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## REMINDER OF TAX CHANGES EFFECTIVE 1 JANUARY 2014

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### Special Contribution on salaries of employees in the private sector

The relevant bands of the special contribution are revised as follows:

Special Contribution 2012 - 2013		Special Contribution 2014 - 2016	
Monthly salary/pension	%	Monthly salary/pension	%
€0 - €2.500	0	€0 - €1.500	0
€2.501 - €3.500	2,5	€1.501 - €2.500	2,5
€3.501 - €4.500	3,0	€2.501 - €3.500	3,0
Over €4.501	3,5	Over €3.501	3,5

### Special Contribution for Defence on Dividends

Effective from 1 January 2014 the special contribution for defence on dividends has been reduced to 17% (from 20%). This applies to dividends paid to individuals who are Cyprus tax residents.

### Value Added Tax (VAT)

The standard rate of VAT is increased to 19% (from 18%) as from 13 January 2014.

The reduced rate of 8% (mainly applies to accommodation and catering services by hotels and restaurants and taxis) is increased to 9% as from 13 January 2014.

### Social Insurance Contributions

From 1 January 2014, the rate of social insurance contributions increases by 1% (from 6,8% to 7,8%) for each of the employer and employee.

The social insurance contribution also increases for the self-employed, as from 1 January 2014, by 2% (from 12,6% to 14,6%).