60 Day Rule

Cyprus Tax Residency

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According to the Income Tax Law of 2002, the Cyprus tax residency- based system constitutes individuals physically spending over 183 days within a tax year (1st January to 31st December) in Cyprus (the "183-day rule"), as tax residents in that tax year.

The above tax residency rule was further amended in January 2017, to include a "60-day rule" whereby, in order for an individual to be considered a Cyprus tax resident, the following criteria should be met:

- Does not reside in any other single state for a period exceeding 183 days in aggregate/not be tax resident in another state; and
- Reside in Cyprus for at least 60 days; and
- Own property in Cyprus (owned or leased)
- Is employed in Cyprus and/or holds a Cyprus tax resident company office and/or exercises a business at any time during that tax year.

As in all cases, the tax authorities of the country of your current tax residency may contest your Cyprus tax residency. In case of a disagreement between two tax authorities relating to an individual's tax residency, the following will usually be examined:

Where the individual's family resides
Where the individual's domicile is
Where the individual exercises his/her economic activities
Where property is owned

It should be kept in mind that Cyprus tax residents enjoy a number of benefits:

If an individual is employed in Cyprus, with an income exceeding 100.000 euros and provided that he has not been a Cyprus tax resident prior the commencement of his/her employment in Cyprus he/she will enjoy a 50% discount on his/her income tax in Cyprus for a period of 10 years.