



Declaration of an individual as a non-dom

4 October 2016 - The Cyprus Tax Department recently issued Forms T.D 38, T.D 38Qa and T.D 38Qb applicable to individuals being Cyprus tax residents but non-Cyprus domiciled.

One of the changes introduced last year was the new status of a “non-domicile” (non-dom) individual. A Cyprus tax resident but non-dom individual enjoys the tax exemption of dividends, interest and rental income from Special Contribution for Defence.

An individual is considered to be a Cyprus tax resident if he/she is physically spent more than 183 days in Cyprus within a tax year (same as a calendar year);

Cyprus tax resident individuals earning Cyprus or foreign sourced income in the form of dividends, rent or “passive” interest, were subject to Cyprus Special Defence Contribution, at the following rates:

- 17% on dividend income;
- 3% on 75% of rental income;
- 30% on passive interest income;

Non-dom individuals are now completely exempt from special contribution for defence on dividends, rental income and any passive interest that they receive as from 16/7/2015.

However, for an individual taxpayer to be officially declared as Cyprus tax resident but non-domiciled, Forms T.D 38, T.D 38Qa and T.D 38Qb will need to be properly completed and submitted to the Tax Department. The Tax Department will review the relevant application forms and if no further clarifications are needed will issue an official confirmation letter confirming or not the taxpayer’s Cyprus tax residency but non-Cypriot domicile status.

In case where the Tax Department requires additional information/clarifications, a Tax Officer will contact the applicant taxpayer or its representatives.

Copies of the relevant forms can be found through the following link:

http://www.mof.gov.cy/mof/TaxDep.nsf/dmlforms_en/dmlforms_en?OpenDocument&Star%20t=1&Count=1000&Expand=18

The Department of Taxation of Costas Tsielepis & Co Ltd is at your disposal should you require any further information or clarifications.