



Cyprus offers tax incentives on rent cuts

5 June 2020 – The Cyprus government has recently approved tax incentives to encourage landlords to lower their rents.

On the 2nd of June 2020, the Income Tax Law was amended in order to provide to both individuals and companies a tax credit against their total income tax charge for the tax year 2020 in case of reduction of rents.

The tax credit is equal to 50% of the monthly rent reduction which the landlord has voluntarily granted, provided that the reduction is between 30% and 50% of the monthly rent.

It should be noted that:

- The tax credit is for a maximum of three months within tax year 2020, irrespective of the number of months for which a rental reduction has been agreed;
- The terms of the rent reduction are governed by a written agreement between the relevant parties;
- The income tax credit is not provided in case the landlord and the tenant are related parties; and
- Any refundable tax arising as a result of the tax credit cannot exceed the amount of tax paid.

The Commissioner of Taxation has issued the interpretation [Circular 43](#) in Greek which provides further guidance on the new provisions of the 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.