

## Corporate Tax - Cyprus

### Abolition of Minimum Shareholding Requirement for SDC Tax Exemption

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Special contribution for defence (SDC) tax is payable on income from rentals, dividends and interest. Law 111(I)/2009, enacted towards the end of 2009, introduced a number of important amendments to the Special Contribution for Defence Law, including simplified arrangements for the taxation of interest.

Another of the changes introduced by Law 111(I)/2009 was the abolition of the minimum shareholding requirement for exemption from SDC tax on dividend income, allowing portfolio investors to benefit from the exemption.

Irrespective of the size of the investment, dividends received by a resident company or a permanent establishment of a non-resident company from a non-resident company are exempt from SDC tax, provided that the controlled foreign company provisions are not triggered.

The new provisions apply to accounting periods beginning on or after January 1 2009.

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