EUROMOD Country Report – Cyprus

2021-2024

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CONTENTS

1. BASIC INFORMATION

1.1 Basic information about the tax-benefit system

- The Cypriot tax-benefit system is a unified national system; policy rules do not vary across regions or municipalities.

- The "tax year" starts on the 1st of January of each year and ends on the 31st of December.

- The statutory pensionable age of the General Social Insurance Scheme (the "GSIS") is 65 for both males and females, irrespective of the category of workers (employed versus self-employed persons) and the type of occupation. Withdrawing a GSIS statutory pension at the age of 63 is possible under certain conditions and financial disincentives (actuarial reductions in pensions).

- The normal retirement age of the Government Employee Pension Scheme (the "GEPS") is 65 for both males and females, but retirement at the age of 63 is possible under certain conditions and financial disincentives (actuarial reductions in pensions). However, for certain occupations (i.e., police officers, military officers, officers in educational service), the normal retirement age is lower, for example, 62 for officers in educational service.

- Definitions of benefit units may differ slightly across policies. The most important definition in terms of social policy is that of dependent children. In most cases, children are considered to be dependent if they are under 18, or aged 18-23 if in military service or full-time education. Individuals deprived of their subsistence capabilities are considered dependent regardless of age.

- The income tax is calculated on an individual basis (spouses are assessed independently).

- Taxable income is taxed progressively, while corporate profits, dividends and interests are taxed at a flat rate.

- The levels of benefits, pensions as well as wages in the public sector are periodically revised through statutory indexing regimes that take into account inflation and/or cost of living.

- Income for the purpose of means-testing is assessed annually or monthly, depending on the context of each policy. Means-testing is based on past income. The definition of income is not uniform; it varies according to the context of each policy.

- Consumption taxes consist of (1) VAT with two rates (standard and reduced), (2) harmonised excises on tobacco, alcohol, and energy, and (3) purchase of motor vehicles.

- The policy parameters saved as constants in the model and their values for the most recent year are available at https://euromod-web.jrc.ec.europa.eu/resources/parameters.

1.2   Minimum Wage

As of 1ˢᵗ January 2023, a National Minimum Wage has been established in Cyprus. This has been set at €885 upon recruitment, and after six months of employment in the same employer, it increases to €940 monthly (for full-time employment). For persons younger than 18 who are employed occasionally, this can be discounted by 25% for no more than 2 months. The minimum wage does not apply to household workers (οικιακούς εργαζόμενους), as well as workers in the hotel industry who are covered by a different legislation, the agricultural or stock-farming (γεωργοκτηνοτροφία) sectors, or in shipping (ναυτιλία). It is also inapplicable to workers in education or in training who are in mandatory work placements. It is also non-applicable to workers for whom more favourable arrangements are fixed in legislation, contract, custom or tradition. As of 1ˢᵗ January 2024, the National Minimum Wage has been amended to €900 upon recruitment, and after the completion of six months of employment in the same employer, it increases to €1000 monthly (for full-time employment)

In previous years, Cyprus did not have a national minimum wage, as the relevant legislation only covered specific occupations. Specifically, the minimum wage legislation applied only to shop assistants, clerks, child-care workers (assistant baby and child minders), personal care workers (nursing assistants), security guards and cleaners. The minimum monthly wage upon recruitment was €870, and after six months of employment in the same employer, it increased to €924. The minimum wage for security guards was at an hourly rate of €4.90 and increased to €5.20 upon the completion of a six-month period of employment. The corresponding hourly rates for cleaners were €4.55 and €4.84, respectively.

1.3   Social Benefits

This section briefly describes a number of basic (simulated and non-simulated) social benefits, excluding minor benefits that affect small population groups and whose relevance is limited. Section 2 provides specific parametric information (e.g., benefit rates).

1.3.1   Contributory insurance-based benefits

Short-term benefits

Unemployment benefit (ανεργιακό επίδομα): Unemployment benefit under the GSIS is payable to persons between the ages of 16 and 63 for involuntary unemployment[1]. The period of payment extends to 156 days for each spell of unemployment. The benefit rate is calculated as a proportion of insurable earnings and it is increased for dependent spouses and children. Eligibility is defined on certain contribution conditions, specifically the person should (i) have been insured for at least 26 weeks and has paid up to the date of unemployment contributions not lower than 26 times the weekly amount of the basic insurable earnings; and (ii) has paid contributions in the previous contribution

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[1] The benefit is paid for voluntary unemployment too. In this case, the first 6 weeks are deducted from payment, but are paid eventually if the person continues to be unemployed for a period exceeding 6 months.

year on insurable earnings no less than 20 times the weekly amount of basic insurable earnings. These contribution conditions apply to other insurance-based benefits, too.

Maternity benefit (*επίδομα μητρότητας*). The maternity benefit under the GSIS is a contributory benefit payable to employed and self-employed mothers of newborns during the maternity leave period. The benefit duration is 18 weeks, which is increased in cases of multiple births (by 4 weeks for twins and by 8 weeks for triplets and above). An amendment in the social insurance law, enacted on November 5, 2021, extends the duration of maternity leave and receipt of the benefit to 22 weeks for 2nd child and 26 weeks for 3rd child and above. The scheme also covers adoptive mothers. The eligibility criteria require the recipient to be on maternity leave and not receive a full salary from her employer. Furthermore, certain contribution-related conditions should be satisfied. The benefit amount is calculated based on the recipient's insurable earnings. However, the sum of the reduced wage (if any) and the benefit cannot exceed the full wage.

Paternity benefit (*επίδομα πατρότητας*). The paternity benefit under the GSIS is a contributory benefit payable to employed and self-employed married fathers of newborns during the parental leave period. The duration of the benefit is 2 weeks. The same qualifying conditions apply to the maternity benefit. The benefit was introduced in August 2017. From 16 December 2022, a new law was enacted (214 (I)/2022) which extends this benefit to fathers irrespective of marital status. From the same date, the paternity leave and benefit receipt can be extended in cases where the mother dies at birth, or during maternity leave.

Birth grant (*βοήθημα τοκετού*). The birth grant under the GSIS is a lump-sum flat-rate contributory benefit payable to mothers of newborns. Eligibility is based on the mother's or father's social insurance record.

Special birth grant to unmarried mothers (*ειδικό βοήθημα τοκετού σε άγαμες μητέρες*). The special birth grant, a non-contributory, tax-financed benefit, is payable to unmarried mothers who are not eligible for the birth grant. Its level is the same as the birth grant.

Parental leave benefit (*γονική άδεια)*: In December 2022, the Social Insurance Law was amended to provide for parental leave benefit to insured employed (and from 5/2024 self-employed) parents who are on parental leave. The benefit is paid for a maximum of 6 weeks (8 weeks after 2/08/2024) to each parent for each child out of the 18 weeks of parental leave provided by the Leaves (Paternity, Parental, Caring, Force Majeure) and Flexible Work Arrangements for Work-Life Balance Law of 2022 (216(I)/2022). In the case of a single parent, the leave is extended to 23 weeks. In the case of a child with serious disability or moderate mental disability, the benefit is extended by 4 weeks and in the case of a child with total disability by 6 weeks. The benefit is paid between the period end of maternity/paternity leave until the child reaches the age of 8 years old or, in the case of a child with a disability, until 18 years old. In addition, for the unpaid portion of parental leave, the GSIS provides for assimilated insurance (insurance credits).

Other benefits to parents: These include the honorary allowance to mothers, allowance to care for disabled children or older relatives, and grants for the care of children placed with foster families. There is also a funeral grant. In October 2022, law 150(I)/2022 was enacted, which provides for sickness benefits to insured persons between the ages of 63 and 65, provided they continue to work and do not receive the state pension.

