



**REDUCTION OF SDC RATE APPLICABLE ON INTEREST INCOME RECEIVED BY CYPRUS TAX RESIDENT DOMICILED INDIVIDUALS FROM CORPORATE BONDS**

On 26<sup>th</sup> June 2019 an amendment to the Special Defence Contribution (SDC) Law was published in the Official Government Gazette.

According to the amendment, effective from 26<sup>th</sup> June 2019, the SDC rate applicable on interest income received by Cyprus tax resident domiciled individuals from corporate bonds is reduced from 30% to 3%. The reduced rate is now in line with the SDC rate applicable on interest earned from Government bonds.

Cyprus tax resident non-domiciled individuals are not affected by the above change.

**AuditPro Comments**

*This is a welcomed tax relaxation that will encourage individuals to invest in corporate bonds with higher returns than bank deposits and thus provide alternatives to lending for private businesses.*