



**K. TREPPIDES  
& CO LTD**

**Direct Taxation**

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### *Tax credit for landlords for voluntary reduction in rent charge*

On 2 June 2020, the House of Representatives voted an amendment in respect to tax relief on taxes relating to rental income, in order to support the Cyprus economy. The amendment provides a tax incentive to landlords that voluntarily reduce the rental amount charged to tenants (individual or company).

More specifically, the Cyprus Income Tax Law ("CITL") has been modified by the addition of Article 9E, which is only applicable for the tax year 2020 and grants landlords a tax credit equal to 50% of the monthly rental reduction that has been voluntarily agreed between the landlord and the tenant. The following conditions must be satisfied to be eligible for the tax credit:

1. The rent reduction is not higher than 50% and not lower than 30% of the monthly rental charge;
2. The tax credit applies for the reduced rent of a maximum period of three months and falls within the tax year 2020, irrespective of the number of the months for which the rental reduction has been agreed;
3. The landlord and the tenant have a written agreement for the agreed reduction of rental amount;
4. The landlord and the tenant are not related parties (as defined in Article 33 of the CITL).

It should be noted that the tax credit should be utilized against the total income tax liability of the landlord for the tax year 2020 and cannot be used against other taxes applicable to rental income (Special Defence Contribution or General Healthcare Contribution). Any tax refund that relates to the tax credit cannot exceed the amount of tax already paid.

For any further information required, please not hesitate to contact us.



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