

TAX RESIDENCY FOR INDIVIDUALS

HALIOS
CAPITAL



Becoming a Cyprus Tax Resident can lead to significant tax advantages, including exemptions on certain types of income, favourable personal income tax rates, and the absence of taxes such as inheritance and wealth taxes.

Become a Cyprus Tax Resident

Cyprus Tax residents can enjoy the following tax benefits:

- The 90-day rule: 100% exemption on salary for services rendered outside Cyprus for over 90 days to a non-Cyprus resident employer.
- Up to 50% tax exemption on salary from employment in Cyprus.
- 17-year exemption from the 17% SDC on dividends, interest, and rental income for non-domiciled residents.
- 100% exemption on lump sum payments from life insurance schemes or approved provident funds.
- Capital gains tax only on immovable property in Cyprus or shares in companies with significant Cyprus property; sales of property outside Cyprus are exempt.
- No inheritance, gift, wealth, or immovable property taxes.

Rules to becoming a Cyprus Tax Resident

60 days rule:

The '60-day rule' for Cyprus tax residency is designed for individuals who meet specific conditions within the relevant tax year. This rule applies if the individual:

- Does not reside in any other single state for a period exceeding 183 days in aggregate.
- Is not considered a tax resident in any other state.
- Resides in Cyprus for at least 60 days.
- Has other defined ties to Cyprus, such as carrying on a business, being employed, or holding an office in a Cypriot tax resident company, and this activity continues until at least December 31 of the tax year.
- Maintains a permanent residence in Cyprus, either owned or rented.

183 days rule:

The '183-day rule' for Cyprus tax residency is a straightforward criterion that establishes tax residency based solely on the number of days an individual spends in the country. If an individual is physically present in Cyprus for more than 183 days within a calendar year (January 1 to December 31), they automatically qualify as a tax resident of Cyprus for that year.

Domicile vs Non-domicile

In Cyprus, an individual's tax status can be classified as either domiciled or non-domiciled, which significantly impacts their tax obligations.

A domiciled tax resident is subject to the Special Defence Contribution (SDC) on dividends, interest, and rental income, typically at a rate of 17%.

Conversely, non-domiciled tax residents are exempt from the SDC for a period of 17 years, providing substantial tax savings on these income sources.

Our Expertise at Your Service

We are a team of experienced professionals specializing in Cyprus Tax Residency legislation. Our mission is to assist individuals and companies in effectively navigating Cyprus's tax rules to maximize the financial benefits.

- **Personalized Assessment:** We conduct a thorough review of your personal and business circumstances to provide tailored advice on achieving tax residency in Cyprus, ensuring you benefit from all available tax advantages.
- **Tax Compliance:** Our experts manage all aspects of tax compliance, from residency certification to annual tax filings, ensuring your tax affairs are in full compliance with Cyprus regulations.
- **Strategic Guidance:** We offer continuous support and strategic guidance to help you optimize your tax position, including taking full advantage of the 183-day rule, the 60-day rule, and various tax exemptions available to Cyprus tax residents.

Contact us to discover how we can help you leverage the full benefits of becoming a Cyprus tax resident, ensuring a smooth transition and maximizing your tax efficiency.

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