KOUNNIS ACADEMY
Professional & Personal Development

In yellow the important amendments concerning natural persons and in green the important amendments concerning companies.

Tax Reform

1. INCOME TAX LAW

<table>
<tr><th>Point</th><th>Article</th><th>Modification</th><th>Comment</th></tr>
<tr><td>Tax Residency</td><td>2</td><td>Natural persons:
The 60-day rule? The restriction "not to be considered a tax resident in any other state/or to remain in another state for more than 183 days" is removed.

Companies:
The definition includes companies incorporated in Cyprus (unless a double taxation treaty stipulates otherwise)</td><td></td></tr>
<tr><td>Tax Rates

Individuals

Companies</td><td>2nd Appendix</td><td>Natural Persons:
<table><tr><th>Taxable Income (Euro)</th><th>%</th><th>Accumulated Tax</th></tr><tr><td>0-22.000</td><td>0</td><td>-</td></tr><tr><td>22.000-32.000</td><td>20</td><td>2,000</td></tr><tr><td>32.000-42.000</td><td>25</td><td>4,500</td></tr><tr><td>42.000-72.000</td><td>30</td><td>13,500</td></tr><tr><td>Over 72.000</td><td>35</td><td></td></tr></table>
Companies:
Increase from 12.5% to 15%</td><td></td></tr>
</table>

Tax Base/Employment Income/Income from Office	5(1)(b) / 5 (2)(b) 20(f)	Extension of the tax base for income, profits or benefits provided in relation to salaried services or office. These include, among others: - Benefits for housing/ subsistence - Benefits for incentives for accepting employment (golden handshake bonuses) - Gratuitous payments/gratuities for retirement, early retirement benefits, compensation for termination of employment which is not expressly provided for in an employment contract. *[A special mode of taxation applies: amounts exceeding 200K @ 20%, Article 20(f)]*	
Notional benefit on Shareholder/directors' balances	5(1)(g) 5(2)(g)	Application of the 9% notional benefit to loans or facilities provided to shareholders/directors and relatives up to the 2nd degree not only directly but also *indirectly*	
Profits from transactions in crypto assets	5(1)(h) 5(2)(h) 20E	Profits from transactions in crypto-assets within the scope of taxation. As interpreted under EU Regulation 2023/1114, a special way of taxation applies: 8% on profits derived from the sale, donation, exchange of crypto-assets, and the use of crypto-assets as a means of payment. Losses can be offset against profits only in the same year / loss carry-forward is not allowed.	
Income Exemptions	8	The income of an approved **pension/provident fund in Cyprus or the EU** is exempt.	

		Income **from interest *of a natural person and pension/provident funds*** is exempt [subject to special defense contribution] Note: The interest income of companies and Collective Investment Funds is subject only to income tax (and not to Specia defense contribution) **Dividends** As of 01.01.2031, profits from the redemption of a units in a collective investment fund ceases to be considered a disposal of securities and constitutes a dividend (reduced by any capital gains tax). It will therefore be subject to Special Defense contribution.	
Deductions	9	*Research and Development Expenses* An additional 20% deduction is granted on research or development expenses carried out in the years 2025-2030 (including capital expenditures) *Note. The use of this additional deduction is not allowed in case of intangible asset that form part of the IP BOX regime and benefit from an 80% notional deduction on net profits.* *Insurance for Residence* An amount of up to 500 is granted for rsidence insurance against the risks of natural disasters (e.g. fire)	It is granted without income criteria/but reduces the income for the purposes of

		Intangible Assets It is clarified that the expenditure on intangible assets that have an indefinite useful economic life are spread over a period of 20 years If an intangible asset is contributed against an issue of equity, the expenditure must be documented by means of a valuation, and the deduction must not exceed the market value. *Donations* Up to 50,000 in cultural institutions approved by the Deputy Minister of Culture Costs for the first listing of a company on the stock exchange up to 300,000 Euros (to the extent that it does not create a loss). An unspent amount can be transferred and granted as a deduction next 2 years. An employer who pays **ATA** (automatic indexation) based on a Permanent Agreement with Trade Unions or a personal employment contract is provided **with an additional discount equal to twice the additional ATA expense** (i.e. 2 x ATA cost)	calculating 1/5 restriction
Capital allowances (CAs) on assets used in the business	10	Capital expenditure on assets introduced into a company against the issue of share capital cannot exceed the market value, and the value must be documented. Machinery and installations for agricultural or livestock production receive increased CAs, at a rate of 25%	

