



Amendment to the Cyprus Income Tax Law

On 19 December 2019, an amendment to the Cyprus Income Tax Law ('ITL') was published in the Official Gazette of the Republic of Cyprus, providing for an increase to the annual limit for certain allowances which are deductible from an individual's taxable income. The main reason for this amendment is to encourage individuals to contribute to such funds as described below, and as a compensatory measure from the introduction of General Healthcare System.

The limit of the allowances provided for in section 14 of the ITL is increased from 1/6th to **1/5th** of an individual's taxable income before such allowances and will be applicable for tax year 2019 onwards.

We note that a tax deduction for these amounts is in certain cases subject to specific restrictions.

The allowances include contributions to:

- **Social Insurance Fund**
- **Approved Pension and Provident Funds:** restricted to 10% of remuneration
- **General Healthcare System**
- **Life insurance policies:** restricted to lower of life insurance premiums paid and 7% of the insured amount
- **Medical Fund:** restricted to 1,5% of remuneration



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We remain at your service if you require any further information, clarifications or assistance with the above.

CONTACT DETAILS

334 Agiou Andreou & Eleftheriou Venizelou corner,
Vashiotis Business Centre, Ground Floor Offices, 3035, Limassol, Cyprus
P.O. Box 54543, 3725 Limassol, Cyprus
T: +357 25 878 866, +357 25 817712 | E: info@pagecorpgroup.com