TAXES IN CYPRUS

1. TAXES AND CONTRIBUTIONS.

Cyprus through the years has succeeded to become an International Business and Financial centre as a result of the sophisticate tax system, high standard of living and modern business infrastructure.

It is important to note that Cyprus has a broad system of treaties for the avoidance of double taxation and also other tax benefits such as low tax rate, exception from tax on dividends recurred by companies, profit from disposal of securities and much more that to be analysed below.

1.1. Taxes

The main taxes and contributions are:

a) Corporation Tax for companies
b) Income Tax for individuals
c) Special Contribution to Defence Fund
d) Value Add Tax (V.A.T.)
e) Capital Gains Tax (C.G.T.)

1.1.2 Contributions

a) Social Insurance

2. INCOME TAX OF CORPORATIONS AND PERMANENT ESTABLISHMENTS IN THE CYPRUS REPUBLIC OF CORPORATIONS ABROAD.

2.1. Obligors entities.

The obligors are:

2.1.1 Legal entities resident in the Republic, on its income accruing or arising both from sources in and outside the Republic.

2.1.2 Legal entities not resident in the Republic on income accruing or arising from sources in the Republic.

2.2 Residence.

Resident in the Republic is a company that is managed and controlled in the Republic.

2.3 Determination of the taxable income or loss.

The tax is calculated on net taxable income, to determine this will be subtracted from net profit income before tax the expenses necessarily incurred to obtain, maintain and preserve it. In case of tax loss, it can be utilised against taxable profits generated for infinity period of time.

Deductions allowed for companies

For the purpose of ascertaining the chargeable income, there shall be deducted all outgoings and expenses wholly and exclusively incurred by the company in the production of income including:

- ► Repair of premises, plant, machinery and means of transport
- ► Ordinary annual contributions paid by an employer to approved funds
- ► Bad debts of any business
- ► Expenditure for scientific research
- ► Expenditure on patents or patent rights or intellectual property rights

- Donations or contributions made for educational, cultural or other charitable purposes without a limit
- Expenditure up to €1.200 for building area up to 120 sq m, up to €1.100 for building area of 121-1000 sq m, up to €700 for building area above 1000 sq m, made for maintenance, preservation or restoration of an ancient monument
- Interest in relation to the acquisition of business assets used in the business
- Contributions to a fund approved under regulations, for educational purposes and maintenance of an individual attending any university, college, school or other educational institution
- Special contribution for employees in the private sector
- Expenses in relation to rents receivable
- Interest relating to a rented property

The following expenses are not deductable for tax purposes:

- Domestic or private expenses including the cost of travelling between the place of residence and the place of work
- Rent of premises owned and used by the person carrying on of a business
- Remuneration or interest on capital paid or credited by the person carrying on business
- Cost of goods taken out of the business for private use
- Disbursements or expenses not wholly or exclusively paid out for acquiring the income
- Any sum employed or intended to be employed as capital
- Expenditure for improvements, alterations or additions to immovable property
- Sums recoverable under an insurance or contract of indemnity
- Rent or cost of repairs of premises not incurred for the purposes of earning the income
- Taxes
- Payments of a voluntary nature
- Expenses of business entertainment, including hospitality of any kind, made in connection with a business and that exceeds 1% of the gross income of the business. In case that these expenses do not exceed 1% of gross income, then the allowable deduction is up to a maximum of €17.086.
- Expenses of a private motor vehicle
- Interest applicable to the cost of purchase of a private motor vehicle or any other asset not used in the business. This provision does not apply after the lapse of seven years from the date of purchase of the relevant asset.
- Salaries for which contributions in respect of provident funds, pension funds, social security and other related funds were not paid within the year due for payment. If paid within two years from their due date, then the salaries and the related contributions will be allowed as a tax deductible expense in the year that these are paid.