		Capital expenditure incurred for Improving the energy efficiency of buildings – 7% CAs Technical energy efficiency systems – 20% CAs Electric vehicles – 33.3% CAs *The advantageous rates applied in the years 2023-2026 are extended until 2030*	
Non-deductible expenses	11	Business refrigeration costs are not allowed in excess of 1% of income with a maximum of 30,000 Euros (instead of 17,086 Euros) No interest is allowed for the acquisition of shares wholly owned subsidiary (100%) resident in a non-cooperative jurisdiction (EU black list countries) Gratuitous gratuities for retirement, early retirement benefits, compensation for termination of employment (based on article 5(1)(b) which are taxed at a special rate) are not deductible. Rents paid in cash are not deductible	5,000,000 REVENUE 50,000 (1%) OR 30,000 MAX
Allowances for tax losses	13	The period for carrying forward tax losses is extended from 5 to 7 years Before the utilization of a tax loss of another group member, a company must first offset its own losses carried forward from previous years against its taxable income	
Deductions for life insurance premiums	14	Life and permanent/partial disability *premiums are deductible* based on Insurance Policies as defined under the Cyprus law and other similar law in a member state (7% restriction applies)	Previously, the discount only applied to life insurance premiums /

<table>
<tr>
<td></td>
<td></td>
<td>Note. In the case of full redemption of a life insurance policy, there is an existing tax provision. In the case of partial redemption of a life insurance policy, a new tax provision is introduced. See IR59 Note3./ Question 50 from Q&A.

Deductible contributions to social security/pension funds (including funds established in another Member State) (the limitation of 10% of the total taxable income applies

Insurance premiums are deductible in relation to approved medical care plans (2% limitation of taxable income applies)

GHS contributions are deductible

All of the above are subject to a further limitation of 1 / 5 of the taxable income before the said deductions and personal deductions provided for in the new article 14B are deducted</td>
<td>insurance companies based in Cyprus.</td>
</tr>
<tr>
<td>Other Personal Deduction
New article</td>
<td>14B</td>
<td>**Basic Requirements**
All of the following deductions are subject to family income criteria. They are provided only when the family income does not exceed the following limits:
<table><tr><th>Total Family Income</th><th>Euro</th></tr><tr><td>With 1 or 2 children</td><td>100,000</td></tr><tr><td>With 3 or 4 children</td><td>150,000</td></tr><tr><td>With 5 or more children</td><td>200,000</td></tr></table></td>
<td>See what family, single-parent family means. and a child for family income calculation purposes.
See what's included in family income

Guide/Fri 7.</td>
</tr>
</table>

Partners/spouses must consent to the disclosure of their tax information and submit their returns on time.

For **single persons**, the limit is set at **40,000 Euros** (people living without dependent children, or spouse/partner)

1. Additional **deductions** against taxable income for **dependent children**

Dependent Children*	Discount for each parent
For the first	1,000
For the second	1,250
For the third and each additional	1,500
*As of December 31 of the tax year**	

* At 31.12 of the tax year

In the case of single-parent families or in the case of parents where one has full custody, the discounts are doubled.

