

# GHS Contribution

## Imposition / Exemptions / Definition of terms / Rates / Payment Codes

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## Income subject to GHS

GHS is imposed on income of individuals from all sources that fall within subsections 1 and 2 of article 5 of the Income Tax Law (IT), without taking into account any exemptions granted by the said law.

## Exemptions from GHS contributions

Exempted from GHS contributions are individuals who are insured:

- (a) in another country of the European Economic Area or Switzerland (holders of A1 or S1 card),
- (b) by the European Commission or International bodies, provided that they have obtained the relevant certificate from the Cyprus Ministry of Health.

Contributions made to an equivalent scheme plan in the aforementioned countries / organisations, for taxable income in the Cyprus Republic, are deducted from the computation of income tax.

## Definitions of the various sources of income

The rate and method of GHS payment is defined by the various sources of income.

### «Emoluments»

(a) In relation to an **employee**, emoluments have the meaning attributed by the Social Insurance (SI) Law (N59(I)/2010).

(b) In relation to a **self-employed** it is -

(i) the insurable emoluments in accordance with the meaning attributed by the Social Insurance Law and the Regulations issued by virtue of this Law

(ii) the amount of income for the year that falls within articles 5(1)(a) and 5(2)(a) of the Income Tax Law and which is over and above the amount mentioned in subparagraph (i) above

(c) In relation to an individual who holds or exercise any office (officer) it is the amount of income for the year that falls within articles 5(1) (b) και 5(2) (b) of the Income Tax Law and does not fall under (a) above.

### «Pensions»

Means the pension of every individual that is derived from the sources stipulated by article 5 of the Income Tax Law and the term «pensioner» is interpreted accordingly.

### «Earnings»

Means the income of individuals that is derived from the sources stipulated by article 5 of the Income Tax Law (excluding emoluments and pensions) including dividends, as defined by the Special Contribution for Defence Law (including deemed dividends)

### «Self-Employed»

«Self-employed» is determined by the definition of the Social Insurance Law and not of the Income Tax Law.

«Self-employed person» means a person that engages in any insurable activity as defined in Part I of the Second Table of the Social Insurance Law, with the exception of those activities specified in Part II of the said Table.

Each self-employed person submits a Temporary Declaration of his profits, from his insurable activities that exceed the insurable emoluments declared at the Social Insurance Fund (SIF) on which GHS is already paid. In other words, GHS is imposed on every insurable activity in Cyprus, even if no amount of social insurance contribution is paid to the SIF for that specific activity.

«Insurable activity» in compliance with the provisions of «Regulation (EC) 1408/71», means any of the activities specified in Part I of the Second Table of the Social Insurance Law, with the exception of those activities specified in Part II of the Second Table.

### Examples

1) If someone is of pensionable age and still works, he is considered as self-employed and pays the GHS contribution by self-assessment (code 0313).

2) Income from abroad IS NOT insurable for Social Insurance purposes and therefore it is NOT considered as self-employed «emoluments» but rather «earnings» and GHS contribution is paid by self-assessment (code 0315).

### «Officer»

The term «officer» is not defined in the GHS Law and therefore it is not limited to public officers (e.g., President, Municipal Councillor, Member of a School Board, Accountant General, etc.) but also includes any officer determined by any other Law (e.g., Company Law Chapter 133, directors and secretaries of companies, and other laws with corresponding definitions.)

## GHS Rates

Category	1.3.2019- 28.2.2020, 1.4.2020 – 30.6.2020	1.3.2020 - 31.3.2020 and from 1.7.2020
Employees	1,70%*	2,65%*
Employers	1,85%	2,90%
Officers	1,70%	2,65%
Self-employed	2,55%*	4,00%*
Pensioners	1,70%	2,65%
Other Income Earners	1,70%	2,65%

\* At the Social Insurance Services for the month of March 2020, GHS contribution was paid at the lower rate and for the month of June 2020 it was paid at the higher rate.

It should be noted that the maximum income on which GHS is imposed is €180000. In cases where GHS has been withheld on amounts that exceed €180000, a refund application form should be submitted to the Health Insurance Organisation.

## Payment codes for GHS

Description	Withheld by other persons*	Withheld by Employers*	Employers' contribution	Self-Assessment GHS	LEGISLATION	
					GHS	Income Tax
Employees' Emoluments		S.I.S.	S.I.S		19(1)(α) + 19(1)(β)	5(1)(β) + 5(2)(β)
Income and benefits from employment, other than employees' emoluments (i.e. bonus e.t.c.)		0711		0315	19(1)(ζ)	5(1)(β) + 5(2)(β)
Income and benefits from the employment of officers other than emoluments (i.e. bonus, benefit in kind e.t.c.)		0701	0711	0315	19(1)(ε) + 19(1)(στ)	5(1)(β) + 5(2)(β)
Pensions (excluding pensions from Social Ins. and Accountant General)		0701		0314	19(1)(δ)	5(1)(δ) + 5(2)(γ)
Emoluments of Self-Employed up to the SIS limit				S.I.S	19(1)(γ)	TKA
Emoluments of Self-Employed in excess of SIS limit or persons that have reached the pensionable age				0213 and 0315	19(1)(γ)	5(1)(α) + 5(2)(α)
Self-Employed Income that does not fall under the GHS definition of Self-Employed				315	19(ε)	5(1)(α) + 5(2)(α)
Income from interest, dividends (including deemed)	0702 interest / 0703 dividends / 0723 deemed dividends			0712 o/seas / 0713 o/seas dividends	19(ε)	5(1)(γ)
Income from property - e.g., rents	0714*			0704* (individual)	19(ε)	5(1)(ε) + 5(2)(δ)
Goodwill				0315	19(ε)	5(1)(στ) + 5(2)(ε)
Loan benefit e.t.c. from a company		0711		0315	19(ε)	5(1)(ζ) + 5(2)(ζ)
Income from the practicing of a profession in the Republic	0710				19(ε)	5(2)(στ)

\* Any person who pays interest, dividends, rents or any other income falling under article 24 of the Income Tax Law, as well as any employer subject to the withholdings stated on the above table, must withhold the GHS contribution at source. For rent payable, withholding of GHS contribution is applicable ONLY in the case where the tenant is a legal entity. If the tenant is an individual, the owner of the rented property is subject to the payment of GHS contribution by self assessment (code 0704) every six months