The following source at income are exempt for tax purposes:

- Interest received if it is not part of company's trading activity
- Dividends received
- Profit from trading securities

2.4 Rate

The tax rate applied to income is 10% which is one of the lowest corporate tax rates in Europe

2.5 Statements, payment and tax requirments.

2.5.1 Statements (tax return)

Fiscal and financial year begins 1st January and ends on 31st December.

Every company must file tax return to local tax authorities on annually bases by 31st December.

2.5.2 Payments.

Previous year tax balance must be paid by 1st August otherwise penalties and interests for late payment apply.

Provisional tax is paid on the estimated tax profit of the year and amount paid is deducted from the tax to be paid on the year end.

Payments are done on three equal installments on 1st August, 30th September and on 31st December.

2.5.3 Tax procedures.

The Inland Revenue Department is responsible for the application and enforcement of direct tax legislation and the Double Tax Agreements concluded between Cyprus and other countries and the collection of public revenue. To this end, it ensures the consistent, fair and impartial application and enforcement of the law and the relevant Agreements and secures a prompt revenue collection in a cost effective and professional manner. As a result, it is consistent with Government policy which aims to ensure sound public finances, combat tax evasion and avoidance and provide appropriate quality service to taxpayers, thus contributing to the overall well being of society.

2.6 Dividends.

Dividends received by a Cyprus resident Company by another Cyprus resident Company are exempt from taxation.

Dividends received by a Cyprus resident company are generally exempt from taxation in Cyprus if they are received from a foreign entity.

The exemption does not apply where the foreign entity:

- Receives more than 50% of its income from investment activities, <u>and</u>

- The foreign tax burden of the company paying the dividend is substantially lower than that of the Cyprus resident company.

"*Substantially lower" has been interpreted as meaning less than 5%*

The Cyprus Tax Authorities have acknowledged that foreign tax burden does not cover only the tax paid by the company paying the dividend but includes also the tax paid by lower level subsidiaries. In practice, therefore, dividends received from subsidiaries or associates are rarely taxed.

Where dividends do not satisfy the requirements for exemption from taxation then they are subject to defence tax at the rate of 20%. However, any tax withheld at source is allowed as a deduction from this tax even if it is made from a country that does note have a double tax treaty with Cyprus.

A tax credit will be afforded according to the Double Taxation Agreements concluded by Cyprus. In the absence of such an agreement, Cyprus unilaterally affords a credit for the foreign tax paid on such income. The underlying tax credit is also available for dividends received from EU member states.

2.7 Gains on sales of securities and fixed assets.

Gains on disposal of securities is not taxable. This includes trading of securities in Cyprus as well as overseas markets.

Profit from disposal of fixed assets (exempt immovable property) is taxed at a rate of 10%. Gains on disposal from immovable property is subject to Capital Gain Tax that is analysed below.

2.8 Interest Income.

The taxation of interest income depends on whether it is derived in the ordinary course of business or it is closely related with that business. In such cases, the interest income earned is included in the calculation of taxable income under corporation tax and taxed at 10%. Interest earned by banks, financial companies, hire purchase companies or leasing companies is considered to arise from the ordinary course of business.

Interest earned as detailed below is considered to be closely related to that business and is also subject to corporation tax.

(a) business such as car dealers, property developers that sell their products on extended payment terms and charge interest on their trade debtors;

(b) interest on current account balances at banks;

(c) interest earned by companies which act as a vehicle through which a group finances the operations of companies within it. No formal definition of "group" has been provided but it is generally considered that a group comprises any relationship where the companies are ultimately controlled by one entity. Consequently, two entities that are owned by a physical person without a common holding company are not considered a group.

2.9 Royalties.

Gross amount of royalties from sources within Cyprus by a company which is not a tax resident of Cyprus are liable to 10% withholding tax at source, subject to relief under any applicable double taxation treaty. If the intangible property right however is granted to a Cyprus company for use outside Cyprus, then there is no withholding tax and the corporate rate is applied only on the profit margin left in the Cyprus Company.

Moreover, 80% of the revenue arising from the exploitation of the intangible assets (including compensation for improper use of the rights) as well as out of any gains which may arise from their sale, will be deemed as an expense, hence only the remaining 20% will be subject to tax. This 80% deduction will apply on the profit after deduction of the amortization and any other direct expenses incurred in earning the profit.