2. Discounts for **servicing a loan or rent for a main house**

Up to 2,000 Euros to each spouse, partner, or single person in relation to

(j) expense for interest paid in connection with a performing loan for the purchase or construction of a main residence located in the Republic; or

(ii) expenditure for rent paid in relation to the use of a main residence located in the Republic

Frequently Asked Questions 19

Here's what a dependent child means Frequently Asked Questions 25

		Prerequisites: (a) Provided that the main residence is owned by at least one of the two/and the loan is in the name of at least one of the two. (b) Any sponsorship/allowance in relation to the above reduces the amount of the expense. 3. Discounts **regarding energy upgrade** **Up to 1000 Euros** to each spouse, cohabitant, or single person in relation to: (i) capital expenditure were carried out to **improve the energy efficiency of a primary residence** located in the Republic of (ii) capital expenditure incurred for **technical energy efficiency systems of the main residence**, renewable energy systems, as well as for **electricity storage batteries;** (iii) the total capital expenditure incurred for **electric vehicles** registered with the Department of Road Transport *Prerequisites* 1. The expense, to the extent that is not granted as a discount within the year in which it was made, due to the limitation of one thousand euros (€1,000), **may be transferred and granted as a discount for the next four (4) years**, subject to this restriction. 2. The total of the discounts granted to the two (2) spouses or cohabitants cumulatively, does not exceed the total expense. 3. A deduction is granted provided that the main residence in the Republic is owned by at least one of the two (2) spouses or cohabitants or the single person.	See Paragraph 11 of the Explanatory Guide to Tax. Reform for Energy efficiency costs. These new deductions do not reduce the taxable income on which the 1/5 restriction

		4. Any amount of sponsorship/subsidy received by the individual reduces the relevant expense.	is calculated and are granted additionally.
Taxation of Insurance Companies - Life Sector	17	The minimum tax of 1.5% x profits of life insurance companies is abolished.	
Pensions abroad	20	Special taxation on foreign pensions, 5% on amounts exceeding 5,000 Euros (instead of 3420)	
Share Options Schemes	20D New article	Benefits arising from share/stock option schemes are taxed at a special rate of 8% up to an amount equivalent to twice the employee's income from the specific employer. Conditions apply - Minimum vesting period of 3 years which begins after the approval of the plan by the Registrar - Rights are not transferred before the end of the vesting period - They relate to shares of the employer (the direct or indirect parent company) which have the same rights as ordinary shares (except voting rights)	

		- They carry a minimum exercise price of >50% of the value of the shares at the time of the approval of the plan by the Registrar. The total value of the benefit subject to the advantageous rate does not exceed 1 million per rolling 10 years of employment. It does not apply to an employee/director affiliated with the company under Article 33. Older share option plans may also be included within the scope provided that they are notified to the registrar within 6 months from the entry into force of the law, provided that the 3-year period (vesting period) has not yet expired.	
Arm's Length Provisions/ related persons	33	Increase in the thresholds for the preparation of a Cyprus Documentation File (transfer pricing study) regarding Transactions in **goods**: 5,000,000 Euros (instead of 1,000,000) **Financing** transactions: 10,000,000 Euros (instead of 5,000,000) **All other transactions**: 2,500,000 Euros (instead of 1,000,000) **Director** of the company who, either alone or jointly with persons associated with him, **holds voting rights with at least fifty percent (50%) in** relation to decisions taken by the Board of Directors of the Company, **is considered as a related party with the Company**	Therefore, his remuneration is subject to arm's length provisions/ potential inclusion of these amounts in the SIT table.

	33B	The value of the assets entering the Republic must be determined/ must be at market value. It is clarified that it constitutes an acquisition expense.	
Unilateral Relief	36	The exemption of profit attributable to a foreign permanent establishment is not granted if the permanent establishment is in non-cooperative jurisdictions (Black listed jurisdictions)	

2. Special Defense Contribution Law

Point	Article	Modification	Comment
Special Defense Contribution (SDC) on dividend income Dividends received by natural persons	3(1)a	**Dividends received by natural persons,** tax residents with residence originating in Cyprus, are subject to a levy of 5% (instead of 17%) (does not apply to non-dom individuals) Disclaimer: Dividends received by a shareholder *up to 6 years after the entry into force of the legislation (i.e. until 2031)* from a company resident in the Republic, *in relation to profits until the tax year 2025*, are paid *a 17% CFC.* Other reservations: 1. The dividend is reduced by any dividend that has been counted as distributed derives from profits on which a defense contribution has been paid 2. In the event that the dividend is distributed to a company, in which a resident of the Republic participates with a percentage of > 50%, directly or indirectly, and the intervening company does not serve a commercial purpose, the tax office may consider that the dividend is paid to the natural person and demand the payment of EAE.	
Tax resident companies receiving a dividend from	3(1)(b)	The general rule excludes dividends received by tax-resident companies from other Cyprus resident companies. (i.e. as it was before)	

