



Article 8(21) on income tax exemption extended to 2025

21 December 2020 - The provisions of Article 8(21) of the Income Tax Legislation were extended until the tax year 2025, earlier this month.

Article 8 (21) provides that the tax exemption of €8.550 and 20% (whichever is the lower) 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.

Before the recent amendment, qualifying individuals commencing employment in Cyprus from 2012 and onwards, were enjoying the exemption. The exemption was claimed for a maximum period of five years, from 1 January following the year of commencing employment, up to tax year 2020.

The amendment of the law provides that the exemption continues to apply for a 5-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. Therefore, a person whose employment in Cyprus commenced up to the year 2025, has the right to claim the relevant tax exemption for a period of five (5) years (i.e. up to the year 2030 inclusive).

Also the provision of article 8(21) which was limiting the application of the 20% tax exemption until the tax year 2020 has been abolished.

As always, the Department of Taxation of Costas Tsielepis & Co Ltd is at your disposal should you require any further information, clarifications or assistance with this or any other tax issue.