2.10 Tax Incentives.

The main tax incentives in Cyprus are as follows:

1. Many of the treaties impose low or nil withholding tax on dividends, interest or royalties at source.
2. Low tax environment
3. Freedom from exchange controls allowing profits
4. Dividends and interest from legitimate investments
5. Capital gains from the disposal of securities (i.e. shares in investments, bonds) to be freely remitted abroad.
6. The broad system of treaties for the avoidance of the double taxation
7. There is an exemption from tax on dividends received by companies (conditions apply)
8. Profit from dealing in securities is tax free (This includes trading in securities in Cyprus as well as overseas markets).
9. Eighty per cent (80%) of the revenue from intellectual property rights deemed as expense thus effectively tax payable on the remaining 20% less other expenses.
10. Capital gains from the sale of movable asset are tax free.
11. No withholding tax on dividends, interest and royalties payable to non-residents (foreign companies and individuals).
12. European Union parent subsidiary directives apply

3. INCOME TAX OF INDIVIDUALS NATIONALS.

3.1 Obligors.

Individuals resident in Cyprus on its income from accruing or arising from sources both within and outside the Republic.

Individuals not resident in the Republic, tax is imposed on income accruing or arising only from sources within the Republic.

3.2 Residence.

Resident in the Republic, for tax purposes, is an individual who is present in the Republic for a period exceeding 183 days in the tax year.

3.3 Determination of the taxable income or loss.

3.3.1 Residents are taxed on income from:

- Profits from trade vocation or profession
- Rents, royalties and pensions
- Remuneration and benefits from employment
- Profit from sale of goodwill

3.3.2 Non residents are taxed on income including:

- Rental income from immovable property in Cyprus
- Profit of a business carried out through a permanent establishment in Cyprus
- Remuneration from employment exercised in Cyprus

3.4 Rates.

The following rates apply to individuals for 2012:

Taxable Income	Taxable Rate	Sum of Tax	Accumulated Tax
€	€	€	€
0 - 19.500	0%	0	0
19.500 – 28.000	20%	1.700	1.700
28.001 – 36.300	25%	2.075	3.775
36.301 – 60.000	30%	7.110	10.885
60.001 – and above	35%		

As from1st January 2003 foreign employees and Cypriot employees are treated in the same manner.

However, expatriates will get a 20% deduction from their salaries for their first three years in Cyprus, limited to €8,543 as compensation for their costs to be established in Cyprus. This deduction is first claimed in the tax year following the year of their arrival to Cyprus.

There is an exemption of 50% of income earned from any office or employment exercised in Cyprus by an individual who was not a resident of Cyprus before the commencement of his employment, for a period of 5 years for employments commencing as from 1 January 2012 if the annual remuneration exceeds €100.000.

Contributions to social insurance, approved provident funds, approved medical funds or pension schemes and life insurance premiums are deductible with some restrictions.

Expatriate employees of International Business Companies

Expatriate employees of IBCs are taxed according to the tax residency criteria, set at 183 days therefore:

- If they are employed in Cyprus for 183 days or more they are tax on all employment income. However, an exemption applies in respect of the remuneration for services rendered to a permanent establishment abroad of a resident employer, or to a non-resident employer and the aggregate period of visits abroad must not be less than 90 days in the year of assessment;
- If they are employed in Cyprus for less than 183 days then tax is payable on the salary attributable to their employment in Cyprus;
- If they are employed outside of Cyprus then no tax is payable;
- If they are employed in Cyprus they will be subject to social security contributions.