Cyprus resident companies		However, there are the following transitional provisions and reservations. 1. A 17% SDC is paid if the dividends (a) are received in the year 2026, and are derived from the profits of the year 2024. (b)are received in the years 2026 and 2027, which are derived from profits of the year 2025 2. 17% SDC is paid if the dividends *are received indirectly after 4 years* from the year in which the profits in question were made. It applies to dividends received up to 6 years from the date of entry into force of the law, and issued from profits of the tax years up to and including 2023.	
Cyprus tax resident companies receiving dividend from abroad (i.e. from non-tax resident companies)	(3)(1)(c)	The general rule excludes dividends received by tax-resident companies from companies abroad (non-taxable residents) However, the following reservation applies. A 5% SDC is applied if - The company paying the dividend engages in investment activities (more than 50%) and - The foreign tax on foreign income is significantly lower than the corporation tax in Cyprus (<50% of the tax in Cyprus)	
Non-Resident Companies Receiving a Dividend from Cyprus Companies	3(1)(d)	Dividends paid to non-resident companies are not subject to SDC withholding except for the following two cases:	

		Low Tax Jurisdictions In case the foreign company, resident in *a jurisdiction with a low tax rate (Low Tax Jurisdiction)* receives dividends from a Cypriot company, 5% SDC is withheld. (instead of 17%) (low tax rate => <50% of the Cyprus tax rate) Non Cooperative Jurisdictions In case the foreign company, resident in a non-cooperative jurisdiction *(Non Cooperative Jurisdictions/EU Black list)* receives dividends from a Cypriot company, 17% SDC is withheld. *Note: The provisions apply only in the case of related companies that directly or indirectly participate 50% in the share capital of the paying company.*	
Concept of dividend	3 (2)	The concept of dividend is widened. 1. A dividend also includes any distribution of assets to the shareholder following a capital reduction, dissolution and liquidation of a company. The dividend is determined as the market value of the asset minus any capital gains tax, capital paid by the shareholder previously, and any disguised dividends for that asset. 2.From 1 January 2031, the redemption of units in collective investment funds shall be considered as a dividend. (applies on profits/gains)	

		3. Capitalization of reserves from profits constitutes a dividend.	
Disguised Dividend Distribution	3A(1)	The concept of a disguised dividend distribution is introduced, which is subject to a SDC at a rate of 10%. The disguised dividend distribution occurs in 2 cases **A.** when **an asset of the company is used by the shareholder** or a related person. The value of a disguised distribution is determined as = **Market Value of Asset (at the beginning of the fiscal year) X % Personal Use** *Notes:* *1.If an asset is not linked to the activities of the business, the % of personal use is 100%)* *2.If the % of personal use increases, the additional amount of hidden distribution is calculated on the basis of the new market value of the asset.* *3. In case the % of personal use is reduced, no amount of CFC is refunded.* *4. The above provision does not apply when a benefit has been calculated on the value of personal use of an asset based on the provisions of income tax.* **B.** When **an asset is disposed of by the company to a shareholder (or related person) for a consideration lower than the market value of the asset**. The value of a disguised distribution is determined as = **Market Value of the Asset <u>minus</u> consideration paid by the shareholder**	

		Notes 1. *An asset acquired by donation from the shareholder to the company does not apply* 2. *The amount of this disguised dividend distribution is reduced by any amounts of disguised distribution that have arisen as a result of personal use (first provision)* 3. *This provision does not apply in the case of a distribution of an asset in the context of a reduction of capital or the dissolution or liquidation of a company.*	
Interest income received from natural persons resident in Cyprus	3(B)	**Interest income received by natural persons is subject to a SDC at a rate of 17%** - 3% if the interest is received in relation to government development bonds or other member states, or bonds/bonds listed on a recognized stock exchange in Cyprus (EU) - 3% a person's income is < 12,000 Note: under no circumstances this is subject to income tax	
Interest income received by Cyprus tax resident companies	3(B)	**It is no longer subject to a SDC.** The 17% applies only to interest received by Religious, Charitable, Educational Institutions of a public nature that are exempt from the Tax Exemption.	It has been clarified in the Income Tax Law that no exemption applies (article 8) and therefore the net interest income is taxed in tax at 15%.
Interest income received from approved funds		Interest received from approved provident funds, pension funds, and health insurance funds is subject to a **3% SDC**	

