



Newsletter

Φορολογική Ενημέρωση* Tax Update*

*connectedthinking

PRICEWATERHOUSECOOPERS 

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Important Amendments to the Social Insurance Law

In accordance with the Social Insurance (Amending) Law L22(I)/2009 which was published in the Official Gazette of the Republic of Cyprus on 20 March 2009, certain important amendments were made to the Social Insurance Law. A summary of the most important changes is presented below:

Salaried employees

As from **1 April 2009**, the social insurance contribution rate for salaried services would rise from 6.3% to **6.8%** of the insurable amount, both for employees' own contributions as well as their employers'. The Government's contribution rate will rise from 4% to **4.3%** as from the same date.

Further increases to the above rate for employees, employers and the Government will take place as follows:

Effective Date	Employee/Employer	Rates	Government
1.1.2014	7.3%		4.6%
1.1.2019	7.8%		4.9%
1.1.2024	8.3%		5.2%
1.1.2029	8.8%		5.5%
1.1.2034	9.3%		5.8%
1.1.2039	9.8%		6.1%

Social Insurance Contribution rates for employees and employers operating a professional pension plan for the benefit of their employees and for which no contributions are being made by the employees in this plan, will also rise from 3.2% to **3.45%** (employees) and from 9.4% to **10.15%** (employers) as from **1 April 2009**.

For this particular category of employers/employees, further increases to the rates will apply as follows:

Effective Date	Rates	
	Employee	Employer
1.1.2014	3.70%	10.90%
1.1.2019	3.95%	11.65%
1.1.2024	4.20%	12.40%
1.1.2029	4.45%	13.15%
1.1.2034	4.70%	13.90%
1.1.2039	4.95%	14.65%

Employees who retrospectively come under a professional pension plan operated by their employer and into which they are not making any contributions, are entitled to refunds of previously paid social insurance contributions, in accordance with progressively rising rates ranging from **3.35% as from 1 April 2009** to **4.85% as from 1 January 2039**.

Self-employed persons

The social insurance contribution rates of self-employed individuals have been revised from 11.6% to **12.6%** as from **the first Monday of April 2009**. The government's contribution rate for this category has also risen from 4% to **4.3% from the same date**.

Further increases will apply as follows:

Effective Date	Rates	
	Self-employed	Government
First Monday of 2014	13.6%	4.6%
First Monday of 2019	14.6%	4.9%
First Monday of 2024	15.6%	5.2%
First Monday of 2029	16.6%	5.5%
First Monday of 2034	17.6%	5.8%
First Monday of 2039	18.6%	6.1%

Voluntary Social Insurance Contributions

The social insurance contribution rates in the case of voluntary social insurance contributions for employees belonging to the minimum band of insurable earnings have been revised from 10.0% to **11.0%** as from **the first Monday of April 2009**. The government's contribution rate for this category has also risen from 3.5% to **3.8% from the first Monday of April 2009**.

Further increases will apply as follows:

Effective Date	Rates	
	Employee	Government
First Monday of 2014	12.0%	4.1%
First Monday of 2019	13.0%	4.4%
First Monday of 2024	14.0%	4.7%
First Monday of 2029	15.0%	5.0%
First Monday of 2034	16.0%	5.3%
First Monday of 2039	17.0%	5.6%

The social insurance contribution rates in the case of employees who are ordinarily residents in Cyprus but who work abroad for Cyprus resident employers have been revised from 12.6% to **13.6%**. The government's contribution rate for this category has also risen from 4.0% to **4.3% from the first Monday of April 2009**.

Further increases will apply as follows:

	Rates	
Effective Date	Employee	Government
First Monday of 2014	14.6%	4.6%
First Monday of 2019	15.6%	4.9%
First Monday of 2024	16.6%	5.2%
First Monday of 2029	17.6%	5.5%
First Monday of 2034	18.6%	5.8%
First Monday of 2039	19.6%	6.1%

Certain amendments have also been introduced in relation to eligibility to unemployment benefits, old-age pension criteria, widow's/widower's pension eligibility criteria and the management of the Social Insurance Fund by an independent committee.

Your contacts for tax matters in PricewaterhouseCoopers

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