Exception

The following are exempt from income tax:

Widows pension granted under the Social Insurance Laws or in accordance with any pension scheme approved under regulations	The whole amount
Lump sum received as retiring gratuity, commutation of pension, death gratuity or as consolidated compensation for death or injury	The whole amount
Lump sum repayment from life insurance schemes or from approved provident funds	The whole amount
Interest income Interest income arising in the ordinary course of business, including interest closely connected with the carrying on of the business, is not considered as interest but trading profit and is not exempt	The whole amount
Dividend income	The whole amount
Remuneration from any office or employment exercised in the Republic by an individual who was resident outside the Republic before the commencement of the employment. The exemption applies for a period of three years from 1st January following the year of commencement of the employment	20% of the remuneration or €8.550 (whichever is the lower)
Remuneration from any office or employment exercised in the Republic by an individual who was resident outside the Republic before the commencement of his employment in the Republic. The exemption applies for a period of 5 years starting from the first year of employment provided that the above income of the employee exceeds €100.00 per annum	
Gains from disposal of securities including units in an open-ended or closed-ended collective investment scheme	The whole amount

Remuneration from the rendering outside the Republic of salaried services to a non-resident employer or to a permanent establishment outside the Republic of a resident employer for a total aggregate period in the year of assessment of more than 90 days	The whole amount
Profits from a permanent establishment maintained outsided the Republic (subject to certain conditions)	The whole amount
Rent of preserved building (subject to certain conditions)	The whole amount
Deductions	
The following are deducted from income:	
Interest relating to the acquisition of fixed assets used in the business	The whole amount
Expenses for letting of buildings	The whole amount
Interest in respect of the acquisition of a building for rental purposes	The whole amount
Subscriptions to trade unions or professional bodies	The whole amount
Expenditure for the maintance of buildings under preservation order (subject to certain conditions)	Up to €700, €1.100 or €1.200 per sq.m. (depending on the size of the building)
Donations to approved charitable organisation (with receipts)	The whole amount
Non-deductable expenses The following expenses are not tax deductible:	
Business entertainment expenses including hospitality expenses of any kind which are incurred for the purpose of the business	Amount in excess of 1% of the gross income or €17.086 (whichever is the lower)
Private motor vehicle expenses	The whole amount
Professional tax	The whole amount
Immovable property tax	The whole amount
Interest payable or deemed to be payable in relation to the acquisition of a private motor vehicle, irrespective of whether it is used in the business or not, or other asset not used in the business. This restriction is lifted after 7 years from the date of purchase of the relevant asset. Expenditure which is not supported by invoices and relevant receipts or other supporting documentation as required by the relevant Regulations	The whole amount
Wages and salaries relating to services offered within the tax year on which contributions to the Social Insurance Fund, Redundancy Fund, Human Resource Development Fund, Social Cohesion Fund, Pension Fund and Provident Fund have not been paid in the year in which they were due, will not be tax deductible for the calculation of taxable income	The whole amount

In case the above contributions (including any penalties and interest) are pain in full within 2 years following the due date, such wages and salaries will be tax deductible in the tax year in which they are paid.

Loans or financial facilities provided to company directors or individual shareholders

Any amount received as a loan or financial assistance by a company's director, or by a company's individual shareholder, or by his/her spouse, or by any relative up to second degree is considered a monthly benefit equal to 9% p.a. calculated on the above amount. Such benefit, will be included in the individual's income subject to Income Tax.

3.5 Tax Returns, payments and tax procedures.

3.5.1 Tax Returns

Submission of Income Tax Returns must be done by 30th April.

3.5.2 Payments

Payment of income tax balance of previous year must be done by 30th June.

In case of individuals submit audited financial statements, tax return must be submitted by 31st December and tax to be paid by 31st December

Provisional Tax applies for individuals as stated in 2.5.2.

3.5.3 Tax procedures

As stated in 2.5.3.

4.0 VALUE ADDED TAX (V.A.T.).

4.1 Obligors.

A relevant taxable person is any person who, independently, carries out in any place, any economic activity, whatever the purpose or result of that activity is.

A relevant taxable person also includes any person who is registered with VAT anywhere within the EU.

For a company a transaction between two parties falls within the scope of Cyprus VAT if it fulfills all of the following criteria:

(a) The place of supply of goods or services in considered to be within Cyprus; and

(b) The supply of goods or services is made by a relevant taxable person; and

(c) The supply of goods or services is made in the course of business.