Sickness Benefit *(επίδομα ασθενείας)*: The sickness benefit under the GSIS is payable to persons not capable of work. The payment period cannot exceed 156 days. Eligibility is defined based on the standard contribution conditions (see above). The rate of the benefit is calculated as a proportion of insurable earnings and increases in the presence of dependents.

Orphan Benefit *(επίδομα ορφάνιας)*: Orphan benefit under the GSIS is payable to dependent children[2] whose both parents died, or one parent died while the other parent is not entitled to a widow's pension. Eligibility requires that at least one of the parents is insured. The rate of the benefit is calculated as a proportion of insurable earnings, but certain ceilings exist. The benefit is paid until the child satisfies age requirements unless the beneficiary is permanently incapable of working.

Employment injury benefit (*επίδομα σωματικής βλάβης*): This benefit under the GSIS is payable to any employed (and from 4/2024 to any self-employed) person who is incapable of work because of an employment accident or occupational-related disease. The benefit is payable for up to 12 months from the date of accident/disease. The recipient should be employed on the day he/she had the accident/disease and, because of the injury, cannot work and does not receive a full wage for this period. The rate of injury benefit is the same as for the sickness benefit.

Disablement grant (*βοήθημα αναπηρίας*): The disablement grant under the GSIS is payable to employed persons who, because of an employment injury, suffered a loss of physical or mental capacity which results to a degree of disability between 10% and 19%. The benefit takes the form of a lump sum transfer.

Pensions

Statutory pension *(θεσμοθετημένη σύνταξη)*: Statutory pension under the GSIS is payable to insured persons having completed the pensionable age (65 years of age for all categories of employees) and satisfying all the required insurance conditions. The insurance conditions include that the claimant should have been insured for at least 780 weeks up to the pensionable age, and the number of insurance points collected in the relevant period is equal to at least 30% of the years included in that period. Statutory pension is payable at 63 with a 12% actuarial reduction when the insurance points collected in the relevant period equal at least 70% of the years included in that period. Statutory pension has two components: the basic and the supplementary. The basic is calculated as 60% of the average of insurable earnings in the lower band, which increases by 1/3, 1/2, and 2/3 for one, two, or three or more dependents, respectively. The supplementary is 1/52 of 1.5% of the total insurable earnings (of the beneficiary in the upper band).

Invalidity pension *(σύνταξη ανικανότητας):* Invalidity pension under the GSIS is payable to persons who have been incapable of working for at least 156 days and are expected to remain permanently incapable of work. Besides the typical insurance conditions (see other benefits), the claimant should have been insured for at least 156 weeks up to the date of invalidity, and the number of insurance points collected in the relevant period is equal to at least 25% of the years' included in that period. The level of invalidity pension is calculated similarly to a statutory pension.

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3 The definition of dependent child includes a child under 15 years old, an unmarried son between 15 and 25 who is in full-time education or on military service, an unmarried daughter between 15 and 23 who is in full-time education, and an unmarried person independently of age who is permanently incapable of self-supporting.

Widow/widower pension (*σύνταξη χηρείας*): Widows' pension under the GSIS is payable to the widow of a person who, until the date of his/her death, satisfied the relevant insurance conditions. Widows' pension comprises a basic and supplementary part. The basic part equals the basic part of the statutory pension, and the supplementary part equals 60% of the statutory/invalidity pension. An amendment in the social insurance law, enacted on 5 August 2019 with retroactive effect as of 1 January 2018, stipulates the payment of widower's pensions to men under the same conditions as for women who lose their husbands.

Disablement pension (*σύνταξη αναπηρίας*): Entitled to disablement pension are all employed persons who, as a result of a work-related injury, suffered a loss of physical or mental capacity resulting to a degree of disability of 20% or more. There are no insurance conditions that need to be satisfied for eligibility. The recipients of the disablement pension can receive it even if they keep working.

Honorary benefit for war veterans (*τιμητικό επίδομα βετεράνων πολεμιστών του 1974*): This is a means-tested, tax-financed benefit for people who receive statutory pension and are war veterans. Due to the Turkish Invasion in 1974, they had served more time at the National Guard - at least more than a month - and/or were war prisoners and/or disabled warriors. The benefit was implemented in June 2018. Additionally, a Special Lumpsum is paid bi-annually to those who were prisoners or non-military/civilians of war during the Turkish invasion of 1974 and are included within the Registries of the Ministry of Defence or Ministry of Interior and to those who are invalid and are receiving a monthly benefit from the Patients' Relief Fund (NB: Since December 2022, for those who are invalid, the lump sum is paid from the Patients' Relief Fund. With a supplementary decision of the Council of Ministers, beneficiaries for the Special Lumpsum can also be those who may not be eligible for the monthly honorary benefit. The lumpsum was implemented in July 2022).

1.3.2 Non-contributory social benefits:

GMI (*ελάχιστο εγγυημένο εισόδημα*): The GMI scheme is a means-tested benefit targeting families with income not enough to cover their basic needs. The benefit is the difference between the basic income and the (actual) family income. The derived amount is supplemented with a housing allowance. The recipient unit is the family, which is defined as couples (or single persons) living with unmarried children up to the age of 28 or children in full-time education or military service. In determining eligibility criteria, movable and immovable property are considered.

Child Benefit (*επίδομα τέκνου*): Child benefit is a non-contributory means-tested benefit paid to all families with children who reside permanently in Cyprus. It consists of a basic part and a supplementary part. The basic part is paid for each child living in the same household, while the supplementary part is payable only to families with annual gross income below a certain threshold set by the Law.

Students Grant (*φοιτητική χορηγία*): The student grant is a non-contributory means-tested benefit payable to families with students, irrespective of the latter studying in private or public tertiary institutions. It consists of a basic and a supplementary part. The basic part is a flat amount, and the supplementary part depends on income and other criteria.

Social pension (κοινωνική σύνταξη): Social pension provides a minimum pension to elderly persons residing in Cyprus who are not entitled to a contributory pension or other retirement income. Beneficiaries should satisfy the following residence conditions: have resided legally in Cyprus for at least 20 years from the date the applicant reached the age of 40, or have lawfully lived in Cyprus for at least 35 years from the date the applicant reached 18. Social pension is paid at a flat rate to all beneficiaries. The social pension for 2024 is €391.85.

Single parent benefit (επίδομα μονογονιού): Single parent benefit is a non-contributory means-tested benefit that provides income support to single parents provided that are Cypriots, EU citizens or have been residing in Cyprus the last three years. Single parents might be unmarried, divorced or widowed and reside with her/his dependent children without a spouse or partner.

Low pension benefit (επίδομα χαμηλοσυνταξιούχου): The low pension benefit is a means-tested, non-contributory benefit targeting families with incomes below the poverty limit with at least one person in the family receiving pension. The regulation was introduced on the 1st of December 2009 and implemented on the 1st of March 2010.

Easter benefit (πασχαλινό επίδομα): The Easter benefit is a means-tested benefit given to pensioners with low incomes just before Easter. It was introduced in Cyprus in 2010 and is voted on each year by the Ministry Council.

Benefit for nursery expenses for children under 4: Introduced in 2023, this benefit aims to aid families with young children eligible for child benefits. It partially subsidizes daycare services for dependent children (up to 4 years of age) through direct payment of the monthly cost to daycare centres or nurseries. The subsidy amounts to 80% of the monthly fees for each child, with a maximum amount depending on the family income and composition, as well as the length of daycare provided.

