

Relikor Serv Ltd, 27 Michalacopoulou Str, 1075 Nicosia, Tel: 22025795, Email: info@relikor.com

Date: 7th December 2023

Deemed Dividend Distribution as at 31 December 2023

We would like to remind you the obligations that arise from the deemed dividend distribution that apply on 31 December 2023.

The deemed dividend distribution provisions apply to the profits of Cypriot tax resident companies that are attributable to shareholders which are Cypriot tax resident and Cypriot domiciled individuals. These provisions **do not apply** to shareholders which are non-Cypriot tax resident individuals or Cypriot tax resident individuals that are not Cypriot-domiciled

The deemed dividend distribution provisions apply where a Cypriot tax resident company has **not distributed at least 70% of its after tax profits** within two years from the end of the tax year to which such profits relate. In such a case, the undistributed part of such profits is subject to Special Defence Contribution at the rate of 17%.

Therefore, companies with accounting profits for tax year **2021** that fall within the deemed dividend distribution provisions, would have to **declare** an appropriate amount of **dividend**, in order to meet the **70% threshold** of distributed profits **on or before 31 December 2023** and pay the relevant Special Defence Contribution by the end of the following month that the dividend was declared. If not, on 31 December 2023, the relevant undistributed profits (up to the 70% threshold) would be considered as deemed distributed and the relevant Special Defence Contribution would need to be paid by **31 January 2024**.

The distribution of either an actual or a deemed dividend to shareholders which are Cypriot tax resident <u>individuals</u> irrespective of their domicile status is subject to contributions to the General Healthcare Scheme - GESY at the rate of 2,65%. General Healthcare Scheme contributions on **actual** dividends would need to be paid by **the end of the following month that the dividend was declared** and on **deemed** dividends by **31 January 2024**

Dividends paid to shareholders which are either non-Cypriot tax resident companies or Cypriot tax resident companies (subject to the 4-year rule) are exempt from Special Defence Contribution. Such dividend payments are exempt from GHS contributions.

FOR ADVICE AND ASSISTANCE, PLEASE CALL US OR SEND US AN EMAIL.

Click <u>here</u> for more Relikor news and updates

Legal Notice: The above document contains information, which is confidential and exclusive to the intended recipient. If you are not the intended recipient, please notify the sender and delete all copies from your archives. Please note that disclosure, distribution, copying or use of this document without prior permission from the sender, is prohibited. **Unsubscribe**: If you do not want to receive emails from Relikor, please send us an email with the word "Unsubscribe" in the subject line.