

Amendments to the Personal Income Tax Law: First Time Employment in Cyprus

As part of the action plan, launched by the Cyprus government to attract foreign businesses to establish or expand their activities in Cyprus

23rd October 2023

As part of the action plan, launched by the Cyprus government to attract foreign businesses to establish or expand their activities in Cyprus, there have been **new amendments** in 2023 to the Cyprus Income Tax Law, regarding the 50% and the 20% tax exemptions for first time employment in Cyprus.

This article outlines the amended income tax exemptions.

What are the Amended Income Exemptions for Cyprus Tax Residents?

- **50% income tax exemption**

This applies for first time employment in Cyprus, which commenced on or after 1st of January 2022, with remuneration exceeding EUR 55,000 per annum.

Individuals must not have been a resident of Cyprus, for a period of at least 15 consecutive tax years, immediately prior to the commencement of their employment in Cyprus. For each individual, the exemption will apply once in their lifetime for a period of 17 years.

Subject to certain conditions, individuals whose employment commenced prior to 1 January 2022 may also be eligible to transition into the amended 50% exemption.

- **20% income tax exemption**

This applies for first time employment in Cyprus, which commenced on or after the 26 July 2022, and relates to remuneration up to a maximum exemption of EUR 8,550 per annum.

Individuals, immediately prior to the commencement of employment in Cyprus must not have been a resident of Cyprus for a period of at least three consecutive tax years and must have been employed outside Cyprus by a non-resident employer. The exemption applies for a period of seven years, starting from the tax year following the tax year of commencement of employment.

Individuals granted the 50% exemption detailed above will not be eligible for this exemption.

- **Previous 50% or 20% exemptions**

Individuals that do not meet the conditions to transition to the new 50% exemption, but who were eligible to benefit under the previous 50% or 20% exemptions, may continue to benefit from the previous exemptions, for the remaining period of their entitlement.

The previous exemptions were available for ten years (50% exemption), or five years (20% exemption), respectively, for each individual.

Get in Touch To find out more in income exemptions get in touch with our experts at Dixcart Cyprus advice.cyprus@dixcart.com