1.4   Social insurance contributions

Employee social insurance contributions *(ασφαλιστικές εισφορές εργαζομένων)*: The compulsory contribution rate for employees amounts to 22.8%, of which 8.8% is paid by the employee, 8.8% by the employer and 5.2% from the Consolidated Fund of the Republic (*Πάγιο Ταμείο της Δημοκρατίας*).

Self-employed social insurance contributions *(ασφαλιστικές εισφορές αυτοτελώς εργαζομένων)*: The contribution rate for self-employed persons amounts to 21.8%, of which 16.6% is paid by the self-employed and 5.2% from the state. The insured earnings of self-employed, that is, the earnings on which their contributions are calculated, are based on their occupation. For every occupational category, there is an obligatory minimum amount of insured earnings (notional Income). Self-employed people can pay contributions to a higher amount of insured earnings up to the maximum limit of social insurance earnings. If the real income of a self-employed person is lower than the minimum amount of the corresponding occupational category, then he/she can ask to pay contributions based on his/her actual income.

Voluntary insured person social insurance contributions *(προαιρετικές ασφαλιστικές εισφορές)*: The contribution rate that applies to voluntarily insured persons working in Cyprus is 19.7%, from which 15% is paid by the voluntarily insured person and 4.7% by the state. Also, the contribution rate

that applies to voluntarily insured persons working abroad for Cypriot employers is 22.8%, from which 17.6% is paid by the voluntarily insured person and 4.9% by the state. The insured person chooses the amount of insured earnings for which social insurance contribution is paid voluntarily. However, this cannot be higher than the weekly amount of his/her past insured earnings.

Employer social insurance contributions *(ασφαλιστικές εισφορές εργοδοτών)*: Employers are obliged to contribute to the following Funds (Social Insurance Fund, Annual Holidays Fund, Redundancy Fund, Human Resource Development Authority Fund and Social Cohesion Fund) for all employees whose earnings exceed €2 per week or €7 per month. For trainees/apprentices, the employer must contribute to the Social Insurance Fund even if the employee has no earnings. The employer's liability for paying contributions to the Social Insurance Fund ceases the day the employee reaches the pensionable age.

Credited social insurance contributions *(πιστωμένες ασφαλιστικές εισφορές)*: Contributions can be credited to insured persons in the following cases: 1) for any period after the age of 16 for which he/she studies on a full-time basis or attends training courses; 2) for any period he/she receives sickness benefit, unemployment benefit, maternity benefit, physical injury benefit or incapacity pension from the Social Insurance Fund; 3) for any period of declared unemployment or sickness for which the person is not allowed to receive a benefit. In such cases, the credit period cannot exceed six months.

Provident fund contributions *(ασφαλιστικές εισφορές ταμείων πρόνοιας)*: Provident funds provide cash benefits to employed persons in case of termination of employment, permanent incapacity for work, retirement or death and are financed by periodical contributions paid by the employer and the employed persons. The Law of the Establishment, the Activities and the Supervision of Institutions of Occupational Retirement Benefits sets the general legislative framework. Still, it does not specify the rates of contribution/benefits, which are subject to collective agreements between employees and employers.

General health system (*γενικό σύστημα υγείας***)**: The general health system is a comprehensive and financially sustainable healthcare system aiming at meeting the expectations of Cypriot citizens for equal access to treatment and provision of high-quality healthcare. Participation in the GHS is mandatory for all residents who have incomes in Cyprus. The main source of financing for GHS is contributions. The collection of contributions associated with the implementation of the first phase of GHS started on March 1st, 2019, and the final implementation on June 1st, 2020.[3]

1.5   Taxes

Personal Income Tax *(φόρος εισοδήματος)*: The personal income tax applies to all Cyprus tax residents for their income accrued or derived from all sources in Cyprus and abroad. Taxable income includes wages and salaries, income from self-employment and business activities, rents and pensions.

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[3] The final implementation was initially scheduled on March 1st, 2020, but has been postponed for three months due to the COVID-19 crisis.

The social benefits provided as a lump sum or for a short period of time (i.e. sickness benefit) are not included in the tax base.

Special Contributions for defence *(ειδική εισφορά για την άμυνα)*: Special contribution for defence is levied on the income from dividends, interest, and the rental income of tax residents (individuals and legal entities). Dividends are taxed at 17%, income from interest at a rate of 30%, excluding the interest from corporate bonds (as of 26 June 2019), Cyprus government savings and development bonds, and interest earned by a provident fund, which is taxed at a rate of 3% (other minor exemptions also exist), and finally, income from rents at a rate of 3% (but only 75% of the rental income is subject to the contribution).

Real Property Tax *(φόρος ακίνητης περιουσίας)***:** Property owners, regardless of whether they reside in Cyprus or not, are liable to pay an annual tax based on the total value of all their immovable property. The real property tax was abolished as of 1st of January 2017.

Value Added Tax *(φόρος προστιθέμενης αξίας)*: Value-added tax is imposed on the provision of goods and services in Cyprus on the acquisition of goods from the European Union and on the importation of goods into Cyprus. In most cases, the VAT is 19%, but there are also reduced rates of VAT of 5% and 9% for several basic goods.

Capital Gains Tax *(φόρος κεφαλαιακών κερδών)*: Capital gains (e.g., from selling immovable property) are taxed at a rate of 20%. Individuals may claim several deductions.

Special contribution (*Ειδική εισφορά*): The special contribution is part of the fiscal consolidation measures undertaken after 2011. It is imposed on the monthly emoluments of private and public employees, self-employed people, and pensioners. The contribution rate is zero below a certain threshold and thereafter increases with the level of emoluments. The special contribution was abolished as of 1 January 2017.

Excise duties are levied on several products, such as energy (electricity and mineral oils), tobacco, and various alcoholic beverages. Alcohol, tobacco, and energy are EU-harmonized taxes. Some tobacco products are taxed ad-valorem and ad-quantum, while all remaining products are taxed ad-quantum.

A tax applies to individuals and corporations that own motor vehicles. The amount due depends on the type of motor vehicle, its cylinder capacity, horsepower, and the type of fuel used.

1.6   Extraordinary measures

Between March 2020, when the Covid-19 pandemic appeared, and October 2021, the Government of Cyprus ran several schemes to provide economic support to the workers and businesses affected. Four main schemes were designed to target various industries (employed), occupations (self-employed) and workers absent from work for health or childcare reasons due to the pandemic. Some design features of the above schemes were varying to reflect the impact of the specific Government's COVID measures on workers and businesses affected.

The four main schemes, which have been in operation over the 20 financial periods (from March 2020 to October 2021), are briefly described below:

1. **Special Unemployment Benefit Scheme:** Several variants of this scheme were aimed at businesses either (i) operating in the hospitality industry, (ii) carrying out economic activities affected by the hospitality industry, or (iii) operating in other industries affected that suspended their operations either (a) completely or (b) partially due to COVID-19 and (a subset of) their employees were put on temporary leave.

2. **Special Work Absence Allowance for Child Care Scheme:** This scheme was aimed at employees with children under 15 or with disabilities (regardless of age) whose nature of work did not allow teleworking, working from home, or working flexible hours. Its introduction was deemed necessary due to suspending attendance at schools, nurseries and child-care centres. This measure is not simulated in the EUROMOD, as we cannot identify who is potentially eligible for the allowance in the data.

3. **Special Work Absence Allowance for Health Reasons Scheme:** This scheme was aimed at employees belonging to vulnerable health groups whose nature of work did not allow teleworking, working from home, or working flexible hours. This measure is not simulated in the EUROMOD, as we cannot identify who is potentially eligible for the allowance in the data.

