year 2021, and • for a period of at least 15 consecutive years immediately before the commencement of first employment in Cyprus were not residents of Cyprus, and: <ol style="list-style-type: none"> i. benefited from the 50% exemption provisions that were applicable before 01/01/2022 (article 8(23)), or ii. whose first employment in Cyprus commenced during the years 2016 - 2021 with remuneration exceeding €55.000 per annum, or 	<p>Applies to persons who:</p> <ul style="list-style-type: none"> • for a period of at least 10 consecutive years immediately before the commencement of employment in Cyprus were not residents of Cyprus, and: <ol style="list-style-type: none"> i. benefited from the 50% exemption provisions that were applicable before 01/01/2022 (article 8(23)) and who had continuous employment in Cyprus from the year of commencement of employment up until the tax year 2021, or ii. whose first employment in Cyprus commenced during the years 2016 - 2021 with remuneration exceeding €55.000 per annum, or

<p>iii. whose first employment in Cyprus commenced between the years 2016 - 2021 with remuneration that did not exceed €55.000 per annum, and within a period of six months from 26/07/2022, the remuneration exceeds €55.000 per annum.</p>	<p>iii. whose first employment in Cyprus commenced between the years 2016 - 2021 with remuneration that did not exceed €55.000 per annum, and within a period of six months from 26/07/2022, the remuneration exceeds €55.000 per annum.</p>
<p>Exemption is available from 01/01/2022 and until the completion of 17 consecutive tax years, or until the provisions of the Law are repealed, whichever occurs earlier, beginning from the tax year in which the first employment commenced in Cyprus</p>	<p>Exemption is available from 01/01/2022 and until the completion of 17 consecutive tax years, beginning from the tax year in which the first employment commenced in Cyprus</p>
<p>Exemption applies to remuneration from employment in Cyprus, thus individuals can qualify for the exemption even if they change employer</p>	<p>Exemption is applicable only on remuneration from first employment in Cyprus, thus the exemption is lost once an individual leaves his first employer</p>

Additional information

1. Persons who benefitted from the exemption before the date that the above amendments were published (i.e., 30/06/2023), but do not qualify for the exemption under the new provisions, can continue to benefit from the 50%

exemption on their remuneration from **first employment** in Cyprus, provided that they meet the conditions of the Law that were previously in force.

2. The exemption is granted to each person once in his/her lifetime, for a period of 17 years, starting from the year of commencement of first employment in Cyprus.

Finally, as mentioned in our Newsletter [Issue 10/2023](#), the deadline for the submission of the personal income tax returns (forms TD1) for the year 2022 has been extended to 2nd October 2023.

In case you need any assistance for assessing your eligibility to benefit from the above provisions and/or for the preparation of your personal income tax return, please do not hesitate to contact us.



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