

**Income Tax
CLAIM FOR ALLOWANCES FOR
THE YEAR 2017**



(By virtue of the Income Tax Law No. 118(I) of 2002, as amended)

NOTE. Before completing this form please read the instructions and notes on page two.

Employee's Name: Social Ins. No:
 Home Address:
 E-mail Address:
 T.I.C.: Identity / Identification No: Tel. Number:

EMPLOYEES DECLARATION				For use by employer
PART A. INCOME			€	€
1. Salaried Services and deemed benefits (notes 1 and 13)				.....
2. Gross Rents				.....
3. Income from other sources (note 4)				.....
4. TOTAL INCOME				.....
5. Less income that is not taxable				.....
6. TOTAL TAXABLE INCOME [A4 – A5]				.....
7. Widow's Pension –If you want to be taxed separately (note 6)		a	.....	Non-Taxable Deductions
		b	.....
PART B. Less : ALLOWANCES AND DEDUCTIONS				
1. Subscriptions to Unions or / and other Professional bodies				.....
2. Deductions for First employment				.....
3. Capital allowances of rented properties				.....
4. Interest paid regarding rented properties				.....
5. Expenses on rented buildings (20% of gross rental income)				.....
6. Reduction of Emoluments in accordance with Law 168(I) of 2012 (note 15)				.....
7. Other deductions (note 9)				.....
8. INTERMEDIARY CALCULATION [A6 – (total B1 to B7)]				.....
9. Pension, Provident, Health and Social Insurance Funds				.....
10. Life Insurance Premiums				.....
11. I, .....				.....
declare that I have read the instructions on page two and with this in mind I declare that the above information is true and correct.				
Signature			Date	.....
12. TOTAL ALLOWANCES (Total B1 to B10, ignoring the intermediary calculation)				.....
13. CHARGEABLE INCOME (A6 – B12)				.....
PART C. TAX COMPUTATION		Chargeable Income	Tax Rates	Tax
From € 0	to € 19 500		@ NIL	---
From € 19 501	to € 28 000		@ 20 %	..... | .....
From € 28 001	to € 36 300		@ 25 %	..... | .....
From € 36 301	to € 60 000		@ 30 %	..... | .....
From € 60 001			@ 35 %	..... | .....
1. TAX ON CHARGEABLE INCOME				..... | .....
2. TAX TO BE DEDUCTED + TAX ON WIDOW'S PENSION [(C1 X A1 ÷ A6)+(A7a-A7b-19500)X20%] (see note 19)			
3. MONTHLY (C2 ÷13 or C2 ÷12 accordingly) \ WEEKLY (C2 ÷52) DEDUCTION			

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INSTRUCTIONS AND NOTES

Instructions to Employees

1. Upon completion of this declaration up to part B11 (excluding lines A1, A4, A6 B8 and B9), submit this form to your employer for the calculation of tax to be deducted from your emoluments. If the form is not completed, no tax allowances will be granted to you by your employer.
2. Your employer, upon completing the second column with the totals and the restriction of allowances and deductions, will compute your taxable income and your tax.

Part A

3. A2. If you have income from rents enter the annual rents. You must submit a temporary declaration for these (T.D.5), by the end of July of the year, and pay the relevant tax on the due dates.
4. A3. Enter any income for the year from other sources. For instance, income from a previous employment, pensions, partnership, income from buildings under preservation order, trade, interest, dividends and the redemption of life insurance policies. In the case of a redemption of a life insurance policy within three years from the date of the policy, thirty per cent of the premiums for which a deduction was given (30%) is added to your taxable income, in cases where the redemption occurs during the fourth, fifth and sixth year from the date of the insurance policy, twenty per cent (20%) of the premiums for which a deduction was given is added to your taxable income.
5. A5. Enter any amounts included in A3 that are not taxable, such as income from buildings under preservation orders, interest and dividends and certain pensions (the pension given to the President of the Republic and part of the pension given to the President of the House of Representatives upon their retirement from office, the pensions and special grants given by virtue of the Relief of Suffered Laws).
6. A7. If widows' pension is going to be taxed separately, enter the gross amount in field A7a and the non-taxable deductions (for Government supplementary pension, reduction of emoluments & pensions and special contribution) in field A7b. If you want this pension to be taxed with other income, the amount must be entered either in line A3 or in line A1 by Employer, while the amounts for non-taxable deductions must be entered in the appropriate fields together with other non-taxable deductions.