4. **Special Unemployment Benefit Scheme for the Self-employed:** This scheme was aimed at specific categories of self-employed who suspended their activities completely or partially.

Under each of the first three special schemes, employers were relieved of their obligation to pay the salary to their employees who instead received the relevant benefit. Employers were also relieved of paying the relevant social insurance contributions.

Under the fourth special scheme, the self-employed beneficiaries received the special unemployment benefit and were relieved of their obligation to pay the relevant social insurance contribution.

2. SIMULATION OF TAXES, SOCIAL INSURANCE CONTRIBUTIONS AND BENEFITS IN EUROMOD

2.1 Scope of simulation

EUROMOD simulates a collection of policy instruments (taxes, social benefits and social insurance contributions). The choice between simulating or not an instrument depends on the available information in the dataset. Eligibility rules are not always possible to simulate given the enormous demand of informational input that some policies require. A characteristic example is pensions, the meaningful simulation of which would require knowing the contribution record of each individual until the pensionable age. Other benefits are built upon complex rules which are only partially simulated by the model. A characteristic example is the GMI benefit, which alongside a basic monetary benefit and a housing allowance, provides recipients with a whole range of other minor in-cash and non-cash benefits, corresponding to recipients' individualised needs (long-term care cash benefits to recipient units with dependent elderly persons, childcare benefits and other), which cannot be simulated by the model. In such cases, the simulation of the instrument is partial and should be interpreted as such.

2.1.1 Partially simulated tax-benefit components

Some benefits use eligibility information from the data to establish the eligibility status due to the lack of sufficient information in the data to simulate all relevant eligibility rules. This, for example, is the case for the unemployment benefit, which is only simulated for those recorded in the data to receive it.

Table 2-1: Simulation of benefits in EUROMOD [2021-2024]

Benefit	Variable	2021	2022	2023	2024	Comments
GMI	bsamm_s	S	S	S	S	Lack of information on the particular needs of the recipient
Low pension benefit	bsaoa_s	S	S	S	S	-
Easter benefit	bsals_s	S	S	S	S	-
Unemployment benefit: From SIF	bunct_s	PS	PS	PS	PS	Not possible to define contribution record and past earnings
Unemployment: other	bunot	I	I	I	I	No information to define eligibility
Maternity benefit	bma	I	I	I	I	Paid SICs cannot be defined perfectly, no available information
Paternity benefit	-	-	-	-	-	Implemented as the Maternity benefit
Child benefit	bch_s	S	S	S	S	Relevant income may not be defined exactly
Military service grant	bml	I	I	I	I	Not enough information to define the exact amount of the grant
Students grant	bedet_s	S	S	S	S	-
Special unempl scheme: Employees	bwkmcee_s	-	S	S	S	Introduced during COVID-related lockdown in 2020.
Special unempl scheme: Self-empl	bwkmcse_s	-	S	S	S	Introduced during COVID-related lockdown in 2020.
Special grant to blind persons	pdi	I	I	I	I	Eligibility cannot be defined
Sickness benefit	bhl	I	I	I	I	Eligibility cannot be defined
Physical injury benefit	bhl	I	I	I	I	Eligibility cannot be defined
Disability pension	pdi	I	I	I	I	Eligibility cannot be defined
Disability benefit	pdi	I	I	I	I	Eligibility cannot be defined
Widow/widower pension	psuwd	I	I	I	I	Depends on the SICs of the deceased
Orphan benefit	psuor	I	I	I	I	Eligibility cannot be defined
Parent pension	psuot	I	I	I	I	Eligibility cannot be defined
Honorary benefit	-	E	E	E	E	Introduced in 2019, not yet part of input data. Eligibility cannot be defined
Birth grant	bchba_s	S	S	S	S	-
Maternity benefit	bmact_s	S	S	S	S	Eligibility: difficult to define work history
Paternity benefit	bpact_s	S	S	S	S	Eligibility: difficult to define work history
Other benefits for parents	bfamh	I	I	I	I	Eligibility cannot be defined
Widow pension for public empl.	psuwd	I	I	I	I	Eligibility cannot be defined
Orphan pension for public employees	psuor	I	I	I	I	Eligibility cannot be defined
Statutory pension	poa	I	I	I	I	Pension's level depends on the SICs which are not known
Social pension	poasp	I	I	I	I	Eligibility cannot be simulated
Incapacity pension	pdi	I	I	I	I	Eligibility cannot be defined.

Single parent benefit	bchlp_s	S	S	S	S	-
Benefit for nursery expenses for children aged under 4	-		E	E	E	E	Introduced in September 2023, not yet part of input data. Eligibility cannot be defined

Notes: "-": policy did not exist in that year; "E": excluded from the model as it is neither included in the micro-data nor simulated; "I": included in the micro-data but not simulated; "PS" partially simulated as some of its relevant rules are not simulated; "S" simulated although some minor or very specific rules may not be simulated.

Table 2-2: Simulation of taxes and Social Insurance contributions (SICs) in EUROMOD [2021-2024]

Taxes/SICs	Variable	2021	2022	2023	2024	Comments
Employee SICs: General	tscee00_s	S	S	S	S	
Employee SICs: Widow and pension fund	tsceepi_s	S	S	S	S	
Employee SICs: General Health System	tsceehl_s	S	S	S	S	
Employer SICs: General	tscer00_s	S	S	S	S	
Employer SICs: Annual Holidays Fund	tscerhe_s	S	S	S	S	Contributors randomly chosen
Employer SICs: Redundancy Fund	tscersv_s	S	S	S	S	
Employer SICs: Human Resources Fund	tscerot_s	S	S	S	S	
Employer SICs: Social Cohesion	tscerir_s	S	S	S	S	
Employer SICs: General Health System	tscerhl_s	S	S	S	S	
Self-employed SICs:	tscse00_s	S	S	S	S	
Self-employed SICs: General Health System	tscsehl_s	S	S	S	S	
Pensioner SICs: General Health System	tscpehl_s	S	S	S	S	
Other Income SICSs: General Health System	tscothl_s	S	S	S	S	
State SICSs: General	tscgv00_s	S	S	S	S	
State SICSs: General Health System	tscgvhl_s	S	S	S	S	
Optionally insured person SICs	-	E	E	E	E	Non-sufficient information available from data
Credited SICs	-	E	E	E	E	Non-sufficient information available from data
Provident-fund contributions	-	E	E	E	E	Non-sufficient information available from data
Contribution for public pensions	tpipb_s	S	S	S	S	
Personal Income Tax	tin_s	S	S	S	S	
Corporate income tax		E	E	E	E	Out of scope of the model
Property tax	-	E	E	E	E	No information about the value of property
Special contribution for defence	txc_s	S	S	S	S	No information on legal entities
Value Added Tax (VAT)	-	S	S	S	S	Calculations based on extended input files with consumption expenditures from HBS
Excise duties	-	S	S	S	S	Calculations based on extended input files with consumption expenditures from HBS
Motor vehicle tax	-	E	E	E	E	No information available

Notes: "-" policy did not exist in that year; "E" policy is *excluded* from the model's scope as it is neither included in the microdata nor simulated by EUROMOD; "PS" policy is *partially simulated* as some of its relevant rules are not simulated; "S" policy is *simulated* although some minor or very specific rules may not be simulated.

2.2 Main policy changes

Table 2-3 records the main policy changes that occurred over the simulation period.

