

Reduction of Defence tax on Cyprus corporate bonds

October 2019

The Cyprus tax law has been amended to provide for a reduced Special Defence Contribution (SDC) rate on interest income received from corporate bonds by Cypriot tax resident domiciled individuals. The amendment was published in the official Government Gazette on 26th June 2019 and is effective as of that date.

Specifically, as of 26th June 2019, the SDC rate applicable on interest income received from corporate bonds by Cyprus tax resident domiciled individuals is reduced from 30% to 3% (same rate that applies on interest income from government bonds).

It is noted that the amendment does not affect Cypriot tax resident non-domiciled individuals, since such persons are anyway exempt from the imposition of SDC.