Non-Resident Company in Non-Cooperative Jurisdiction Receiving Interest Income		Interest income received by a company resident in a non-cooperative jurisdiction is subject to a 17% SDC Note. It applies in the case of a company that participates in a resident company with a percentage of > 50%	Note – in the case of a company that is resident in a low-rate jurisdiction, there is no withholding because there is an alternative measure: interest is not deductible for Income Tax purposes.
Deemed Dividend Distribution	3C	The deemed distribution of dividend is abolished as of 01.01.2026 Transitional provisions remain. A. profits for the years 2024 and 2025 are considered to be distributed at 70% to its interested shareholders at the end of a 2-year period, SDC 17% B. In case of dissolution of a company, it is considered that the total (100%) of the last 5 years is distributed in the area that arose until the year 2025. It is understood that the provisions apply only to the extent that the shareholders concerned are tax residents of Cyprus with residence of origin in Cyprus.	
Rental Income		As of 01.01.2026, the SDC on rental income is abolished. They are taxed only in the INCOME TAX LEGISLATION.	

Alternative Way of Taxation for Non-Dom Individuals	3D	A person who is considered to have acquired a residence because he has remained in the Republic for 17 out of the last 20 years is entitled to choose an alternative mode of taxation for 2 five-year periods by paying a total amount of 250,000 Euros for each period An application must be submitted to the registrar by June 30 of each five-year period	It corresponds to a tax on a dividend of 5 million Euros (5 x 5%) or interest income of 1,470,588 Euros for the entire period of 5 years.
Deadlines and Administrative Fines	4 7B	The SDC on dividends or interest from sources outside the Republic is paid until the deadline for submitting a tax return based on the Tax Assessments and Collections Law Increase in administrative fines For example, a person who fails to submit a declaration expressly provided for by law is charged with a fine of 500 Euros for individuals, 1000 Euros for companies with a turnover of up to 1 million, and 2000 Euros in any other case. Late payment 5% financial charge for 1 month of delay in the payment of the EAE, and an additional 5% charge for another month of delay	Large increase in Administrative fines

3. CAPITAL GAINS TAXATION LAW

Point	Article	Modification	Comment
Definition of Real Estate	2	Definition as attributed to the Real Estate Law	
Definition of Ownership	2	It also includes **shares of companies that directly or indirectly participate in a company or companies that own real estate** located in the Republic and at least **twenty percent (20%)** of the market value of these shares comes from the market value of the real estate located in the Republic	Previously it was 50%
Lifetime exemptions	5	The general exemption is increased to **30,000 Euros** (from 17,086 Euros) The exemption for the disposal of agricultural land by a person whose main occupation is agriculture is increased to **50,000 Euros** (from 25,629 Euros) The exemption for the disposal of the main house is increased to **150,000 Euros** (from 85,430 Euros)	
Other Exceptions - Sale of Shares with immovable property on a Regulated/Unregulated market	5	*In a regulated market* No tax is paid *on the disposal of shares of a company listed on a regulated market* (instead of a recognized stock exchange)	

