

GUIDE FOR THE COMPUTATION OF TEMPORARY TAX AND GHS CONTRIBUTION

The following table contains the necessary information to estimate your Temporary income/tax and GHS contributions. Consult the Notes and Instructions below for the correct completion of the table.

TAX DEPARTMENT – INCOME TAX			
COMPUTATION OF INDIVIDUALS TEMPORARY INCOME TAX AND TEMPORARY CONTRIBUTIONS OF GHS OF SELF-EMPLOYED INDIVIDUALS			
YEAR OF ASSESSMENT 2021			
		Income Tax 0200 €	GHS 0213 €
1.	Net income (loss) from business (note.1)/ For GHS for profits of self-employed only (note.1 and 2).	.....	.....
	Rents Received (gross)	.....
	Less: i) 20% on gross rents	.....
	ii) 3% in cost of buildings	.....
	iii) Interest in respect of the immovable property	.....
	Chargeable Income from rents (result 1A –1B(i) – 1B(ii) – 1B(iii))	.....
2.	Other Income (other than employment and pensions)	.....
3.	TEMPORARY INCOME (SUBJECT OF TAXATION) (note.1 and 6) (result 1+2) <small>(if the result is a loss record 0).</small>	.....	.....
4.	Income from employment and / or pension.	.....
5.	Less Allowances and deduction (note.8)	.....
6.	TAXABLE INCOME / (LOSS) (result 3+4-5)	.....	.....
7.	TAX / GHS CONTRIBUTION ON INCOME	<u>Income Tax</u> € / ¢	<u>GHS Contribution</u> € / ¢
8.	Computation of Tax (note.3)/ GHS Contribution (σημ.3)/...../.....
9.	LESS ANNUAL TAX WITHHELD AT SOURCE AND OVERSEAS TAX (note 9)/.....	
10.	LESS CREDIT PERTAINING TO FOREIGN TAX AND COVID 19 RENTAL REDUCTION/.....	
11.	LESS AMOUNT OF GHS PAID TO SOCIAL INSURANCE SERVICES	/.....
12.	TEMPORARY TAX PAYABLE 0200 / CONTRIBUTION 0213 (result 8-9-10-11)/...../.....

(Form T.D.5) 2021

NOTES AND INSTRUCTIONS

1. OBLIGATION TO SUBMIT ESTIMATION OF CHARGEABLE INCOME

According to article 24 of the Assessment and Collection of Taxes Law No.4 of 1978, as amended, all persons are obliged to compute

A. their chargeable income (temporary) and the income tax owed if they have income from:

- o profits or other benefits from any business,
- o annual lifetime income,
- o rents,
- o intellectual property rights,
- o rents,
- o Reputation and customer base

"Income" for Income Tax purposes you should include

- income that derives from WITHIN the Republic and those that derive from OUTSIDE the Republic if YOU ARE a tax resident of the Republic for the year
- income that derives from WITHIN the Republic if YOU ARE NOT a tax resident of the Republic during the year.

The declaration is submitted even if you have income from employment

B. their income (temporary) and GHS contributions for those persons who have insurable earnings (note 2) as self-employed that

- exceed the amount of insurable earnings for on which they pay GHS to the Department of Social Security (DSS) or
- for which they do not pay contributions to the DSS due to retirement.

2. INSURABLE EARNINGS

Every Self-employed person, as defined by the Social Insurance Law (L59(I)/2010), submits a temporary declaration for his/her profits from any insurable activities, which exceeds the insurable earnings for which he/she pays GHS to the DSS. Thus, GHS is payable for each insurable activity in Cyprus even if no Social Security is paid for the said activity.

«Self-employed» means a person which any insurable activity defined in Part I of Second Schedule, except if it is an exempt activity in accordance with Part II of the said Schedule;

«Insurable activity» means, subject to the provisions of Regulation (EC) 1408/71, any of the activities stipulated ... in Part I of Second Schedule, unless it is one of the exempted activities defined ... in Part II of the Second Schedule;

First Schedule - Article 3 (2)(a) - «EMPLOYEES – INSURABLE AND EXEMPT ACTIVITIES» ...

Second Schedule – Article 3 (2)(b) – «SELF-EMPLOYED – INSURABLE AND EXEMPT ACTIVITIES»

Part I – INSURABLE ACTIVITIES - Occupation in Cyprus of a person working for profit, if such occupation is not insurable under Part I of the First Schedule.

3. RATES

The income tax rates and GHS contributions are available on the Departments Website.

- [For Income Tax click here](#)
- [For GHS click here](#)

4. DEADLINES FOR SUBMISSION OF DECLARATION AND PAYMENT OF TAX AND GHS CONTRIBUTION

This return must be submitted by the 31st July of the current year. The respective temporary taxes and contributions are payable in two instalments due on 31st July and 31st December of the current year.

5. PENALTIES FOR NON-SUBMISSION OR LATE SUBMISSION

In accordance with article 50A(e) of the Assessment and Collection of Taxes Law No.4 of 1978, as amended, persons who pay their tax and / or contribution after the dates stipulated in the law, are subject to a 5% fine.

6. EFFECTS OF LOW ESTIMATION OF CHARGEABLE INCOME

Section 26 of the Assessment and Collection of Taxes Law No.4 of 1978, as amended, stipulates the imposition of a surcharge amounting to one-tenth (1/10) of the difference between the final tax and the temporary tax if the temporary chargeable income assessed is less than three-fourths (3/4) of the final chargeable income. For the purpose of this provision "chargeable income" means the chargeable income before the deduction of personal allowances. This section also applies for the purposes of under provision of income subject to GHS contributions.

7. REVISED COMPUTATION

Revised computations must be submitted ONLY via the [Tax Portal](#) by the 31st December of the tax year. If a revised computation is submitted, the amount of tax is divided into two equal instalments and interest is chargeable on the difference of each instalment.

8. RESTRICTIONS IN DEDUCTIONS AND ALLOWANCES

Contributions to GHS, the Social Insurance and Provident Funds and the annual payments for Life Insurance Policies must be restricted to 1/5 of net income. Medical fund contributions are restricted to 1.5% of gross income.

9. ANNUAL TAX WITHHELD AT SOURCE

The estimated annual tax to be deducted from employment (salary) and/or pensions and any tax which is paid on income from abroad that you have included in your computation.

10. PAYMENT OF TAX

Payment can be made either:

- Credit / debit card using the
 - webpage <https://www.JCCSmart.com> for payments within the deadline set in the law
 - Tax Portal of the Tax Department (<https://taxportal.mof.gov.cy>).
- Your internet bank using the Payment Reference Number that you can obtain when you create the liability using the Tax Portal of the Tax Department (<https://taxportal.mof.gov.cy>).