

GMS Flash Alert

2024-158 | July 29, 2024

Cyprus – Tax Authority Issues Guidance on Special Expatriate Tax Regime

The Cyprus Tax Department issued Circular 4/2024 on 8 July 2024, regarding the exemption from income tax of 50 percent of the remuneration from employment exercised in Cyprus – specifically the rules covering the exemption from income tax for first employment – as per the amended Article 8(23A) of the Income Tax Law.¹

The Circular provides clarifications in relation to the exemption in those cases where compensation exceeds EUR 55,000 per annum.

The Circular issued by the Tax Department (in Greek) can be accessed [here](#).

WHY THIS MATTERS

Given the level of detail provided in the Circular's many examples of circumstances where the special tax regime could or could not be applied/claimed, it is expected that, for a number of cases involving overseas expatriates and inpatriates where the interpretation of the legislation itself was not sufficient to determine whether the incentive under the Article 8(23A) could be granted, taxpayers and their tax service providers will now have more clarity and guidance regarding whether they are within the scope of the regime.

KPMG INSIGHTS

As mentioned above, an extensive number of practical examples are included in the Circular issued, covering all the important aspects of this exemption.

FOOTNOTE:

1 Article 8(23A) of the Income Tax Law, as amended on 26 July 2022 and as further amended on 30 June 2023 (for coverage of the 2023 amendment, see [GMS Flash Alert 2023-150](#), 24 July 2023).

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RELATED RESOURCE

This article is excerpted, with permission, from "[Circular 4/2024 - Article 8\(23A\) exemption for employment exercised in Cyprus](#)" in *Tax Alert* (19 July 2024), a publication of the KPMG International member firm in Cyprus.

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