



## SDC reduced rate broadened

**10 June 2022 – The Cyprus House of Representatives recently passed into law amendments relating to the Special Defence Contribution (SDC) law, aiming to broaden the application of the reduced rate of 3%.**

The Parliament passed the amending provisions on 26 May 2022. They went into effect on 8 June 2022, when the law was published in the Government Gazette.

With the amending law, the reduced rate of 3% will apply to both Cyprus tax resident domiciled individuals and Cyprus tax resident companies, on passive interest received from savings certificates and development bonds issued by the Cyprus Government or any other State and corporate bonds listed on a recognized Stock Exchange. The 3% rate will also apply to interest that is received or credited by a Pension fund, a Local Authority, a Public entity or a Semi-Government Organization, a Provident Fund or the Social Insurance Fund.

It is noted that interest income received as part of ordinary business activity or one that is closely connected with ordinary business activity, is not considered as interest and therefore it does not fall within the provisions of the SDC law.

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