

Corporate Tax - Cyprus

Reduction in SDC tax rate on dividends

Contributed by **Andreas Neocleous & Co LLC**

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The rate of special contribution for defence (SDC) tax on dividends paid by Cyprus companies has reverted to 17% with effect from January 1 2014, after having been temporarily increased to 20% for 2012 and 2013 (for further information on this topic please see "Recent amendments announced to income tax, SDC tax and VAT laws").

SDC tax applies only to Cyprus-resident shareholders. Dividends paid to non-resident shareholders, whether corporate or individual, are exempt. In addition, dividends paid by one Cyprus-resident company to another are exempt from SDC tax unless the dividend is paid more than four years after the underlying profit was earned.

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