Table 2-3 Main policy changes over 2021-2024

Policies	2020 → 2021	2021 → 2022	2022 → 2023	2023 → 2024
Benefits		*Maternity allowance:* The duration of the maternity benefit has been extended according to the number of children in the family.	*Minimum Wage:* Introduction of National Minimum Wage	*Benefit for nursery expenses for children aged under 4* Introduction of new scheme
Social Insurance Contributions				
Direct Taxes			The **Scaled reduction in emoluments of public and broader public sector pensioners and employees** was abolished	
Consumption taxes			*VAT: The rate for basic foodstuff (e.g., bread, milk, eggs, baby food, etc.) was temporarily reduced to 0% for several months in 2023 and 2024, as a measure to mitigate the impact of high inflation.*	
			VAT: A new reduced rate at 3% was introduced in July	
Other				

2.3 Order of simulations and interdependence

The spine structure has remained stable between 2020 and 2023. The order of simulation is as follows: initially, the model simulates social insurance contributions, (note that cuts in public sector employees' wages and pensions are simulated before SICs). Then, income tax and the special contribution to defence are deducted from income. Thereafter, cash benefits are simulated with the following order: birth grant, child benefit, single parent benefit, student grant and GMI. The last policy included in the spine is tco_cy (consumption taxes). It is placed at the very end because consumption tax liabilities (VAT and excises) depend on household consumption expenditures, and these are estimated by the model based on the income shares

(xs_* variables included in the input data) and simulated disposable income (ils_dispy). This is why before running any simulation of consumption tax policy it is required to activate all the other policies intervening in the simulation of disposable income. Finally, we note that the unemployment benefit is switched off (in the baseline scenario) across all years. The following table describes the order in which the main instruments of the Cypriot tax-benefit system are simulated.

Table 2-4: EUROMOD Spine: order of simulation

Policy	Position in spine	Section in CR	2021	2022	2023	2024	Description of the instrument and main output
yemcomp_cy			On	n/a	n/a	n/a	Special unemployment benefit scheme for employees (only produces results with the LMA add-on)
ysecomp_cy			On	n/a	n/a	n/a	Special unemployment benefit scheme for self-employed (only produces results with the LMA add-on)
paycut_cy		2.8.4	On	On	n/a	n/a	Cuts in public wages and pensions of public employees
tscee_cy		2.6.1	On	On	On	On	Employee social insurance contributions
tscer_cy		2.6.2	On	On	On	On	Employer social insurance contributions
tscse_cy		2.6.3	On	On	On	On	Self-employed social insurance contributions
tscpe_cy			On	On	On	On	Pensioner social insurance contributions
tscot_cy		2.6	On	On	On	On	Other income social insurance contributions
tscgv_cy		2.6.4	On	On	On	On	SICs paid by the government
txcbp_cy		2.8.2	n/a	n/a	n/a	n/a	Special contribution of public employees
txcps_cy			n/a	n/a	n/a	n/a	Special contribution of private sector
txcpe_cy			n/a	n/a	n/a	n/a	Special contribution on pensions
tpipb_cy	25	2.8.2	On	On	On	On	Contribution of public employees to Government Employees Pension Plan
tin_cy	26	2.7	On	On	On	On	Income Tax
txc_cy	27	2.8.1	On	On	On	On	Special contribution for defence
bchba_cy	28	2.5.6	On	On	On	On	Birth grant
bmact_cy	29		switch	switch	switch	On	Maternity allowance
bpact_cy	30		switch	switch	switch	On	Paternity allowance
bunct_cy	32	2.5.1	Off	Off	Off	Off	Unemployment benefit
bch_cy	33	2.5.2	On	On	On	On	Child benefit
bchlp_cy	34	2.5.3	On	On	On	On	Single parent benefit

bfamh_cy	35	n/a	On	On	On	On	Correct double counting of family benefits
bedet_cy	36	2.5.4	On	On	On	On	Student grant
bsa_cy		n/a	n/a	n/a	n/a	n/a	Social assistance benefit
bsamm_cy		2.5.9	On	On	On	On	Guaranteed Minimum Income
bsaoa_cy	39	2.5.10	On	On	On	On	Low Pension benefit
bsals_cy	40	2.5.11	On	On	On	On	Easter benefit
tco_cc	41	il_tva, il_txa, il_txv	On	On	On	On	Consumption taxes

Notes: Several policies, which are included into the model but not used in the EUROMOD baseline output, are marked as "switched off". See Y6 Country report for more information on the wage cut.

Note that the COVID-19 policies are not included in the baseline even if they are "on" in the spine, given that they only work when labour market transitions (TransLMA) are switched on.

2.4 Policy extensions

- FYA (Full Year Adjustments): The baseline simulation refers to policy rules on 30th June. This switch accounts for policy changes that occurred during the year. In particular, the switch takes into account the introduction of social security contributions (SIC) for the General Health System (GHS) on 1st March 2019 and the further increase of GHS-related SIC rates on 1st June 2020. The switch is set to off by default.

- HHoT – Unemployment extension (HHoT_un): this extension improves the simulation accuracy of the unemployment insurance benefit when EUROMOD is run with hypothetical data. For instance, in most countries the legislation of this benefit requires information on variables such as individuals' employment history, which are not available in SILC; we can define these variables in HHoT and use them to simulate the policy's rules more precisely when running the model with hypothetical data. This extension is set to on when the model is used with HHoT data.

- MWA (Minimum Wage Adjustment): The switch allows simulating (hypothetical) minimum wage models in policy yem_cy. The switch is set to off by default.

- PBE (Parental leave benefits): The switch allows to switch on parental leave related policies not simulated in the baseline: bmact_cy and bpact_cy. The switch is set to off by default.

- Benefit Calibration Adjustments (BCA): allows the user to calibrate the receipt of benefits to match the simulated total number of beneficiaries of a benefit to real expenditure from external statistics. The extension is implemented for the simulation of the guaranteed minimum income benefit (bsamm_cy). The default for the baseline is off. When the extension is on, a subset of eligible of observations is selected randomly as beneficiaries so that the real number of beneficiaries is reached, removing the benefit from the rest of the eligible observations; when off, all eligible observations are kept as beneficiaries. This extension shares most of its functions with the BTA extension; as a general rule, only one of the extensions should be on, but if both are, the lowest rate between the take-up rate and

the calibration rate will be applied. More details on the specific implementation of BCA and BTA extensions are provided in the subsections describing the corresponding benefit.

- Benefit Take-up Adjustments (BTA): allows the user to apply non-take-up corrections. The extension is used for the simulation of the guaranteed minimum income benefit (bsamm_cy). The default for the baseline is off. When the extension is on, a share of (weighted) eligible observations equal to the take-up rate is selected randomly as beneficiaries, removing the benefit from the rest of the eligible observations; when off, all eligible observations are kept as beneficiaries. This extension shares most of its functions with the BCA extension; as a general rule, only one of the extensions should be on, but if both are, the lowest rate between the take-up rate and the calibration rate will be applied. More details on the specific implementation of BCA and BTA extensions are provided in the subsections describing the corresponding benefit.

2.5 Benefits

2.5.1 Unemployment benefit/Επίδομα ανεργίας (*bunct_s*)

Table 2-5: Characteristics of the unemployment benefit

		2021	2022	2023	2024
Eligibility	Contribution period	26 contribution weeks with employment income liable to SIC.			
	Contributed amount	20 times the weekly amount of basic insurable earnings (see below).			
	Other conditions	Aged 16-63 (65 if not eligible for statutory pension), not incapable to work, not on leave, no other employment income			
	Self-employed	No.			
Payment	Contribution base	Average weekly paid and credited insured earnings (employment income) of the previous contribution year.			
	Basic amount	60% of the contribution base			
	Additional amounts	Supplementary amount in case of: • dependent spouse: 20% • dependent child/other dependants up to 2: 10% • 50% of the contribution base that exceeds the basic insured earnings up to the level of the insured earnings.			
	Floor	No minimum amount.			
	Ceiling of the basic amount (€):	60% of *basic insurable earnings* of:			
	in weekly terms: *in annual terms:*	175.90 9,566	183.96 9,682	186.20 10,008	192.47 10,482
Duration	Standard	156 working days (Sundays are not included, 6 months)			
	Taxes	No.			