Part B

7. B2. If you are claiming a deduction for first employment in the Republic you are allowed to deduct either
 - i. 20% of your emoluments from any employment with a maximum of € 8 550, provided that 183 days have not passed between the date of your arrival in the Republic and the date of commencement of your employment or
 - ii. 50% of your emoluments from any employment provided that your salary exceeds € 100 000 in the tax year.
8. B3 to B5. If you have declared income from rents in A2 you are allowed to claim capital allowances and interest relating to the rented property. If the rental income derives from the letting of **buildings**, twenty per cent (20%) of the gross rents of **building only** is allowed as a deduction. If you have not declared income from rents your employer will not allow these amounts.
9. B7. If you are claiming any other deduction in B7 you must submit evidence to your employer of their validity. If no such evidence is given your employer will not allow any deduction or allowance.
10. B9 and B10. The total amount of contributions of the current year for Life Insurance, approved medical funds, Pension Schemes, Pension and Provident funds and Social Insurance Contributions, must not exceed one sixth of your taxable income (i.e.1/6th of the intermediary calculation B8), provided that the aforementioned are approved by the Commissioner of Inland Revenue.
11. B10. Premiums **paid during the year** must not exceed 7% of the capital sum insured on **your life**.

Instructions to Employers

12. All your employees must complete and sign form T.D.59A, every year. It is clarified that a director of a company or any person involved in the management of a company is considered to be an employee. If no T.D.59A is submitted then you will not allow any deduction other than the tax free amount and the contributions that are known to you (i.e. line B9).
13. Complete line A1 in the second column with the estimated income for the year. Income includes, salary, wages, overtime, bonus, allowance, share of profit, perquisite, fee, commission or pension and the annual value (determined at the current market rates) of any residence, quarter, board or perquisite or allowances granted in respect of employment whether in money or otherwise (Article 6(3) of the Assessment and Collection of Taxes Act, 4/78 as amended). In A1 also enter the deemed benefits stipulated by the Income Tax Law 118(I)/2002 as amended.
14. Complete lines B1-B7 in the second column taking into account the restrictions mentioned in paragraphs 7 to 11 above.
15. B6. The Special Contribution of officials, employees and pensioners of the state and the wider state section is computed by the employer and is paid every month. In the case of weekly payments of wages etc the final computation of the obligation of the month is made during the payment of the last wage etc for the month. The rates can be found on the T.D. site in both the section for Laws and Rates of tax.
16. Calculate the intermediary calculation on line B8.
17. B9. Complete the amounts of contributions to Pension Funds, Provident Funds etc. having in mind the restrictions applicable to the contributions to the medical fund (maximum 1.5% of salary, i.e. A1) and the provident fund in accordance to the provisions of its approval.
18. Complete lines B9-B10 of the second column taking into account the restrictions mentions in paragraph 10 above and compute the total deductions and the taxable income.

Part C

19. C2. Compute the tax on taxable income and the tax that must be deducted (i.e. the proportion relating to income from your employees salary adding the possible tax on widow's pension if the last is being taxed separately **and the amount on 2nd parenthesis is positive**).
20. C3. Calculate the monthly deduction, with or without a 13th salary, or the weekly deduction, according to the circumstances applicable.

Other information

21. For any information or personal assistance you may apply at the several Income Tax District Offices, phone numbers
Nicosia – 22807459, 22807460
Larnaca – 24803641, 24803640
Limassol – 25803805, 25 803793
Paphos – 26804352, 26804351