



INSTRUCTIONS FOR THE COMPLETION OF THE INCOME TAX RETURN - employee 2003

FORM (I.R.1A employee) 2003

GENERAL INSTRUCTIONS AND INFORMATION

The data entered on the Income Tax Return for an employee for the tax year 2003 will be entered electronically directly into the Departments database. As a result all the details in the parts applicable to you should be written legibly and should be complete and correct. They should be completed

- In English,
- In capital letters and
- Using a black biro pen.

All amounts should be:

- Stated in Cyprus pounds (CY£)
- Those involving tax should be entered using two decimal places
- And all other amounts in round sums.
- All casting totals in the various columns completed.
- All the codes chosen should be entered.

The income of under aged children should be declared in the appropriate parts of the Donor's Tax Return according to the source of income.

The income from a Partnership (except trading income) should be declared in the appropriate parts of the Tax Return according to the source of income. If you have trading income you should submit the return for self-employed persons.

Your attention is drawn to the fact that the only certificates that you should submit with your Tax Return are referred to specifically in the appropriate parts of the Tax Return. Any other documentary evidence that you may have to support your income and the allowances / deductions claimed, should be kept for a period of at least seven years in case you are asked to submit such evidence.

Please note that where a Tax Return is submitted in a paper form it should be signed by you or where applicable by your agent / representative, ON PAGE 5, PART 6, in order to be valid.

PART 1 – TAXPAYER'S DATA

A. PERSONAL DATA

B. HOME ADDRESS

C. BUSINESS ADDRESS**D. CORRESPONDENCE ADDRESS****E. TAXPAYER'S CATEGORY**

The Taxpayer's Identification Code (T.I.C.) and all the information concerning the taxpayer with regard to paragraphs A, B, C, D, and E, are already pre-printed. If you wish to make any changes to the pre-printed data referred to in PART 1, you should complete and submit (Form I.R.163A) 2003, which has already been sent to you with your Tax Return. (Form I.R.163A) 2003 is for Change / Correction of Taxpayer's Data or Registration of a new taxpayer. On this form you should always complete parts 1, 7, 8 and 9 and all the parts that you wish to be amended.

If you are a new taxpayer or you have not received a Tax Return you should obtain a Tax Return and a (Form I.R.163A) 2003 in order to register as a new taxpayer or amend the data we already have. Once you have completed all the relevant PARTS of the Tax Return, (including PART 1) and (Form I.R.163A) 2003, you should submit them to the Inland Revenue Department, together with a photocopy of your Identity Card, not later than 30 April 2004.

PART 2 – AGENT'S / REPRESENTATIVE'S DATA

The agent's / representative's data, where applicable, is already pre-printed in PART 2 of the Tax Return. If you wish to make any changes in relation to the pre-printed data, you should complete parts 1, 7, 8, 9 and 18 of the Form for Amendment of Taxpayer's Data (Form I.R.163A) 2003.

PART 3 – ADDITIONAL INFORMATION**A. TAX RESIDENT IN THE REPUBLIC OF CYPRUS**

If you have stayed in the Republic of Cyprus for a period or periods exceeding in aggregate 183 days during the tax year 2003, you are "tax resident in the Republic of Cyprus". Hence you should declare your worldwide income, as referred to in detail in PART 4 – Income, of the Tax Return, whether the income is derived from sources in the Republic of Cyprus or from sources outside the Republic of Cyprus.

If you are a non-resident, YOU SHOULD ONLY DECLARE THE INCOME DERIVED FROM SOURCES IN THE REPUBLIC OF CYPRUS.

B. FAMILY STATUS

Married people should complete this paragraph only. In case your spouse does not have any income you should write "£NIL" in part 2 – Spouse's Income.

PART 4 – INCOME**A. SALARIED SERVICES**

Column 1 "Employer – T.I.C.": You should enter your Employer's Identification Code, as shown on the Certificate of Emoluments, (Form I.R.63A) 2003, given to you by your Employer. The Certificate of Emoluments should be submitted together with your Tax Return.

Column 2 "Employer - Name": You should enter your Employer's Name.

Column 3 "Code": You should enter the code indicating the origin of your emoluments.