Subject to:	SIC	No.

- *Definitions*

The unemployment benefit is payable to insured employees working in Cyprus, or voluntary contributors that work abroad in the services of a Cypriot employer. Insured persons should be between 16 and 63 years old in order to be eligible for the benefit. Yet, the age limit of 63 can be expanded to 65 years old, in case that the applicant is not eligible for old-age pension. Any insured person may apply for unemployment benefit for the days he/she is unemployed, able to work and willing to accept employment. But he/she is not considered to be unemployed:

1) When he/she is incapable for work due to sickness;
2) On Sundays;
3) When he/she is on leave
4) The days during which he/she works in any occupation that he/she practiced in addition to his/her usual work and from which he/she receives salary at least equal to 1/12 of the amount of basic insurable earnings.
5) On any day for which the employer pays for employee's contributions.

Dependents of the insured person are considered: the spouse, the children aged below 15, unmarried daughter aged 15-23 if she is student, unmarried son age 15-25 if he is student or soldier, unmarried child if he/she is permanently incapable of self-support independently of his/her age, the disabled spouse if he/she is supported by the spouse, the father/mother of the insured person if he/she is incapable of employment and financially supported by him or her and the underage younger brother or sister if he/she is financially supported by the insured person.

- *Eligibility conditions*

The requirements needed for the payment of unemployment benefit are:

1) At least 26 weeks must have passed between the day when the person became insured and the day on which he or she became unemployed. During that period, the total amount of insured earnings has to be at least equal to 26 times the weekly amount of the basic insured earnings.

2) The applicant has paid[4] or been credited[5] with contributions in previous contributions year[6]. During this period insured earnings should not be lower than 20 times the weekly amount of basic insurable earnings.

In the requirements mentioned above the contributions of the self-employed are not taken into consideration while the contributions of optionally insured persons are taken into consideration only if they are for work abroad with a Cypriot employer.

EUROMOD modelling: *The model controls for the first condition using a variable on working history. As far as the second is concerned, it uses the employment income.*

The benefit is payable for 156 working days in each period of interruption of employment.

An unemployed person who has exhausted his/her right to unemployment benefit can be allowed to it again if he/she works and pays contributions on earnings that on their total are not less than 26 times the weekly amount of basic insured earnings and at least 26 weeks have passed since the last day that the person received the benefit.

In the case where the unemployed person is above 60 years old and is not allowed to pension from any professional plan, he/she gains the right to unemployment benefit if he/she worked and has paid contributions on earnings that on their total are not less than 26 times the weekly amount of basic insured earnings and at least 13 weeks have passed since the last day that the person received the unemployment benefit.

EUROMOD modelling: *The rules described above are not simulated in the model.*

The applicant loses entitlement of the unemployment benefit for up to six weeks if he/she:

1) loses his/her employment by his/her own blame or abandons it without excuse,
2) refuses or omits to submit application for proper employment or to accept prober employment offered to him/her,
3) fails or neglects to be employed in a suitable job, and
4) refuses or omits, without excuse, to attend professional training lessons.

EUROMOD modelling: *Euromod model does not control for these conditions.*

- ***Income test***

There is no income test.

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[4] The paid insured earnings are the earnings for which contributions had been paid.
[5] Every insured person is allowed to be credited with insured earnings for every period of full time education after the age of 16, for the period under military service and for the period for which he/she is receiving sickness benefit, unemployment benefit, maternity benefit, physical injury benefit or incapability pension from the Social Insurance Fund and for the period that he/she is absent from his/her employment with parental leave or leave due to force majeure.
[6] For the first semester of every year, the previous contributions year is the penultimate calendar year and for the second semester is the last calendar year, i.e. for the first semester of 2023 the previous contributions year is 2021 while for the second semester of 2023 is the 2022.

- *Benefit amount*

The amount of the unemployment benefit is calculated based on the weekly mean of paid and credited insured earnings of the insured person during the previous contribution year. The unemployment benefit includes a basic and a supplementary amount. The weekly amount of the basic benefit is equal to 60% of the weekly mean of the insurable earnings (up to the basic insurable amount) during the previous contribution year and increases by 20% for the dependent spouse and by 10% for every child or other dependant[7] (the maximum number of dependent children/other dependants is 2)[8]. In case that both spouses are eligible to receive unemployment benefits, the increase for dependents is paid only to the spouse that is allowed the highest increase. The weekly amount of the supplementary amount is equal to 50% of the weekly mean of insurable earnings of the beneficiary that exceeds the basic insured earnings, but the complementary amount should not be higher than the weekly amount of basic insured earnings.

In case that the insured person is entitled not only to unemployment benefit but also to other provisions of the Social Insurance Fund, then only the benefit with the higher rate is paid. This rule does not hold if the beneficiaries are entitled to unemployment benefit and widow pension or missing person allowance. In that case, both provisions are paid to the person.

Note on Euromod implementation: *Dependants other than the children of the spouse and the children of the recipient are not taken into account in the implementation. However, these cases are very rare in practice .*

2.5.2 Child benefit/Επίδομα Τέκνου (*bch_s*)

- *Definitions*

Child benefit is a non-contributory benefit provided to families with dependent children. The benefit is means-tested and is provided to families residing in Cyprus for at least for three consecutive years. Starting from 1st January 2018: The residence condition changed from 3 years to 5 years residing in Cyprus. The relevant law defines "dependent children" as the persons aged:

1) up to 18 years old,
2) up to 20 years old, if they still attend secondary education,
3) up to 21 years old, if they are serving in the National Guard.
4) regardless of age, if they are permanently deprived of the ability to maintain themselves (e.g., children with disabilities).

The amount of the benefit depends on the number of children and the gross annual family income. It consists of a basic part and a supplementary part. The benefit is paid to the mother

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[7] Other dependents refer to the cases of a) recipient's younger brothers, b) recipient's parent(s) if he/she or they are incapable of work. In both cases a) and b) the dependents should prove that they are financially supported by the recipient.
[8] The usual definition of dependent child applies.

or, in absence of the mother, to the father or the person who is in charge of the children in case that both parents are dead. Finally, the child benefit is not taxable.

- *Eligibility conditions*

A family is entitled to the benefit only if their *annual family income* (before taxes) does not exceed:

- €49,000 for families with only one dependent child,
- €59,000 for families with two, three or four dependent children,
- Starting from 1st January 2018: The threshold increases by €5,000 for each additional child for families with three or more children (e.g. the threshold is €64,000 for a family with 3 dependent children and €69,000 for 4 dependent children).

Additionally, a family is not eligible for the benefit if its *total property* value (real estate property, shares, bonds, securities and deposits) exceeds €1.2 million.

- *Income test*

Family income is defined as the total annual gross income acquired one year before the year of applying for the benefit and includes wages and salaries of all family members, pensions, capital income, rents and social benefits (including GMI). The child benefit is paid annually, and it is not taxable.

- *Benefit amount*

The benefit amount depends on the number of dependent children and the family income as shown in the following Table.

