

## Information Sheet No. 60

**Changes in Taxes - 1 January 2014**
**Introduction**

The purpose of this information sheet is to outline the changes in taxes which come into effect from 1 January 2014.

Namely the changes affect:

- Social Insurance Contributions
- Special Contribution for Defence on Dividends,
- Special Contribution for Employees
- VAT

**Social Insurance Contributions**

The Social Insurance contributions are amended as follows:

Category of employment	Total Contribution	Employee	Employer	Government
Private Sector Employee	20,2%	7,8%	7,8%	4,6%
Self-employed	19,2%	14,6%	N/A	4,6%

*It should be noted that the contribution is calculated on the amount of total insured emoluments.*

The Employer's contributions to the other funds remain unchanged, as follows:

Other Funds	Social Cohesion Fund	Redundancy Fund	Industrial Training Fund
Employer Contributions	2%	1,2%	0,5%

**Special Contribution for Defence on Dividends**

The tax rates applicable for dividend income are as follows:

From 01/01/2003 to 30/08/2011 - 15%

from 31/08/2011 to 31/12/2011 - 17%

from 01/01/2012 to 31/12/2013 - 20%

From 01/01/2014 onwards - 17%.



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### Special Contribution of Employees, Pensioners and Self-Employed in the Private Sector

The following changes will take place with the effect from 1<sup>st</sup> January 2014 up to 31<sup>st</sup> December 2016 for the Special Contribution of Employees, Pensioners and Self-Employed in the Private Sector:

<b>Emoluments</b> €	<b>Contribution rate</b> %
0 - €1.500	0
€1.501 - €2.500	2,5 (min €10)
€2.501 - €3.500	3
Over €3.501	3,5

*It should be noted that the % of contribution is calculated on the total monthly gross emoluments.*

In case of employees the contribution is shared equally between the employee and the employer.

### Increase in VAT rate

As from 13 January 2014 there will be a new increase in the VAT rates.

More specifically the standard rate of 18% will be increased to 19% and the reduced rate of 8% will be increased to 9%.

#### Stock-take

As a result of the change in the VAT rate a stock-take must be carried out on 12<sup>th</sup> of January 2014. The stock-take should include quantity and cost of the stock maintained on this date.

#### NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. P.G. Economides & Co Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.

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