



Deemed Dividend Distribution (DDD) provisions:

What is DDD provisions?

The DDD provisions will come into force, in case a Cyprus tax resident company does not distribute at least 70% of its accounting profits to its Cyprus tax resident shareholders, as dividends, within two years from the end of the tax year to which such profits relate. If a Cyprus tax resident company does not distribute 70% of its accounting profits, then it will be deemed that it has distributed such dividends to its Cyprus tax resident shareholders (individuals or corporations).

In that case, 70% of the company's after tax accounting profits will be deemed as distributed by the end of the two tax years period and may be required to withhold and pay to the Tax Department:

- i) 17% special contribution for defence (for Cyprus tax resident individuals and domiciled shareholders) and/or
- ii) 1,7% National Health Contribution (for all tax resident individual shareholders whether are domicile or non-domicile).

Am I subject to DDD provisions?

If a Cyprus tax resident company had accounting profits after tax in the tax year 2017 and by 31 December 2019, has not distributed at least 70% of such profits as dividends to its Cyprus tax resident shareholders, then you may be subject to DDD provisions.

It should be noted that the DDD provisions for special contribution for defence purposes, also apply to tax resident corporate shareholders, if the ultimate or immediate physical shareholders are tax resident individuals domiciled in Cyprus. For the National Health Contribution purposes, the DDD provisions apply in cases where a tax resident company is directly or ultimately owned by a Cyprus tax resident individual (whether is domiciled or non-domiciled).

When is the deadline for payment?

The deadline for payment of the special contribution for defence and National Health Contribution is **by 31 January 2020.**

How can I make the payment to the Tax Department?

The payment of the special contribution for defence and the National Health Contribution can be made via the JCC smart website (<https://www.jccsmart.com/>).

What is the fine for late payment?

The fine for late payment of the special contribution for defence and national health contributions (i.e. for payment made after 31 January 2020), is 2% interest per annum and 5% penalty on the tax due. An additional penalty of 5% on the tax due amount may be imposed, if the tax remains unpaid, two months after the above due dates.

Talk to us!

In case you need our assistance in relation to the DDD provisions, you will need to contact us by 17 January 2020.

Should you need any clarifications regarding the above, feel free to contact us via email, or by phone. See below our contact details:

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Our offices

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Important note: The above is intended to provide general information only. It should not be used as a substitute for consultation with professional advisors.