Table 2-6: Benefit levels for 2021-2024 (annual amounts per child, in EUR)

	Benefit amounts for families with income:			
	up to 19,500	19,500.01 - 39,000	39,000.01 - 49,000	49,000.01 - 59,000*
2021				
Family with 1 child	484.36	433.37	387.49	0.00
with 2 children	581.23	530.24	387.49	351.80
with 3 children	1,065.59	1,014.60	774.97	703.59
with 4+ children	1,708.00	1,555.04	1,284.82	1,157.36
2022				
Family with 1 child	496.42	444.17	397.14	0.00
with 2 children	595.71	543.45	397.14	360.56
with 3 children	1,092.13	1,039.87	794,28	721,12
with 4+ children	1,750.54	1,593.78	1,316,83	1,186.19
2023				
Family with 1 child	539.98	483,14	431,98	0.00
with 2 children	647,98	591,14	431,98	392,20
with 3 children	1.187,96	1.131,12	863,97	784,39

with 4+ children	1.904,14	1.733,62	1.432,37	1.290,27
2024				
Family with 1 child	559,74	500,82	447,79	0,00
with 2 children	671,69	612,77	447,79	406,55
with 3 children	1.231,43	1.172,51	895,58	813,10
with 4+ children	1.973,82	1.797,06	1.484,78	1.,337,48

Note: * From 2018, this income threshold increases by €5,000 for each additional child for families with three or more children.

EUROMOD modelling: *The current income is used for the income-test (instead of the previous year income). The benefit is given to the head of the tax unit. Also, the student grant is considered for the means-testing of the benefit, while the opposite is not true. Social assistance is not included in the income list. The period of residency in Cyprus is not taken into account in the model.*

2.5.3   Single parent benefit/Επίδομα μονογονεϊκής οικογένειας (*bchlp_s*)

- *Definitions*

The single parent benefit is a non-contributory means-tested benefit given to single parents with dependent children. Single parent families consist of one parent who cohabits with at least one dependent child. The single parent may be unmarried, widowed or divorced. Eligible recipients should have already applied for the child benefit (meaning that the same definition of dependent children applies to both benefits). The benefit is not taxable.

- *Eligibility conditions*

The recipients should be eligible for the child benefit. The definition of single parent family is as described above. The recipients can be either Cypriots or EU citizens who reside in Cyprus at least for the last three years. Starting from 1st January 2018, the residence condition changed from 3 to 5 years.

- *Income test*

The benefit is means-tested. The gross family income (acquired one year before the application for the benefit) is used. The definition of family income is the same as for the child benefit. The value of the benefit depends on the value of the gross family income.

- *Benefit amount*

Table 2-7: Benefit levels for 2021-2024 (monthly amounts per child, in EUR)

Family income	2021	2022	2023	2024
0 - 39,000	183.55	188.12	204.62	212.11
39,000 - 49,000	163.15	167.22	181.89	188.54

EUROMOD modelling: *The period of residency in Cyprus is not taken into account by the model.*

2.5.4   Student grant/Φοιτητική χορηγία (*bedet_s*)

- *Definitions*

Student grant is a means-tested non-contributory benefit aiming at providing income support to families with children in higher education. Responsible for its administration is the Ministry of Education and Culture. The description of the policy rules (2020-2023) is based on the Provision of Student Grant (modifying) Law of 2012[9] and the State Student Care Law of 2015.[10]

The student grant is given either to student's parents or to any person paying student's expenses. Students should either live in the same household with their parents or, in case that they live separately, they should be financially supported by their parents.

The Law considers the following family units:

- couples with children,
- lone parents (divorced, widowed, or unmarried) and their children,
- student whose parents are deceased or missing, or he/she (the student) has been abandoned by his/her parents.
- married student and his/her spouse and his/her child(ren)

The 2015 Law added:

- divorced, widowed student and his/her child(ren).

Furthermore, for the purposes of the Law, children are defined as follows:

- children up to 18 years old,
- children up to 19 years old, if they attend secondary education,
- children up to 21 years old, if they are serving in the National Guard,
- children irrespective of age who are considered students eligible for receiving the student grant,
- children irrespective of age who are disabled or permanently deprived of the ability to maintain themselves.

- *Eligibility conditions*

Eligible students should be Cypriot citizens or EU citizens who have their permanent residence in Cyprus (permanent residents are considered those persons who had been staying in Cyprus for at least 30 months the past 3 years before the beginning of their studies). In case that the student is a non-EU citizen, then he/she may be eligible for the grant if at least one of his/her parents has Cypriot or EU citizenship. Furthermore, the recipient should have graduated from a secondary school in Cyprus. The student should be enrolled in a recognized higher education institution. The grant is paid only for the normal duration of studies which may vary across

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[9] Ο περί Παροχής Φοιτητικής Χορηγίας (Τροποποιητικός) Νόμος του 2012 (Ν. 181(I)/2012).
[10] Ο περί Κρατικής Φοιτητικής Μέριμνας Νόμος του 2015 (Ν. 203(I)/2015).

faculties, but the period of payment may be extended in special cases (health reasons). Note that the student grant is not paid to students that:

- attend language learning programmes that are prerequisites for admission to an educational institution,
- attend tertiary foundation certificates or similar courses,
- attend distance learning courses or open university courses,
- attend courses as external students and not as normal students,
- are enrolled in PhD programs.

Finally, the recipients should satisfy certain asset criteria. In particular, the total value of family immovable and movable property should not exceed 1.2 million EUR.

- *Income test*

The eligibility and level of the student grant is defined based on the total gross family income of the recipient. Total gross family income (acquired in the year before the 1st of January of the relevant academic year) includes the following components: employment income, pensions, rents, income from interest or dividends, alimonies, the GMI benefit, the public assistance, the child benefit[11], the single parent benefit and other benefits or grants. The following income sources are excluded: income from the employment of children who are full-time students, scholarships or other student benefits and any disability and chronic diseases benefits or grants who are received by any family member. Income thresholds are presented in the following Tables.

- *Benefit amount*

The student grant consists of a basic and an additional amount. The additional amount is paid to families which either bear the cost of tuition fees or have more than three dependent children (multi-child families). If the student completes her studies during the first semester of the academic year, then the family is allowed to half of the grant. If case of part-time studies, the grant is paid when the period of studies corresponds to one year of normal studies. Table 2-8 shows the amount of the student grant corresponding to each income group for the period 2021-2024.

Table 2-8: Benefit amounts for 2021-2024 (in EUR)[12]

Family income	Annual amount per student	Additional amount for tuition payment or for families with more than 3 dependent children
0 - 39,000	1,710	855

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[11] Note that the child benefit was excluded in the definition of family income according to the 2011 Law. The 2015 Law added the child benefit in the definition of family income.
df One *insurance point* is equal to 52 times the weekly basic amount (for 2024: € 10,482).

[12] One *insurance point* is equal to 52 times the weekly basic amount (for 2024: € 10,482).

| 39,000.01 - 49,000 | 1,580 | 790 |
| 49,000.01 - 59,000* | 1,450 | 725 |

* As from 2019, the maximum income threshold increased by 5,000 EUR for each additional child above the second child. For example, the maximum income threshold for a three-child family is 64,000 EUR.

Note on Euromod implementation: The model cannot fully control for the provisions of the Law**.** According to the implementation, the grant is attributed to families with dependent children that attend an educational programme that corresponds to the ISCED values 5 or 6. Since it is not possible to control for the payment of fees, the only additional amount simulated is the one for multi-child families. Note also that social assistance is not taken into account in the calculation of family income. Eligibility to students aged 19 and older is furthermore restricted to those without own original income following the assumption that those will be supported by the parents.