		Unregulated Market No CGT is paid in case of disposal of shares on a non-regulated market, if the total disposal does not exceed 50,000 Euros per calendar year. When the total disposal exceeds 50,000 Euros, then the CGT is normally imposed. Sale of shares on an unregulated market by a person who held these shares until 31.12.2025 is not subject to Social Income Tax.	
Other exceptions – disposal of the main residence in the context of reorganization	5	No tax is paid on profit arising from the disposal of the main residence used by the owner exclusively for owner-occupancy purposes, in cases where the proceeds of its disposal do not exceed the amount of four hundred and fifty thousand Euros (€450,000) (previously it was 350,000 Euros)	
Other Exemptions / Property Exchanges (antiparohi) e.g. Land-for-Development Arrangement	10	The term exchange now includes property exchanges (antiparohi)*, which is excluded from the CGT.* A property exchange (antiparohi) arises when the owner of a piece of land disposes of part of it to a land development entrepreneur in exchange for the concession of units (apartments) that are completed within 5 years from the agreement, or the plots resulting from the separation with separate titles issued within 5 years from the date of the agreement. *For the purposes of this paragraph, the term "land development entrepreneur" has the meaning assigned to it by subparagraph (6) of article 9A of the Regulation of Roads and Buildings Law*	

		"land development entrepreneur" means a natural or legal person who is engaged in the acquisition, development and disposal of immovable property and ***maintains a design and project supervision office*** *registered for the purposes of this article, on the basis of criteria to be determined by Regulations, in* ***a special list to be kept by the Cyprus Scientific and Technical Chamber and employs at least one researcher****, in accordance with the provisions of this Law*	
Deadlines/Fines	23A	Administrative fines from 250 Euros – 2000 Euros. E.g. a person who fails to submit a declaration of 250 Euros in the case of a natural person and 1000 Euros in the case of a company. Late Payment 5% initially and an additional 5% fee if payment is delayed for more than 2 months	

4. ON ASSESSMENTS AND COLLECTIONS LAW

Point	Article	Modification	Comment
Obligation to submit tax returns	5(1)	Obligation to submit tax returns arises for 1. Persons who are tax residents of the Republic, provided that: 1. During a tax year, they have a gross income that falls under Tax and/or 2. If on 31.12 of each year he/she has reached the age of 25 but has not reached the age of 71 2. Persons who are non-tax residents of the Republic provided that they have income that falls under the Tax Act. 3. Companies resident in the Republic 4. Non-resident companies with income derived from the Republic, unless they relate to income that has been subject to withholding tax under Article 24.	There is no exemption limit of 22kg for the purposes of the obligation to submit a tax return for Natural Persons.
Deadline for Submission of Tax Returns and Payments	5(1)(A)	The Tax return of a natural person (without obligation to prepare accounts) is July 31 following the tax year (no change) The Tax return of a person (company/self-employed) with an obligation to prepare accounts is January **31** of the year following the year following the tax year. Tax year 2026=> Obligation to submit return **January 31, 2028 (previously it was March 31)**	
Obligation to Prepare Audited Accounts	30	Natural persons (self-employed) with income (from commercial activity, rents) over **120,000 Euros** (instead of 70k)	

		Companies are required to always prepare audited financial statements.	
Final Tax Payments	36	From the tax year 2026 onwards If the deadline for submitting the return is July 31, then the payment of the final amount must be paid by July 31 of the year following the tax year. **If the deadline for submitting the return is January 31, then the payment of the final amount must be paid by January 31 of the year following the year following the tax year.**	More time is given for the final tax payment / as well as the preparation of audited accounts
Submission of Employer Declaration	6(1)	The obligation to submit an Employer's Return is **March 31** of the year following the tax year	
Cooperative Tax Returns	7	All partners of the cooperative must submit a declaration declaring their share of income from the cooperative.	To clarify the way in which this will be done.
Objections	20	Objections can be made within 60 days from the date of the tax assessment. A certificate is made in December, the objection can be made until the end of February	
Tax Correction	23	Right to examine and assess tax within 6 years from the date of filing a return or the revised return, whichever is later.	Previously, it was 6 years from the end of each tax year. The time limit for examination and taxation is increased.
Obligation to keep data/records	5	Documents / data files are kept for 6 years from the date of the deadline for the submission of the tax return or the submission of the return, or the revised return.	

