

Legal update

Introduction of additional "60 day rule" tax residency test for individuals

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If you have any related questions/queries please do not hesitate to contact us.

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Michael Damianos & Co LLC is a Cyprus law firm, whose practice is highly international with a strong corporate, banking, energy and private client focus. Although a full service Cyprus law firm, its main areas of practice are international (and local) mergers and acquisitions, general corporate advice, insolvency/corporate recovery, capital markets, banking, energy, general commercial work, fiduciary services, real estate, and immigration to Cyprus for non-EU high-net-worth individuals.

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Additional tax residency test for individuals

- The Cyprus Income Tax Law (the "**Law**") has been amended so that it introduces an additional test for determining whether an individual is a Cyprus tax resident.
- As of 01/01/2017, i.e. from tax year 2017, an individual will be considered to be a tax resident of Cyprus if the individual satisfies **either** of the below:
 - (a) the individual spends more than 183 days during the tax year (calendar year) in Cyprus; **or**
 - (b) the individual meets the new "60 day rule" during the tax year (calendar year) in Cyprus.
- The new "60 day rule" is met if the following conditions apply cumulatively:
 - (i) the individual does not reside in any other single country for more than 183 days during the tax year; **and**
 - (ii) the individual is not a tax resident in any other country; **and**
 - (iii) the individual resides in Cyprus for at least 60 days; **and**
 - (iv) the individual carries out a business in Cyprus and/or is employed in Cyprus and/or holds an office with a Cyprus tax resident company at any time during the tax year, provided that such is not terminated during the tax year; **and**
 - (v) the individual maintains a permanent residence in Cyprus, which is either owned or rented by the individual.
- The introduction of the new "60 day rule" provides an incentive to individuals who are not tax residents in any other country for the same tax year to transfer their tax residency to Cyprus.
- The rules on taxation in Cyprus of tax resident non-domiciled individuals also apply to non-domiciled individuals who are tax resident under the "60 day rule". Specifically, individuals who are considered to be "non-doms" i.e. not domiciled in Cyprus for Cyprus tax purposes but who are tax resident in Cyprus are exempt from taxation in Cyprus on their worldwide dividend and 'passive' interest income.
- Michael Damianos & Co LLC can assist with the assessment of the Cyprus tax position of individuals under the new amendment and with respect to what actions such individuals can take.