



## National Health Insurance System ("NHIS")



The National Health Insurance System ("NHIS") is introduced in Cyprus during 2019 and transforms the existing public healthcare system. Patients will have the freedom to choose their healthcare provider, both from the private as well as the public healthcare sector, from those providers registered with the Health Insurance Organization ("HIO").

The NHIS is a national healthcare system, financed mainly through compulsory contributions of employees, employers, self-employed persons, pensioners, persons earning other types of income and the government.

### Payment of NHIS contributions

The payment of the contributions for the first phase will start on 1 March 2019 (which will only cover outpatients) and for the full implementation on 01 March 2020 (which will cover both outpatients and inpatients).

### Summary table of contributions

Category	Applicable on	As of 1 March 2019	As of 1 March 2020
(a) Employees (as specified in the Social Insurance Law)	Own emoluments	1.70%	2.65%
(b) Employers	Employees' emoluments	1.85%	2.90%
(c) Self-employed	Own income	2.55%	4.00%
(d) Pensioners	Pension	1.70%	2.65%
(e) Persons holding office	Officers' Remuneration	1.70%	2.65%
(f) Republic of Cyprus or physical/legal person responsible for the remuneration of officers / persons holding an office	Officers' Remuneration	1.85%	2.90%
(g) Persons earning rental, interest, dividend and other income which is not mentioned above	Rental, Interest, Dividend Income etc	1.70%	2.65%

## **Method of payment of contributions and liability for their payment / deduction**

- Employees' contributions to NHIS will be deducted by the employer from the total earnings of the employees (as defined in the Social Insurance Law) and, together with the employer's contributions, will be paid to the Social Insurance Fund, as in the case of the respective contributions to the Social Insurance Fund. The maximum annual insurable earnings for employees applicable for the purposes of Social Insurance Fund contributions do not apply in the case of NHIS. The deductions provided in relation to the NHIS will be declared in the TD7 form.
- Self-employed persons' contributions to NHIS on the sums for insurable earnings provided for contributions to the Social Insurance Fund are paid to the Social Insurance Fund, whereas contributions on income of self-employed persons beyond these sums are paid to the Tax Commissioner.
- NHIS contributions on pensions are deducted by the person paying the pensions and paid to the Tax Commissioner, except for the pensions paid to the pensioners by the Social Insurance Fund, which are deducted from the pension and are paid to NHIS. The contributions on pensions received from abroad are paid to the Tax Commissioner by the pensioner himself.
- NHIS contributions on officers' remuneration are deducted by the Republic or the person paying the remuneration and are paid to the Tax Commissioner.
- NHIS contributions on dividends or interest received by an individual from sources within Cyprus are deducted by the payer (as in the case of the special defence contribution on the relevant income) and paid to the Tax Commissioner at the end of the month following the deduction.
- NHIS contributions on rents received by an individual from sources within Cyprus are deducted by the payer, provided that the payer is a company, partnership, the Republic of Cyprus or a local authority (as in the case of special defence contribution) and paid to the Tax Commissioner at the end of the month following the deduction.
- NHIS contributions on rents received by an individual from sources within Cyprus by another individual and for which no deduction is made are paid to the Tax Commissioner by the individual who receives the rents. The payment is made on 30/6 and 31/12 of the year which the income is earned.
- NHIS contributions on income from abroad or on any other income not mentioned above, are paid by the individual who receives them to the Tax Commissioner.
- It is noted that the total amount of the annual income of an individual on which contributions are paid to NHIS is 180.000 euro.

It is expected that more practical guidance will be provided with regards to deduction and payment of the above contributions to NHIS.

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