

Cyprus

Table CY.1: Tax Revenue

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Ranking 2019	Revenue 2019 (billion euros)
A. Structure by type of tax															
as % of GDP															
Indirect taxes	17.4	16.7	14.4	14.4	13.7	14.0	13.8	15.0	15.0	14.9	15.1	15.3	15.1	9	3.4
VAT	9.3	9.6	8.3	8.2	7.7	8.1	7.8	8.7	8.4	8.7	8.6	9.1	9.3	4	2.1
Taxes and duties on imports excluding VAT	1.1	1.0	0.7	0.5	0.4	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.2	13	0.1
Taxes on products, except VAT and import duties	3.7	3.4	3.3	3.4	3.5	3.4	3.7	4.0	4.3	4.1	4.3	3.9	3.6	15	0.8
Other taxes on production	3.3	2.6	2.1	2.2	2.1	2.2	2.2	2.2	2.1	1.8	2.0	2.0	2.0	10	0.4
Direct taxes	11.9	11.1	9.6	9.4	10.1	9.9	10.4	10.4	9.9	9.3	9.6	9.6	9.7	16	2.2
Personal income taxes	5.3	4.3	3.3	3.4	3.5	3.5	2.8	2.7	2.7	2.8	3.1	3.2	3.3	26	0.7
Corporate income taxes	6.1	6.4	5.9	5.5	6.2	5.7	6.5	6.4	5.8	5.5	5.9	5.9	5.9	2	1.3
Other	0.4	0.4	0.4	0.4	0.4	0.6	1.1	1.3	1.3	1.0	0.6	0.5	0.5	15	0.1
Social contributions	6.8	7.0	7.8	8.0	7.9	7.8	7.6	8.3	8.3	8.2	8.5	8.6	10.7	18	2.4
Employers'	4.6	4.8	5.3	5.4	5.4	5.3	5.1	5.6	5.6	5.5	5.8	5.9	7.3	9	1.6
Households'	2.2	2.2	2.5	2.6	2.5	2.5	2.4	2.7	2.7	2.6	2.7	2.8	3.4	20	0.8
Less: capital transfers⁽¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Total	36.1	34.7	31.8	31.7	31.7	31.7	31.8	33.7	33.2	32.3	33.2	33.5	35.6	16	7.9
B. Structure by level of government															
as % of total taxation															
Central government	78.8	77.6	73.1	72.8	73.1	73.8	74.1	73.5	72.7	73.0	72.6	72.6	68.1	6	5.4
State government⁽²⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Local government	1.3	1.4	1.4	1.4	1.4	1.3	1.8	1.5	1.5	0.9	1.1	1.1	1.1	25	0.1
Social security funds	18.9	20.2	24.7	25.2	24.9	24.5	23.8	24.6	25.0	25.2	25.6	25.7	30.2	14	2.4
EU institutions	1.0	0.9	0.8	0.6	0.5	0.4	0.3	0.4	0.8	0.9	0.7	0.7	0.6	10	0.0
C. Structure by economic function															
as % of GDP															
Consumption	13.9	14.0	12.4	12.2	11.7	12.0	11.9	13.1	12.8	12.9	12.8	13.2	13.0	10	2.9
Labour	9.8	10.0	11.1	11.3	11.4	11.5	10.8	11.4	11.5	11.3	11.6	11.8	14.0	22	3.1
of which on income from employment	9.7	10.0	11.0	11.2	11.3	11.4	10.7	11.3	11.5	11.2	11.5	11.7	13.9	19	3.1
Paid by employers	5.4	5.6	6.2	6.3	6.3	6.1	6.0	6.5	6.6	6.5	6.8	6.9	8.3	9	1.9
Paid by employees	4.3	4.4	4.8	4.9	5.0	5.3	4.7	4.8	4.9	4.8	4.8	4.9	5.6	26	1.2
Paid by non-employed	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	26	0.0
Capital	12.3	10.8	8.3	8.2	8.7	8.2	9.2	9.2	8.8	8.2	8.8	8.5	8.5	7	1.9
Income of corporations	6.1	6.4	5.9	5.5	6.2	5.7	6.5	6.4	5.8	5.5	5.9	5.9	5.9	2	1.3
Income of households	2.7	1.6	0.4	0.5	0.4	0.3	0.2	0.3	0.3	0.4	0.6	0.6	0.6	18	0.1
Income of self-employed	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	19	0.1
Stock of capital	3.0	2.3	1.5	1.7	1.5	1.7	2.0	2.0	2.2	1.7	1.7	1.5	1.4	15	0.3

Table CY.1: Tax Revenue (continued)

