

<b>Jurisdiction's name:</b>	<b>Cyprus</b>
<b>Date</b>	<b>28 April 2023</b>

### Information on Residency for tax purposes

#### **Section I – Criteria for Individuals to be considered a tax resident**

According to the Income Tax Law 118(I) of 2002, (Section I, Article 2), an individual is resident in Cyprus, if:

- a) he/she resides therein for a period or more which in aggregate exceed 183 days or
- b) he/she resides in Cyprus for at least 60 days but less than 184 and:
  - i) he/she owned or rented a permanent residence in Cyprus
  - ii) he/she has not been resident in another country for more than 183 days
  - iii) he/she was not tax resident in another country and
  - iv) he/she had his/her own business or was employed or held an office in Cyprus which was not terminated on 31/12/2021.

In order to calculate the period of residence in Cyprus for tax purposes -

- the day of departure from Cyprus counts as a day of residence outside Cyprus
- the day of arrival in Cyprus counts as a day of residence in Cyprus
- arrival and departure from Cyprus in the same day counts as one day of residence in Cyprus
- departure and arrival in Cyprus in the same day counts as one day

Related Links:

[https://www.mof.gov.cy/mof/tax/taxdep.nsf/All/33B9D477E829FDDBC22581F7003C15F2/\\$file/IT118\(I\)2002doc%20A.pdf?OpenElement](https://www.mof.gov.cy/mof/tax/taxdep.nsf/All/33B9D477E829FDDBC22581F7003C15F2/$file/IT118(I)2002doc%20A.pdf?OpenElement)

#### **Section II – Criteria for Entities to be considered a tax resident**

According to the Income Tax Law 118(I) of 2002, (Section I, Article 2), a company is resident in Cyprus, if its management and control are exercised in Cyprus.

Although "Management and Control" is not a term defined in the Cyprus Tax Legislation, to achieve tax residency and substance, the Cyprus Tax Authorities take into consideration the following factors in general:

- The composition of the Board of Directors.
- Where the Board Meetings take place and whether major decisions are properly taken during these meetings.
- The place where the discussion and approval of the Financial Statements takes place.
- The Board of Directors must have control over the bank account which must be situated in Cyprus.
- The place where the seal of the company is authorized to be used.

In detail, in order for an entity to establish its tax residency, it should submit a ***TAX RESIDENCY CERTIFICATE REQUEST AND QUESTIONNAIRE FOR LEGAL ENTITIES*** to the Tax Department.

In the case of a trust that is an entity, the trust is considered to be resident in Cyprus if one or more of its trustees are resident in Cyprus, unless the trust provides the information required to be reported according to CRS to another participating jurisdiction's tax authority because it is treated as resident for tax purposes there.

In the case of a partnership, the partnership is considered to be resident in Cyprus if the control and management of the business of the partnership takes place in Cyprus. Related links:

1. Income Tax Law

[https://www.mof.gov.cy/mof/tax/taxdep.nsf/All/33B9D477E829FDDBC22581F7003C15F2/\\$file/IT118\(l\)2002doc%20A.pdf?OpenElement](https://www.mof.gov.cy/mof/tax/taxdep.nsf/All/33B9D477E829FDDBC22581F7003C15F2/$file/IT118(l)2002doc%20A.pdf?OpenElement)

2. The Common Reporting Standard (CRS) Decree (ΚΔΠ434/2020)

[https://www.mof.gov.cy/mof/TAX/taxdep.nsf/All/185B1E05B292788FC22585E7004082C7/\\$file/%CE%9A%CE%94%CE%A0%20434\\_2020.pdf?OpenElement](https://www.mof.gov.cy/mof/TAX/taxdep.nsf/All/185B1E05B292788FC22585E7004082C7/$file/%CE%9A%CE%94%CE%A0%20434_2020.pdf?OpenElement)

3. Tax Residency Certificate Request a Questionnaire for Legal Entities

[https://www.mof.gov.cy/mof/TAX/taxdep.nsf/All/D62B7CFEBAE5F08DC22582280036DC11/\\$file/TD%2098\\_2015.pdf?OpenElement](https://www.mof.gov.cy/mof/TAX/taxdep.nsf/All/D62B7CFEBAE5F08DC22582280036DC11/$file/TD%2098_2015.pdf?OpenElement)

### **Section III – Entity types that are as a rule not considered tax residents**

For the purposes of reporting under the Common Reporting Standard, a reportable entity also includes partnerships, trusts or foundations. Thus for reporting purposes, an entity will be held to be 'tax resident' in Cyprus, even if it is usually treated as fiscally transparent or not usually treated as a taxable person.

### **Section IV – Contact point for further information**

[hq@tax.mof.gov.cy](mailto:hq@tax.mof.gov.cy)