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Chief, FBIB

22 September 1948

Chief, Mediterranean Bureau, FBIS

Cyprus Income Tax

1. In compliance with Mr. Shallcross's letter of 24 August 1948, copies of Cyprus laws pertaining to income tax are forwarded herewith.

2. I have not discussed the provisions of these laws with any Cyprus Government officials, and do not plan to do so unless directed by Washington. I consider it unwise to bring up this question on a local level. The answer of the Cyprus Government might very well be to bill the American employees for tax. I have discussed the question informally with our attorney, Mr. George Chrysafinis. His opinion is that the local government will probably expect our Americans to pay the tax unless an exemption can be granted under Section 8 of the law which applies to permanent official agents of foreign countries. All employers on the Island are required annually to report the names, addresses and earnings of their employees to the Commissioner of Taxation. It has been my plan not to include any of the American employees on this return when submitted.

3. The Cyprus income tax is based on all income received in Cyprus, including allowances and value of any quarters furnished. On this basis, a CAF-12 receiving a salary of $6235.20, Cost of Living Allowance of $1920.00 and Quarters Allowance of $1500.00 would be taxed on the total amount, and under the present rates would be expected to pay a tax of $2049.80.

4. It is understood that American employees of FBIS in England do not pay local income taxes and that their earnings are not reported to the Government there. I strongly recommend that every effort be made to insure uniformity of treatment of our employees here with those in England. Few, if any, of the Americans will be willing to come to or remain in Cyprus if they are to be taxed locally.

ROGER G. SEELY

cc: Warfield

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25 YEAR RE-REVIEW

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ORIGINAL DOCUMENT MISSING PAGE(S):

Enclosure