

## Cyprus Tax News

### Amending bills voted into law by Parliament

**19 April 2013**

#### **Law amending the Income Tax Law**

The rate of corporate income tax increases from 10% to 12.5% with effect from 1 January 2013.

Where the operations of one credit institution are transferred to another pursuant to the Resolution of Credit and other Institutions Law, the credit institution acquiring these operations will be able to utilize the tax losses of the credit institution transferring its operations. The above tax losses will be available to be utilized for a period not exceeding 15 years from the end of the tax year in which the operations were acquired and the tax losses transferred. This law applies from 25 March 2013.

#### **Law amending the Special contribution for Defence Law**

The Special Defence Contribution (SDC) rate that applies on interest income received by, or credited to, or deemed to have been received by or credited to Cyprus tax residents increases, from 15% to 30%. This Law comes into effect from the date of its publication in the Government Gazette.

Please note that the above law does not amend the following:

The rate of SDC that applies on dividends

The right to a refund of any withholding tax suffered on interest income in excess of 3% in the case of a person whose total annual income, including interest income, does not exceed the amount of €12,000 per year

The reduced SDC rate of 3% that applies to interest income from savings certificates issued by the Government of Cyprus as well as from Cyprus Government Bonds and interest received by or credited to provident funds and the Social Insurance Fund

#### **Law amending the Special Levy on Credit Institutions Law**

In 2011 a Special Levy was introduced on credit institutions operating in Cyprus for the years 2011 and 2012, amounting to 0.095% of their total deposits (domestic and foreign), excluding interbank deposits. During December 2012, the special levy rate was increased from 0.095% to 0.11% and the provisions of this law were extended indefinitely. With the amending law, the special levy rate increases from 0.11% to 0.15% with effect from 1 January 2013.

#### **Law amending the Excise Duty Law**

The excise duty rates will be revised on a regular basis to ensure their real economic value. Any revision will need to be approved by the Council of Ministers upon a request by the Minister of Finance and implemented through the enactment of a law by the House of Representatives.