



Cyprus Tax News

Special Defence Contribution law amended to expand the application of the reduced rate of 3%

On 26 May 2022, the Cyprus Parliament passed into law amendments in the [Special Defence Contribution \(“SDC”\) law](#), aiming to broaden the application of the reduced SDC rate of 3%. The amending SDC law was published in the Gazette on 8 June 2022 and is effective as from that date.

According to the old provisions of the law ([Article 3\(2c\)](#)), the reduced rate of 3% applied to interest income received by Cyprus tax resident domiciled individuals from savings certificates and development bonds of the Republic of Cyprus, corporate bonds as well as interest received or credited by a Provident Fund or the Social Insurance Fund.

With the amending law, the 3% will also apply to both Cyprus tax resident domiciled individuals and Cyprus tax resident legal entities, on interest received from savings certificates and development bonds of the Republic of Cyprus, corporate bonds listed on a recognised Stock Exchange, as well as bonds listed on a recognised stock exchange, that are issued by a local authority or State organisation.

The amending law clarifies that interest income derived from the ordinary carrying on of a business or closely connected with the ordinary carrying on of a business is not considered as interest and therefore it does not fall within the provisions of the SDC law.

How can we help?

We are at your disposal to discuss the above development.

[Get in touch](#)



© 2022 Deloitte Limited

This communication contains information, which is confidential. It is exclusively to the intended recipient(s). If you are not the intended recipient(s), please: (1) notify the sender by forwarding this email and delete all copies from your system and (2) note that disclosure, distribution, copying or use of this communication is strictly prohibited. Any erroneous disclosure, distribution or copying of this email communications cannot be guaranteed to be secure or free from error or viruses.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte & Touche (M.E.) LLP (DME) is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP (“NSE”), a UK limited liability partnership and member firm of DTTL.

Deloitte Limited, a private limited liability company registered in Cyprus (Reg. No. 162812) is the sub-licensed affiliate of Deloitte NSE for Cyprus. Deloitte Limited is among the leading professional services firms in Cyprus, providing audit & assurance, consulting, financial advisory, risk advisory, tax and related services as well as a complete range of services to international business through over 750 people in Nicosia and Limassol. For more information, please visit www.deloitte.com/cy.

Offices: Nicosia, Limassol

To no longer receive emails about this topic please send a return email to the sender with the word “Unsubscribe” in the subject line.