VAT is imposed for the following transactions:

(a) On the supply of goods or services in Cyprus;

(b) On the acquisition of goods in Cyprus from other Member States;

(c) On the importation of goods from countries outside the EU in Cyprus; and

(d) On the receipt of services from abroad, either from EU Member States or non EU Member States.

Registration with the relevant VAT authorities in Cyprus is compulsory when a natural or legal person:

- Has a taxable turnover from the supply of goods in Cyprus in excess of €15.600,00 during the 12 preceding months;
- Is expected to have a taxable turnover in excess of €15.600,00 from the supply of goods in Cyprus in the next 30 days following registration;
- At any time, if the taxable person provides taxable supplies to other taxable persons on other Member states

Voluntary registration can be done for a company with turnover less than €15.600,00.

A person who has business establishment in Cyprus or his usual place of residence is in Cyprus and he makes supplies outside Cyprus but would be taxable supplies if made within Cyprus, is entitle for voluntary registration

4.2 Determination of tax or credit balance.

Natural or legal persons that are registered with the VAT authorities, charge VAT on their taxable supplies i.e. on goods or services supplied. The VAT charged is called output tax. When such persons are charged with VAT on goods purchased or services received, the VAT charged is called input tax.

If the total output tax in a VAT period exceeds the total input tax then a payment as to the difference has to be made to the state. If the input tax exceeds the output tax the excess input tax is carried forward and set off against future output tax. Refund of excess input VAT can also be claimed.

4.3 Rates.

There are four current VAT rates provided by the law as follows:

- <u>Zero rated (0%)</u> – regarding the supply, hiring and repair of sea-going vessels and aircrafts, the supply of services to meet the direct needs of sea-going vessels, the supply of goods entered into a customs regime, the supply of medicines and food – except the supply of food in the course of catering.

  In addition, the supply of goods is zero-rated if the VAT Commissioner is satisfied that the goods have been exported or supplied to a registered person in another Member state.

- <u>Reduced rate (5%)</u> – regarding the supply of coffins, services of writers, artists, on the supply of fertilizers, foodstuffs for animals, live animals, seeds, non-bottled water, newspapers, books, periodicals, certain products for persons with special needs, ice cream, certain types of nuts (salted etc), transports of passengers and their accompanying luggage with urban and rural buses, the letting of camping sites and caravan parks, hair salon services, repair and maintenance of private households (based on specific condition), confectionary products, bottled water, juices, pharmaceutical products, entry fees to theatres, cinemas and sporting events, Luna parks and other similar cultural events.

- <u>Reduced Rate (8%)</u> – regarding the transport of passengers and their accompanying luggage within Cyprus, via urban, suburban and rural taxis as well as with tour and suburban buses, restaurant services and the supply of food in the course of catering except the supply of alcoholic beverages wine and beer, which is chargeable at a rate of 17%, as well as on the supply of accommodation in the hotel sector or in sectors with a similar character.

- Standard rate (17%) – for all supplies of goods or services except if are taxed at a reduced rate.

4.4 Payment and accounting records.

4.4.1 Statements.

Proper books and records must be kept by every taxable person which must be preserved for at least seven (7) years after the completion of the entries or deeds written therein, unless the VAT Commissioner, by relevant notification to the person concerned, stipulates otherwise.

Every taxable person has to keep books and records of all the taxable supplies of goods or services it makes or receives for a purpose of its business and for intra-community transactions it makes.

Books and records must be kept up-to-date, with adequate information and In a manner which enables taxable person to use them for the calculation of the payable or claimable amount of tax and the completion of tax declarations.

Books and records must also be kept in a manner enabling VAT offices to easily examine them in order to verify VAT declarations. The manner in which such books and records are kept must not be contrary to business practices.

