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## AMENDMENTS IN CYPRUS TAX LEGISLATION

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On 18 April 2013 the Cyprus Parliament passed the following amendments to the Income Tax Law and to the Special Contribution for the Defence of the Republic Law.

On 29 April 2013 the changes in legislation were published in the Official Gazette of the Republic.

### **INCOME TAX LAW**

The rate of Corporation Tax increases from 10% to 12,5% with effect from 1 January 2013.

### **SPECIAL CONTRIBUTION FOR DEFENCE LAW**

The rate of Special Defence Contribution that applies on interest income to Cyprus Tax Residents increases from 15% to 30%. This change comes in effect from 29 April 2013.

The special defence contribution on interest is payable only by Cyprus tax residents and applies to physical persons and legal persons which receive interest not associated with the ordinary activities of the company.

In the case of interest income accruing or arising in the ordinary carrying on of any business including interest closely connected with the ordinary carrying on of the business and interest earned by open-ended or closed-ended collective Investment Schemes, is not considered as interest but is treated as trading profit and is taxed under Income Tax Law only.