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# Taxation of betting companies



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Circular 2016/14,**(1)** issued by the Tax Department on September 29 2016, clarifies the taxation arrangements for companies which provide betting services under a licence issued by the National Betting Authority in accordance with the Gambling Law 2012.**(2)**

Such companies are not subject to income tax on profits or gains arising from the services they provide if:

- they are not resident in Cyprus (ie, they are controlled and managed from outside Cyprus); and
- they have no permanent establishment in Cyprus, because they provide their services by automated electronic means.

A back-up server installation within Cyprus will not be deemed to constitute a permanent establishment.

The circular clarifies that, despite the tax exemption, Article 5A of the Assessment and Collection of Taxes Law 1978, as amended, continues to apply to such companies.**(3)** Under Article 5A:

- a company must register for tax immediately after incorporation or registration under any law in force in Cyprus; and
- companies that are incorporated in Cyprus, but not tax resident, must submit annual income declarations in the prescribed form.

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## Endnotes

(1) Available here in Greek.

(2) Law 106(I)/2012.

(3) Law 4/1978.

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