Suspension of business operation and sealing of premises	32A	The Registrar is entitled to suspend the operation of a business and seal its premises in the following cases. 1. Fails to file tax returns after January 1, 2027 - 2 income tax returns - 3 VAT returns - 12 monthly withholding tax returns 2. Fails to pay tax/contribution/VAT of certified tax exceeding 20K. In case of a tax assessment, the deadlines for administrative/judicial dispute must have passed. 3. Did not issue invoices/receipts or issue inaccurate invoices/receipts. 4. It prevents a tax audit from being carried out. The suspension of operations/sealing of premises can last up to 10 days, and another period of 20 days in case of non-compliance. Before the decision to suspend/seal premises, the Superintendent must send 3 consecutive notices calling on the person to comply. A person who violates the suspension/sealing decision commits a criminal offense and is subject to a prison sentence of up to 2 years and/or a fine of up to 30,000 Euros.	

Obligation to Pay Rent through a Bank Account	48A	Rent must be paid electronically (not in cash, nor by cheque) That is, by wire transfer, card, or any other electronic means.	The FAQ states that this measure is effective from 1 July 2026 question 55.
Administrative Fines	50A	Increase in administrative fines E.g. for failure to submit a tax return - 150 Euros for natural persons - 250 Euros for legal entities with turnover/total assets up to 1 million. - 500 Euros for legal entities with turnover/total. Assets exceeding €1 million.	
Non-limitation of the director's liability	53A	Notwithstanding the provisions of the Companies Law, ***the director of a company shall continue to bear any liability*** attributed to him under the provisions of this Law in relation to the company, which dates back to the duration of his term of office, ***even if, at the time of the commencement of any administrative or judicial procedure pursuant to the provisions of this Law, he has been deleted from the register of directors*** and secretaries	

KOUNNIS ACADEMY
Professional & Personal Development

5. COLLECTION LAW

Point	Article	Modification	Comment
Pledge of Shares (Memo) for taxes due	9F	In the event that a person refuses or omits or delays or neglects to pay to the Registrar a tax due which exceeds one hundred thousand euros **(€100,000)** for a period **of more than thirty (30) calendar days from the date the amount becomes payable** The Registrar **may freeze/pledge** any ownership of such person's shares in legal entities **of a value of up to twice the tax due plus interest and charges. By registering a MEMO/charge to the registrar of companies.** **A 30-day notice is given to the taxpayer before registering a charge.** Excluding tax for which: (a) the deadlines have not passed or have not been completed the procedures provided for in Articles 20, 20A and 21 the Tax Assessment and Collection Law; or (b) the Superintendent has determined that it shall be paid in instalments pursuant to of article 40 of the Assessment and Collection of Taxes Law, provided that the instalments are paid on time or (c) the Council of Ministers has decided to give away or by virtue of the provisions of Articles 54 and 54A of the on the Assessment and Collection of Taxes by Law or is in procedure provided for in those Articles; or (d) security has been provided for the payment of the debt due tax satisfies the Registrar	

6. STAMP DUTY LAW

It is abolished.

Explanatory Notes for the purposes of applying the income criteria and granting a deduction in relation to dependent children

1. **What is a family for the purposes of applying the income criteria?**

(a) Parents, when both their common children and the children of one or the other live together, from these parents, provided that the children live with these parents under the same roof;

(b) a father who is unmarried, widowed, divorced and his children living with him under the same roof;

(c) an unmarried, widowed, divorced mother and her children living with her under the same roof;

(d) the children of the above family under (a) when both their parents are dead or missing, or the children of the above family under (b) and (c) when their father or mother, as the case may be, are dead or missing, who live under the same roof with the person who has custody of them, his/her spouse, if any, and their children, if any, if they live with him/her under the same roof;

(e) a married father and his children living with him under the same roof, provided that his wife is serving a prison sentence of six (6) months or more;

(f) a married mother and her children living with her under the same roof, provided that her husband is serving a prison sentence of six (6) months or more; and

(g) Spouses or cohabitants with a Civil Partnership, who do not have common children or who do not live under the same roof with any of the children of one and/or the other.

It is provided that a dependent child over the age of eighteen (18) is not required to live under the same roof as the family as referred to in paragraphs (a) to (f). In such a case, the dependent child is considered a member of the mother's family, and if there is no mother, then he is considered a member of the father's family.

