

On 14 July 2017, the Cypriot Parliament approved the law amending Section 2 of the Income Tax Law (ITL) with respect to the tax residency of individuals. The amending legislation will be effective retroactively as of 1 January 2017. The relevant law implementing the new provisions took legal effect on 28 July 2017, when it was published in the Official Gazette of the Republic.

As per the former provisions of Section 2 of the ITL an individual was considered as Cypriot tax resident if he stayed in the Republic for more than 183 days in a year of assessment. As per the amended law an individual can be considered as Cypriot tax resident even if he spends in Cyprus less than 183 days in a tax year subject to the following three criteria which must be met cumulatively, shall be considered a Cyprus tax resident, if such individual;

- a. Remains in Cyprus for at least sixty (60) days of the assessment year;
- b. Conducts business in Cyprus and/or is employed in Cyprus and/or holds an office to a person resident in Cyprus at any time during the year of assessment;
- c. Maintains a permanent residence in Cyprus, owned or rented by such individual.

This will mean that a foreign national who is not a tax resident in any other state within the year of assessment, and who has not remained in any other states for a period exceeding 183 days in total, will be deemed a Cyprus tax resident.

A Cyprus tax resident is currently taxed on their worldwide income under Cyprus tax.

The income tax rates in Cyprus are as follows:

€	Tax Year	
	2008 -2011	2011 onwards
0%	0 – 19 500	0 – 19 500
20%	19 501 – 28 000	19 501 – 28 000
25%	28 001 –36 300	28 001 – 36 300
30%	36 301 and over	36 301 -60 000
35%	-	60 001 and over

Non-domiciled individuals who are Cyprus tax residents, will be exempt from special defense contribution levied on taxation for personal investment income (dividends, interest, and rents).