- Code 1: Select this code if your emoluments are derived from employment in the Republic of Cyprus.
- Code 2: Select this code if your emoluments are derived from employment outside the Republic of Cyprus.
- Code 3: Select this code if your emoluments are derived from employment in the Republic of Cyprus provided you were not a tax resident in the Republic of Cyprus before the commencement of this specific employment. Code 3 applies only to employment commencing on or after 1.1.2000, regardless of the fact that after employment in the Republic of Cyprus you were a tax resident in the Republic of Cyprus or not. In this case you are allowed to a deduction of 20% of your annual remuneration, for the first three years, as from 1 January following the year of commencement of your employment in the Republic of Cyprus.
- Code 4: Select this code if your emoluments are derived from employment with:
 - an employer not resident in the Republic of Cyprus, or
 - an employer resident in the Republic of Cyprus with permanent establishment outside the Republic of Cyprus provided that:
 - (a) this specific employment is for a period(s) exceeding in aggregate 90 (ninety) days during the tax year 2003; and
 - (b) you are a tax resident in the Republic of Cyprus.

It is emphasized that Income and tax deducted in relation to employment outside the Republic of Cyprus should be declared separately from the income relating to employment in the Republic of Cyprus even though the Employer was the same.

If you were unemployed during the tax year 2003 you should enter in column 2 – NAME, the word "UNEMPLOYED" and in column 4 – PERIOD (months), the total number of months you were unemployed.

Column 4 "Period (months)": Declare the total number of months you were in employment stating the period separately for every employer.

Column 5 "Gross Emoluments in the Republic of Cyprus": Declare the total amount of gross emoluments, including any allowances and benefits in kind, from employment in the Republic of Cyprus. The amount to be declared is shown on the Certificate of Emoluments for the tax year 2003, (Form I.R.63A) 2003, given to you by your employer.

Column 6 "Gross Emoluments outside the Republic of Cyprus": Declare the total amount of gross emoluments from employment outside the Republic of Cyprus, in accordance with the documentary evidence given to you by your employer. Such documentary evidence should be submitted together with your Tax Return.

Column 7 "Tax Deducted": Declare the amount of tax deducted from your emoluments stating the amount separately for every employer. The amount of tax deducted in the Republic of Cyprus as well as outside the Republic of Cyprus is shown on the Certificate of Emoluments given to you by your employer(s). In the Republic of Cyprus the Certificate of Emoluments is (Form I.R.63A) 2003.

A.2. If you have selected code 3 in paragraph A1, you should, in addition, declare in paragraph A2 the following:

- the aggregate number of days you stayed outside the Republic of Cyprus in the previous tax year before commencing employment in Cyprus Republic; and
- the date of commencing employment in the Republic of Cyprus.

B. PENSIONS

This paragraph should be completed if you have pension income from:

- services rendered in the Republic of Cyprus; and / or
- services rendered outside the Republic of Cyprus.

Column 3 "Code": Select the code indicating the source of your pension in accordance with the following coding:

- Code 1: Select this code if your pension is connected with services rendered in the Republic of Cyprus or if your pension is connected with services rendered outside the Republic of Cyprus and you have elected to be taxed at normal rates of tax.
- Code 2: Select this code if your pension is connected with services rendered outside the Republic of Cyprus where you have elected to be taxed at the reduced rates of tax (that is, at the rate of 5% for pension income exceeding the amount of CY£2.000). Please ensure that you declare the total amount of your pension.
- Code 3: Select this code if your pension is exempted from tax, in accordance with the Tax Legislation. (For example, widowhood pension).
- Code 4: Select this code if the Social Insurance Fund pays your pension.
- Code 5: Select this code if your pension is connected with past employment in the Republic of Cyprus but you were a non-resident during the tax year 2003.

Column 4 "Pension Amount": Declare the amount before the deduction of any tax.

Column 5 "Tax deducted": Declare the amount of tax deducted in the Republic of Cyprus as well as outside the Republic of Cyprus.

C. RENT

This paragraph should be completed if you have RENTAL INCOME from property:

- in the Republic of Cyprus; and /or
- outside the Republic of Cyprus, provided you were a tax resident in the Republic of Cyprus in the tax year 2003.

