

NON-DOMICILE WORLWIDE MIGRANTS IN CYPRUS

When migrating to Cyprus, it's important to be aware of the tax implications related to the **Special Contribution for the Defense Fund of the Republic (SDC Law)**. According to Section 3(2) of the **SDC Law**.

Tax resident individuals migrated to Cyprus are *considered Non-Domiciled* and are *exempt* from SDC. This means that if you are a tax resident of Cyprus but not domiciled in Cyprus, you will **NOT** be liable to *pay SDC* on your *dividend, interest, and rental income*.

The **SDC rates** for different types of income are as follows:

- Dividend income: 17%
- Interest Income: 30%
- Rental Income: 2.25%

According to Cyprus Income Tax Law, an individual can be considered a tax resident of Cyprus if they meet either the "183 days rule" or the "60 days rule" for the tax year:

1. **183 days rule**: An individual can be a tax resident in Cyprus if they stay in the country for a total of 183 days or more within the calendar year.

2. **60 days rule**: The "60 days rule" applies to individuals who, in the relevant tax year:

(i) Do not reside in any other single country for more than 183 days in total.

(ii) Are not tax residents of any other country.

(iii) Reside in Cyprus for at least 60 days.

(iv) Have other defined ties to Cyprus. This includes conducting business, being employed, or holding a director position in a Cyprus tax-resident company during the tax year, if it is not terminated during the year. The individual must also maintain a permanent residential property in Cyprus, either owned or rented.

A "domicile individual" refers to someone who is considered "domiciled in Cyprus" for SDC (Special Defense Contribution) purposes. This includes individuals with a

domicile of origin in Cyprus according to the Wills and Succession Law. Additionally, an individual who has been a tax resident of Cyprus for at least 17 out of the 20 years prior to the tax year will also be considered "domiciled in Cyprus".

NON-DOM PROCEDURE AND DOCUMENTATION NEEDED

Procedure for non-domicile certificate

Two application forms are filled in with various information.

- i) The first application form is filed to the tax authorities along with the necessary documentation, applying for the individual's non-domicile approval including the countries you lived in from the first day of birth.
- ii) An application form is filed to the tax authorities, requesting the period of the 17 years the non-domicile scheme applies for (It usually starts from the Yellow slip year).

Documentation required:

1. Tax forms TD38 & TD38QA
2. Tax number required (TIC)
3. Copy of applicant's passport and or ID.
4. Copy of father's passport/ID or affidavit stating where the father was born.
5. Copy of tenancy rent agreement certified and to be stamped above 5000 euro annually.
6. copy of ARC document (Immigration) - yellow slip – pink slip.
7. Utility bills.
8. Boarding tickets.
9. Bank statements.
10. Excel stating the days in and out of Cyprus and to be signed by the applicant.