2. What is a single-parent family?

Single-parent family means-

(a) a family in which a parent lives with at least one (1) dependent child and who lives either without a spouse or a civil partner, or without another person with whom they have common children, due to the fact that they are a single parent, widowed, divorced or because the other parent has been declared missing by the court; or

(b) a family in which a married parent lives alone with at least one (1) dependent child, because the other parent is serving a prison sentence of six (6) months or more.

That is, the term "single-parent family" applies only if the parent:

- lives under the same roof as the dependent child and has custody of the child and
- does not have a spouse or cohabitant with a Civil Partnership or does not live with another person with whom they have common children.

Examples:

- A mother, divorced, who lives only with her minor dependent child, constitute a single-parent family.
- A father, divorced, who lives with his dependent child who is a 23-year-old student and with another cohabitation without a Civil Cohabitation, constitute a single-parent family.
- A divorced mother who lives with her dependent child who is a 23-year-old student and with another adult (without marriage or civil cohabitation) with whom they have had a child, do not constitute a single-parent family.

3. What are children for the purposes of applying income criteria?

Children means legitimate children, ancestors*, children out of wedlock and legally adopted children.
The same income criteria apply to single-parent families.

The number of children, regardless of age, corresponds to the total number of children of the family, whose habitual residence is or has been the main residence of the family, provided that at least one (1) dependent child remains on December 31st of the tax year

*ancestors, means the child of a spouse or cohabitant with a Civil Cohabitation, who is not a child of the other spouse/cohabitant.

That is, all children who live or have lived under the same roof, whether they are joint children or children of only one spouse/cohabitant, are counted in the number of children for the purposes of determining the family's income criterion, provided that at least one (1) dependent child remains in the family on December 31st of the tax year.

In other words, children are counted for the purposes of the income criterion, regardless of:

- *if they have exceeded the age limits to be considered dependent children, and*
- *the personal situation of the children (e.g. married, employed, unemployed, etc.);*

provided that on December 31st of the tax year, at least one (1) dependent child remains in the family.

However, the deduction for each dependent child is only granted to the child's biological or adoptive parent.

4. **What are dependent children for the purposes of granting the deduction?**

The dependent child for each parent for whom a discount is granted is considered to be the biological or legal adopted child who, on December 31st of the tax year, is –

- under 18 years of age,
- a secondary school student under 20 years of age,
- a soldier in the National Guard under the age of 21,
- a student under 24 years of age,
- a child who is permanently deprived of the capacity to maintain, regardless of age.

5. **What are single faces?**

People living without dependent children or spouse or cohabitant with Civil Cohabitation.

6. **What constitutes income for the purposes of applying the income criteria?**

For the calculation of family income, the gross income, within the tax year, obtained by all family members, including from employment, employment, pensions, rents, income from interest and dividends, alimony, grants from the Cyprus Agricultural Payments Organization, as well as any public assistance provided by the Social Welfare Services, as well as from any other sponsorships, is taken into account. benefits and sources of income in the Republic or abroad. In case the taxpayer lives with another person with whom they have common children, the gross income of this other person is also taken into account.

Excluded from the calculation of the gross family income are the income of the children of pupils/full-time students from work or employment, the child allowance, the student grant, the student welfare benefits and scholarships, as well as the allowances and sponsorships to distressed persons with disabilities or chronic diseases

7. **Does a parent who has joint parental responsibility for his dependent child but does not live with him have the discount for a dependent child?**

   Yes under conditions as follows:

- If he is single, then the income criterion of €40,000 applies.
- if he/she is a member of a family, i.e. a spouse or cohabitant with a Civil Cohabitation, in which no other children live under the same roof, then the income criterion of €100,000 applies.
- if he/she is a member of a family, i.e. a spouse or cohabitant with a Civil Cohabitation, in which other children (either joint or of one of the two) live under the same roof, then the income criterion is applied depending on the children.
- if he/she lives in a cohabitation without a Civil Cohabitation, with whom they have a common child, then he/she is a family member and the income criterion is applied depending on the children living with him under the same roof.