Particular attention should be given to columns 2, 3 and 8 to 14. In column 8 "Percentage owned", you should declare in percentage terms (%) your share of rental income. The amounts to be declared in columns 5.1 (cost) and 9 to 14 should also represent your share owned, as stated in percentage terms (%) in column 8.

Where the property has been donated or inherited, you should declare in column 3 "Date of Completion / Acquisition", the date the building was first erected and in column 5 "Cost of Acquisition", the cost to the first owner.

D. INCOME FROM LETTING OR OTHER COMMERCIAL USE OF A BUILDING UNDER PRESERVATION ORDER

For allowance to be given for the restoration expenses incurred, you should complete columns 2, 3, 4, 6 and 7. In column 5 "Income" you should declare any Rent Receivable from such property.

E. INTEREST RECEIVABLE

If you have income from Interest Receivable, from sources either in the Republic of Cyprus or outside the Republic of Cyprus, declare in the appropriate columns the relevant details.

If you have income from Interest Receivable from sources outside the Republic of Cyprus, declare in column 6 "Foreign Tax" any tax payable outside the Republic of Cyprus in relation to such Interest.

If the total amount of income, including Interest Receivable, does not exceed the amount of CY£7.000, and you are claiming a refund for Defence Contribution, you should submit Interest Certificates from the Bankers and /or Finance / Credit Institutions.

F. DIVIDENDS

If you have income from Dividends, from companies registered either in the Republic of Cyprus or outside Republic of Cyprus, you should declare in the relevant columns the relevant data. Dividends from various companies should be declared separately.

Any Defence Contribution deducted from such dividends should be declared in column 5 "Defence Contribution Deducted".

If you have income from Dividends from companies registered outside Republic of Cyprus, any foreign tax payable, should be declared in column 6 "Foreign Tax".

G. REDEEMED LIFE INSURANCE POLICIES

This paragraph should be completed if during the tax year you redeemed a life insurance policy issued on or after 1.1.1998 and allowances have been given to you as a deduction for the insurance premiums paid.

If the life insurance policy has been redeemed within 3 (three) years from the date of issue, you will be taxed on 30% (thirty per cent) of the insurance premiums allowed as a deduction. If the redemption took place in the fourth, fifth or sixth year, you will be taxed on 20% (twenty per cent) of the insurance premiums allowed as a deduction.

H. ANY OTHER INCOME

If you have any other income not referred to in paragraphs A, B, C, D, E, F, and G of PART 4, please declare such income in paragraph H, of PART 4.

I. TOTAL INCOME

Add up all the income declared in paragraphs 4A to 4H except paragraph 4G.

PART 5 – DEDUCTIONS / ALLOWANCES

A. HOUSING LOAN INTEREST

If you have obtained a housing loan(s) for your own residence or for the residence of your children, you are allowed to a deduction for interest on such loan(s), up to a maximum of CY£500. This deduction is abolished as from the tax year 2004 onwards.

If you or your spouse is claiming interest on such residence, please declare the total amount of interest claimed in column 8 "Total Interest Claimed".

B. MISCELLANEOUS DEDUCTIONS

Please attach certificates / receipts for donations over CY£150. For donations of a lesser amount you should keep the certificates / receipts and submit them if requested at a later stage.

C. DEPOSITS UNDER THE SPECIFIC SAVINGS SCHEME OF THE HOUSING FINANCE CORPORATION

Please note that only those persons to whom confirmation has been given from the Housing Finance Corporation will be allowed the deduction for Deposits under the Specific Savings Scheme of the Housing Finance Corporation.

D. ALLOWANCES FOR LIFE INSURANCE PREMIUMS, CONTRIBUTIONS TO SOCIAL INSURANCE FUND, PENSION SCHEMES, ETC.

Declare any contributions paid to Approved Funds referred to in Part 4D of your Tax Return. In addition, enter all the details required with regard to any life insurance policies you may have.

PART 6– DECLARATION

For your Tax Return to be valid, you or your agent / representative, should sign it on PAGE 5, PART 6.