



Employee special contribution abolished

10 January 2017 – The Special Contribution on salaries was abolished as at 1 January 2017.

The Special Contribution levied on the gross monthly earnings for salary-based employees and the self-employed and private sector pensioners rendered in Cyprus for the years 2014 to 2016 is shown in the table below.

Gross monthly remuneration	Special Contribution
€	%
Up to 1.500	0
1.501 – 2.500	2,5 (min. €10)
2.501 – 3.500	3,0
3.501 and over	3,5

The Special Contribution, which was first introduced on 1 January 2012, was calculated on the total gross earnings with no restriction or maximum limit on the amount of the Special Contribution.

In the case of private sector employees and private sector pensioners, the Special Contribution related to services rendered in Cyprus. In the case of self-employed individuals the Special Contribution related to any business carried on in Cyprus.

The payment of the Special Contribution was shared equally by the employer and the employee and was paid through the PAYE system.

The Special Contribution paid was tax deductible for both the employee and the employer.

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