



Cyprus Tax News

Extension of the income tax exemption of 20% or €8,550 (whichever is the lower) for employment in Cyprus [Article 8(21)]

On 15 December 2020, an amending law was published in the Gazette with respect to Article 8(21) of the Income Tax Legislation. The purpose of the amendment is to expand the existing framework of attracting employees from abroad.

The basis of this Article is that the **lower of €8.550 and 20% of the remuneration** from any employment exercised in Cyprus by an individual who was resident outside Cyprus the tax year before the year of commencement of employment in Cyprus is exempt from income tax.

RECAP OF CURRENT PROVISIONS UP TO 31 DECEMBER 2019 (pre-amendment)

Under the old framework, qualifying individuals commencing employment in Cyprus from 2012 and onwards, can enjoy the exemption. The exemption can be claimed for a maximum period of five years, from 1 January following the year of commencing employment, up to tax year 2020.

NEW PROVISIONS AS OF 1 JANUARY 2020 (post-amendment)

Under the new framework, the exemption continues to apply for a five year period and is available to qualifying individuals **commencing employment between 2012 and 2025**. It is clarified that the exemption is provided in the five years that follow the year of commencing employment.

How can we help?

We are at your disposal to assist you in assessing your eligibility for this exemption and identify any need for necessary action.

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