

Cyprus – New Tax Residency Rules Applicable

Cyprus has introduced new rules with respect to establishing the tax residency of individuals, by an amendment to the Cyprus Income Tax Law passed in July 2017. It is important to note that although the law was amended in July 2017, it shall have retrospective effect as of the 1st January 2017 and as such, it may already be applicable and beneficial for a number of individuals.

The new provisions of the Income Tax Law define that an individual will be considered as a Cyprus Tax Resident even if he/she spends less than 183 days in a tax year in Cyprus, subject to certain conditions. This is a clear differentiation from the long-standing principle that an individual would be considered as a Cyprus Tax Residence only if he/she had spent over 183 days in Cyprus.

The amendment to the Income Tax Law has inserted a new definition for that “resident in the Republic” means, as follows:

- An individual who does not stay in any other state for one or more periods exceeding in aggregate one hundred and eighty-three (183) days in the same year of assessment and who is not tax resident in any other state in the same year of assessment, is considered to be resident of the Republic in that tax year, provided that he cumulatively meets the following:
 - Stays in the Republic for at least sixty (60) days in the year of assessment; and
 - Exercises any business in the Republic and/or is employed in the Republic and/or holds an office for a person tax resident in the Republic at any time during the year of assessment; and
 - Maintains a permanent residence in the Republic which is owned or rented by him.

It is stressed that the above conditions are cumulative in nature and the individual needs to ensure that they are all met. It is further provided that an individual, who cumulatively fulfills the aforementioned conditions, **is not** considered to be tax resident of the Republic in the year of assessment, if in that year the exercise of any business in the Republic and/ or the employment in the Republic and/or the holding of an office for a person tax resident in the Republic is terminated.

The content of this Newsletter is intended to provide general guidance only. Expert advice should be sought for your specific circumstances. Our team of highly experienced professionals can advise you further on the basis of your particular facts and circumstances. Please feel free to contact Mr. George Vrikis at vrikis@vrikislegal.com to discuss how we can be of assistance to you.

CORNER OF MAKARIOS AVENUE
AND AYIAS ELENIS 36,
GALAXIAS COMMERCIAL CENTRE,
BLOCK B, 4TH FLOOR, OFFICE 404,
1061, NICOSIA, CYPRUS

TEL: +357 22 261 777
FAX: +357 22 261 888
EMAIL: VRIKIS@VRIKISLEGAL.COM
SKYPE: GEORGE_VRIKIS