4.4.2 Payments.

VAT returns must be submitted quarterly, The payment of VAT, if any, must be made within 40 days from the end of each quarter. If during a quarter, the output tax exceeds input tax then the difference must be paid to the state. If input tax exceeds output tax then a repayment is due from the state.

Late filing of the returns and non-payment of the due tax is a criminal offence and is subject to fines and penalties.

5.0 SPECIAL CONTRIBUTION TO DEFENCE FUND

5.1. Obligors.

Special contribution to the defence fund is imposed on income received or deemed to have been received by any person resident in Cyprus.

5.2 Rates.

	Individuals	**Other persons**
	%	**%**
Interest (except interest accruing to any person from the ordinary carrying on of his business)	**15**	**15**
Dividends received from a company resident in Cyprus	**20**	**-**
Dividends deemed to be received from a company resident in Cyprus	**20**	**20**
Dividends received from abroad	**20**	**20***

Interest from savings certificates and developments stocks issued by the Government	**3**	**10**
Interest accruing to provident funds or to the Social Insurance Fund	**-**	**3**
Rents (reduced by 25% instead of actual expenses) **	**3**	**3**

*In case that dividends are received by a company, these are exempt from the payment of special contribution. This exemption does not apply if:

- the company paying the dividend engages more than 50% in activities that lead to investment income, and

- the foreign tax burden on the income of the company paying the dividend is substantially lower than the tax burden of the company that receives the dividend.

**Companies, partnerships, the state and Local Authorities have an obligation to withhold Special Contribution to the Defence Fund on rental payments.

Refund

An individual whose annual income, including interest, does not exceed the amount of €12,000, has the right to a refund of the tax withheld on interest in excess of the amount corresponding to 3%.

Allowance for foreign tax

In case that foreign tax was paid on income subject to special contribution, this can be given as a credit against the special contribution payable on the income, irrespective of the existence of a double taxation treaty with the foreign country.

Deemed distribution

A company resident in Cyprus has to pay 20% special contribution to the defence fund based on a deemed distribution of 70% of the accounting profits after taxation and before set-off of losses brought forward from previous years, after taking into consideration any dividends paid. The deemed distribution takes place two years the end of the year of assessment.

Deemed distribution does not apply in respect of profits that are directly or indirectly attributable to shareholders that are non resident in Cyprus.

6.0 CAPITAL GAINS TAX (C.G.T.)

6.1 Obligors

Tax is imposed on profits from disposal of immovable property situated in Cyprus, or shares in companies, which have immovable property in Cyprus, and such shares are not listed in any recognized stock market.

6.2 Tax rate and determination of profit

The tax imposed on the net profit from disposal at the rate of 20%.

The net profit is calculated as the disposal proceeds less the greater of the cost or market value on 1 January 1980 adjusted for inflation. Inflation is calculated using the official Retail Price Index. The index on 1 January 1980 was 35,40 (base year 2005).

6.2.1 Exemptions

- Transfer by reason of death.
- Gifts to relatives within the third degree of kindred.
- Gift to a company of which the shareholders are and continue to be members of the disposer's family for five years after such gift.
- Gift by a company, of which all the shareholders are members of the same family, to any of its shareholders when the property gifted was also acquired by the company as a gift. The property must remain in the hands of the donee for a period of at least three years.
- Gift to the Republic or to a local authority for educational or other charitable purposes or to approved charitable purposes or to approved charitable institutions.
- Exchange or sale in accordance with the Agricultural Land (Consolidation) Laws.
- Exchange of properties where the values of the immovable properties being exchanged are equal.
- Gain on disposal of shares, which are listed on any Stock Exchange.
- Gains from transfer of property or shares in the course of an approved company reorganization.

6.2.2 Lifetime exemptions for individuals

For sale of own residence	€85.430
For sale of agricultural land by a farmer	€25.629
For other sales	€17.086

6.3 Payments

Payment must be done within 30 days

7.0 National Insurance Contributions (NIC)

7.1 Institution responsible for the provisions of services

The Department of Social Insurance Services of the Ministry of Labour and Social Insurance is responsible among others for:

- The application of the government policy in the area of social insurance with the implementation of specific schemes and measures,
- The submission of suggestions regarding government policy aiming to the continuous improvement of the social security based on the international developments and social and economic conditions of Cyprus,
- The identification of social and economic needs that can be confronted with social security, and
- The continuous study and evaluation of the schemes and measures which are implemented by the Department in connection with the prescribed targets.