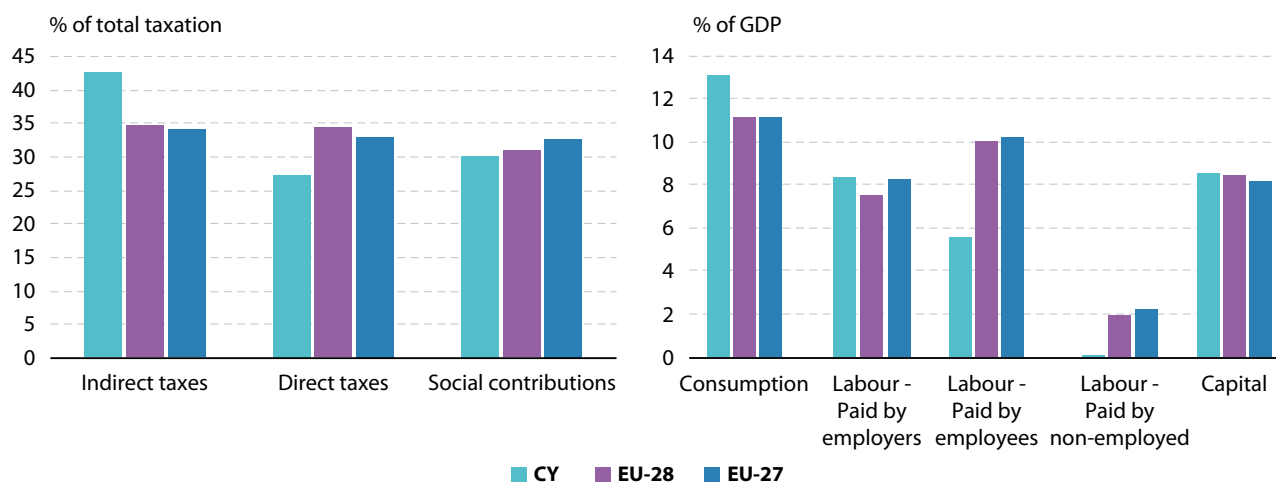
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Ranking 2019	Revenue 2019 (billion euros)
D. Environmental taxes as % of GDP															
Environmental taxes	3.1	3.0	2.8	2.8	2.8	2.6	2.7	3.1	3.0	2.9	3.0	2.9	2.6	13	0.6
Energy	1.7	1.6	1.6	1.8	1.9	1.9	2.1	2.4	2.4	2.3	2.4	2.3	2.1	10	0.5
of which transport fuel taxes	1.3	1.4	1.4	1.6	1.6	1.5	1.8	2.0	2.0	2.0	1.9	1.8	1.6	8	
Transport	1.4	1.4	1.2	0.9	0.8	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.5	12	0.1
Pollution and resources	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	23	0.0
E. Property taxes as % of GDP															
Taxes on property	2.5	1.8	1.1	1.2	1.0	1.0	1.3	1.3	1.5	1.1	1.1	0.9	0.9	19	0.2
Recurrent taxes on immovable property	2.0	1.4	0.8	1.0	0.8	0.8	1.1	1.2	0.8	0.4	0.3	0.3	0.3	22	0.1
Other taxes on property	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.7	0.7	0.8	0.6	0.6	14	0.1
F. Implicit tax rates %															
Consumption	18.6	18.4	17.1	16.7	15.7	15.8	15.2	16.6	16.4	16.7	16.7	17.4	17.0	21	
Labour	21.9	22.2	22.7	23.2	23.1	23.2	22.7	24.6	25.4	25.4	25.7	26.1	30.6	21	
G. Payable tax credits as % of GDP															
Total payable tax credits	:	:	:	:	:	:	:	:	:	:	:	:	:	1.3	0.3
Tax expenditure component	:	:	:	:	:	:	:	:	:	:	:	:	:	1.3	0.3
Transfer component	:	:	:	:	:	:	:	:	:	:	:	:	:	0.0	0.0
Total tax revenue adjusted for payable tax credits	:	:	:	:	:	:	:	:	:	:	:	:	:	34.3	7.6

(¹) Representing taxes assessed but unlikely to be collected.

(²) This level refers to the *Länder* in Austria and Germany, the *gewesten and gemeenschappen / régions et communautés* in Belgium, and the *comunidades autónomas* in Spain.

Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

Figure CY.1: Tax revenues by main taxes, 2019
(in % of total taxation (left graph) and in % of GDP (right graph))



Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

Table CY.2: Latest tax reforms

Description of measure	Change	Date
Personal income tax: Earned income		
Law 58/2020 provides for tax credit calculated on the reduction of rental income, as a covid measure.	Neutral	Announcement: 2020-06-02 Legislation: 2020-06-03 In force from: 2020-06-04
Law 179/2020 provides for the extension of the expatriate allowance of 20% on employment income for further 5 years.	Base decrease	Announcement: 2020-12-15 Legislation: 2020-12-15 In force from: 2020-01-01
Law 151/2020 provides that persons exercising governmental services abroad are deemed to be exercising their employment in Cyprus	Base increase	Announcement: 2020-11-13 Legislation: 2020-11-13 In force from: 2020-11-13
Law 45(I)/2020 extends the provision for deduction for investment in innovative businesses up to 30 June 2021. the deduction cannot exceed 50% of the taxable income.	Neutral	Announcement: 2020-05-05 Legislation: 2020-05-05 In force from: 2020-05-05
Corporate income tax		
Law 95(I)/2020 provides that the obligation to prepare a balancing statement for an Intellectual Property (IP) is abolished and tax amortization that was opted not to be claimed in previous tax years can be claimed within the remaining tax life of the IP.	Base decrease	Announcement: 2020-08-14 Legislation: 2020-08-14 In force from: 2020-01-01
Tax treatment of hybrid mismatches and exit taxation in compliance with EU Directive 2016/1164 laying down rules against tax avoidance practices that directly affect the functioning of the internal market and EU Directive 2017/952 amending the above Directive as regards hybrid mismatches with third countries.	Base increase	Announcement: 2020-07-03 Legislation: 2020-07-03 In force from: 2020-01-01
The "reference rate" means the yield rate on ten-year government bond of the State in which the new capital is invested, increased by three (3) percentage points, with the minimum interest rate being the yield of the ten-year government bond of the Republic, increased by three (3) percentage points as at 31st December of the year preceding the tax year. The Law 66/2020 provides for the change of the 3 percentage points to 5 percentage points.	Base decrease	Announcement: 2020-06-16 Legislation: 2020-06-16 In force from: 2020-02-01
Law 58/2020 provides for tax credit calculated on the reduction of rental income, as a covid measure.	Neutral	Announcement: 2020-06-02 Legislation: 2020-06-03 In force from: 2020-06-04
Payment of the exit taxation in five instalments. Exit taxation is provided in the EU Directive 2016/1164.	Neutral	Announcement: 2020-07-03 Legislation: 2020-07-03 In force from: 2020-01-01
Law 180/2020 provides for a further one year extension on the exemption form taxation of the sale of immovable property to repay non performing bank loans.	Base decrease	Announcement: 2020-12-15 Legislation: 2020-12-15 In force from: 2021-01-01
Value-added tax		
According to article 2 of amending Law 629/2020, the sixth Schedule of the Basic Vat Law was amended by adding the article 24 for introducing the reduced rate 0% for COVID test for the period ending 31/12/2022.	Rate decrease	Legislation: 2020-12-23 In force from: 2020-12-23
According to the article 2 of amending Law 268/2020 the fifth Schedule of the VAT basic Law was amended by adding the paragraph 18, 19 and 20 for introducing the reduce rate 5% (instead of 9% that was applied) for hotel accommodations, restaurants and taxi for the period 01/07/2020-10/01/2021.	Rate decrease	Legislation: 2020-06-23 In force from: 2020-07-01
According to article 2 of amending Law 147(1)/2020 the article 45 of the basic VAT law was amended so to defined as the last date of payment for the tax due for the submitting tax returns concerning periods for ending 29/2/2020, 31/3/2020 and 30/4/2020 can be paid on 10/04/2021.	Neutral	Announcement: 2020-11-03 Legislation: 2020-11-02
"According to 122(I)/2020 Law the Basic Law of VAT was amended in various articles: Article 11E reverse charge for mobile and similar device Article 5A tax refund requests Article 45 levy's and charges Article 52A Objections Article 1st Schedule registration of a non-establish person Article 5th Schedule home renovation"	Neutral	Legislation: 2020-08-20
According to article 2 of the of the amending Law 121(I)/2020 the paragraph 11 of the Tenth Schedule of Basic Law of VAT amended as to regulates debt write-off.	Neutral	Legislation: 2020-08-20

Description of measure	Change	Date
According to article 2 of the amending Law 79(I)/2020 addition of the new article 42C (42Γ) of the Basic Law of VAT and amended the article 10 and 45A of the Basic Law of VAT is to harmonise the VAT Law with the Council Directive 2006/112/EE on the call of stocks.	Neutral	Legislation: 2020-07-03 In force from: 2020-01-01
According to article 2 of the amending Law 24(I)/2020 article 45 of the Basic Law of VAT, the right to suspend the obligation to pay VAT was granted, for the taxpayers registered in the VAT Register whose defined tax periods ending 29/2/2020, 31/3/2020 and 30/4/2020 can be paid on 10/11/2020.	Neutral	Legislation: 2020-03-27