



CYPRUS SHIPPING CHAMBER
Navigates Cyprus Worldwide

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To: All Members
Cc: Board of Directors

9 January, 2024

Circular No. 3/2024

Dear Member,

Amendment to the Special Defence Contribution Law

Please be advised that, on 6 December 2023, the Cyprus Parliament approved an amendment to the Special Defence Contribution Law, through which the rate on passive interest income earned by Cypriot tax residents (individuals and companies) is **reduced from 30% to 17%**.

The amendment has already been published in the official Cyprus Government Gazette on 20 December 2023 (enclosed at Annex in the Greek language) and came into force on 1 January 2024.

The amendment serves to rectify the discrepancy that existed on the taxability of passive interest compared to dividends (which are taxed at 17%) and to reinstate the status of the rate which was increased to 30% during the year 2013, a measure which was introduced as a result of the economic conditions at the time.

This is a positive and welcomed development for Cypriot taxpayers which may also be viewed as an additional incentive for companies considering to use Cyprus as their base of operations. For more information, members are kindly invited to consult with their tax/legal consultants.

With kind regards,

Sophoclis N. Constantinou
Legal Affairs Manager

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