7.2 Schemes of NIC

The Social Insurance Scheme covers compulsorily every person gainfully occupied in Cyprus either as an employment person or as a self-employed person. Persons working abroad in the service of

Cypriot employers and person who interrupt their compulsory insurance are allowed, under certain conditions, to be insured voluntarily. The insured persons are classified in three categories; employed person, self-employed persons and voluntary contributors.

The Scheme is financed by contributions payable by the employers, the insured persons and the State.

The Scheme provides cash benefits for marriage, maternity, sickness, unemployment, widowhood, invalidity, orphan hood, old age, death and employment injury, The Scheme provides also free medical treatment for persons receiving invalidity pension and for employed persons who sustain injuries as a result or an employment accident or an occupational disease.

7.3 Contribution rates

	%
Self employed individuals	12,6
Employee	6,8
Employer	6,8
Employer’s contribution to the Redundancy Fund	1,2
Employer’s contribution to the Human Resource Development Authority Fund	0,5
Social Cohesion Fund	2

7.4 Statements, payment and tax procedures.

7.4.1 Payments.

At the end of next month payment of social insurance contributions deducted from employee emoluments.

Appendix 1 – Double Taxation Agreements

Received in Cyprus

	Dividends	**Interest**	**Royalties**
	%	**%**	**%**
Armenia	0/5	5	5
Austria	10	0	0
Belarus	5/10/15	5	5
Belgium	10/15	10	0
Bulgaria	5/10	7	10
Canada	15	0/15	0/10
China	10	10	10
Czech Republic	0/5	0	10
Denmark	0/15	0	0
Egypt	15	15	10
France	10/15	0/10	0/5
Germany	10/15	0/10	0/5
Greece	25	10	0/5
Hungary	5/15	0/10	0
India	10/15	0/10	15
Ireland	0	0	0/5
Italy	15	10	0
Kuwait	10	0/10	0/5
Lebanon	5	5	0
Malta	0	0/10	10
Mauritius	0	0	0
Moldova	5/10	5	5
Norway	0/5	0	0
Poland	10	0/10	5
Qatar	0	0	5
Romania	10	0/10	0/5
Russia	5/10	0	0
San Marino	0	0	0
Seychelles	0	0	5
Singapore	0	7/10	10
Slovakia	10	0/10	0/5
Slovenia	5	5	5
South Africa	0	0	0
Soviet Union	0	0	0
Sweden	5/15	0/10	0
Syria	0/15	0/10	10/15
Thailand	10	10/15	5/10/15
United Kingdom	0/15	10	0/5
United States of America	5/15	0/10	0
Yugoslavia	10	10	10

Double Taxation Agreements

Paid from Cyprus

	Royalties*
	%
Armenia	5
Austria	0
Belarus	5
Belgium	0
Bulgaria	10
Canada	0/10
China	10
Czech Republic	10
Denmark	0
Egypt	10
France	0/5
Germany	0/5
Greece	0/5
Hungary	0
India	10
Ireland	0/5
Italy	0
Kuwait	0/5
Lebanon	0
Malta	10
Mauritius	0
Moldova	5
Norway	0
Poland	5
Qatar	5
Romania	0/5
Russia	0
San Marino	0
Seychelles	5
Singapore	10
Slovakia	0/5
Slovenia	5
South Africa	0
Soviet Union	0
Sweden	0
Syria	10
Thailand	5/10
United Kingdom	0/5
United States of America	0
Yugoslavia	10
Countries without agreement	0/5/10

No tax is withheld for payment of dividends and interest to non-residents in Cyprus.

*No tax is withheld when the royalty is paid for use outside Cyprus.