2.5.5 Standard maternity grant/Βοήθημα Τοκετού (*bchba_cy*)

- *Eligibility conditions*

The maternity grant is a contributory benefit paid to the mother of a new-born child (if she or her spouse is insured), independently of the category of insurance (employee, self-employed, optionally insured).

The requirements for the payment of the maternity grant are:

1. The birth of an alive child or a child born dead after at least 28 weeks of pregnancy.

2. The applicant or spouse must have been insured for not less than 26 weeks. The total amount of insured earnings must be at least equal to 26 times the weekly amount of the basic insured earnings.

3. The applicant or spouse has paid or been credited with contributions in the previous contribution year. During this period, the insured earnings should not be lower than 20 times the weekly amount of the basic insurable earnings.

- *Income test*

No income test applies.

- *Benefit amount*

The amount of the maternity grant (per child in the case of twins) is equal to:

- o €573.96 for 2021
- o €580.92 for 2022
- o €600.48 for 2023
- o €600.48 for 2024

EUROMOD modelling: this benefit is given to all heads of families with children aged 0 where at least one of the parents has working history at least equal to 6 months (26 weeks) and annual earnings equal to at least to 20 times the weekly amount of basic insured earnings.

2.5.6 Special birth grant for unmarried mothers/Ειδικό βοήθημα τοκετού σε άγαμες μητέρες (*bchba_cy*)

- *Eligibility conditions*

Women who gave birth and reside in Cyprus for the last 12 consecutive months are entitled to the special maternity grant, provided that they are not entitled to the maternity grant from the Social Insurance Services.

- *Benefit amount*

The special maternity grant for 2024 is equal to the maternity grant for the same year, i.e., €600.48, and payable upon birth as a lump sum.

EUROMOD modelling: The period of residency in Cyprus is not taken into account in the model.

2.5.7 Maternity allowance /Επίδομα μητρότητας, (*bmact_s*)

- *Definitions*

Maternity allowance is a contributory benefit covering women who are employees, self-employed or voluntarily insured at the service of a Cypriot employer abroad. Adoptive mothers are also covered by the scheme. The benefit compensates mothers for the loss of income during the period of maternity leave.

- *Eligibility conditions*

Eligible recipients should:

- be on maternity leave and not receiving a full wage from her employer. In case of reduced wage (possible under certain collective agreements), the sum of reduced wage and the benefit cannot exceed the full wage,
- have paid social insurance contributions for at least 26 weeks before the week in which their maternity leave begins,
- have paid contributions up to the date of their maternity benefit of at least 26 times the weekly amount of basic insurable earnings of the previous year[13] (0.5 insurance points)[14],
- have paid and/or assimilated contributions of at least 20 times the weekly amount of basic insurable earnings (0.39 insurance points) in the previous contribution year. The

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[13] *Basic weekly insurable earnings* in 2023 were at €192.47.

[14] One *insurance point* is equal to 52 times the weekly basic amount (for 2024: € 10,482).

last two conditions are similar to the eligibility rules of the unemployment insurance benefit.

- *Income test*

There is no income test.

- *Benefit duration*

The duration of the benefit is 18 weeks for the 1st child, but it can be extended to 21 in certain occasions (such as long periods of hospitalization of the new-born due to premature delivery or other health problems). In case of twins the duration is extended by 4 weeks, and by 8 weeks in case of triplets. In any case, 2 weeks of the duration must be taken before the expected date of birth.

An amendment in the social insurance law, enacted on 5 November, 2021, extends the duration of maternity benefit to 22 weeks for the 2nd child, and to 26 weeks for the 3rd child and above.

- *Benefit amount*

The maternity benefit consists of a basic and a supplementary part calculated on a weekly basis (note that a single payment is credited to the recipient, the distinction between basic and supplementary serves only in the calculation of the amount as different conditions apply). In particular:

The weekly rate of the basic benefit is equal to 72% of the weekly basic insurable earnings of the last year. This rate increases to 80%, 90% and 100% for one, two or three dependants respectively (maximum three dependants) if the mother is a lone parent or the father is considered a dependent spouse. A spouse is considered dependant if he is neither working nor receiving any other contributory benefit.

The weekly rate of the supplementary part is equal to 72% of the average weekly insurable earnings which exceed the basic insurable earnings of the last year up to the maximum amount (€1,155 weekly in 2023).

- *Subject to taxes/SIC*

The benefit is not subject to taxes or SICs.

- *Take up*

There are no data on take-up. However, the take up rate is expected to be very high.

2.5.8   Paternity allowance /Επίδομα πατρότητας (bpact_s)

- *Definitions*

Paternity allowance is a contributory benefit covering married fathers of newborns who are employees, self-employed or voluntarily insured at the service of a Cypriot employer abroad.

Adoptive fathers are also covered by the scheme. The duration of the benefit is 2 weeks. The benefit compensates fathers for the loss of income during the period of paternal leave. The benefit was introduced in August 2017. From December 2022, it was extended to cover all fathers, irrespective of marital status. It can also be extended in cases where the mother dies during labour or during maternity leave.

- *Eligibility conditions*

The same eligibility conditions regarding maternity benefits should be satisfied.

- *Income test*

There is no income test.

- *Benefit duration*

The duration of the benefit is 2 weeks.

- *Benefit amount*

The paternity benefit is calculated as the maternity benefit.

- *Subject to taxes/SIC*

The benefit is not subject to taxes and SICs.

- *Take up*

There are no available data on take-up.

2.5.9 Guaranteed Minimum Income/Ελάχιστο Εγγυημένο Εισόδημα (bsamm_cy)

- *Definitions*

The Guaranteed Minimum Income (GMI) scheme is a means-tested top-up non-contributory benefit targeting individuals or families with income not enough to cover their basic needs. Basic need is defined on the basis of a minimum consumption basket. The GMI scheme substituted the Social Assistance in 2014.

Unit of assessment is the family consisting of:

- The claimant
- His/her spouse
- Children under the age of 18
- Unmarried children up to the age of 27 irrespective of whether they reside with their parents or not (excluding children who live abroad).

- *Eligibility conditions*

The following categories of persons can apply for the benefit (provided that they have resided in the republic the five previous years):

- Every citizen of the Republic.
- EU citizens.
- Third country nationals if they have received the status of long-term resident or are refugees (excluding asylum seekers)
- Victims of human trafficking.

Furthermore, the claimant should belong to one of the following categories:

- at least 28 years old
- married irrespective of age
- single parent irrespective of age
- orphan irrespective of age
- disabled adult irrespective of age who before becoming 18 years old was under the care of Social Welfare Services.

Finally, there are several special categories not eligible for the benefit, such as monks, persons serving their military service in the National Guard, and students (excluding those who are either under the care of Social Welfare Services, or orphans, or disabled, or voluntarily unemployed).

- *Income test*

GMI is a top-up benefit. Social welfare services calculate recipients' basic needs and family income. The difference is given to the eligible recipients as a top-up to their current income. Family income is the sum of the monetary incomes of all the members of the family (recipient) unit. Income from employment is exempted from the definition of family income, according to following schedule:

Table 2-9: Exempted labour income (in EUR)

Working earnings disregard for working poor (other than children aged 18-28)		Working earnings disregard for children aged 18-28	
Monthly earnings	Retention rate	Monthly earnings	Retention rate
Up to 50	100%	Up to 480	50%
50,01 - 200	40%	480,01 - 1000	90%
200,01 - 500	20%	1000,01 - 2000	85%
500,01 and above	0%	2000,01 and above	80%

Source: Ministry of Labour and Social Insurance

Example: If claimant's income from employment is €200, then €110 (€50 plus the 40% of €150) are exempted, meaning that only €90 are taken into account for the calculation of GMI. Another example is if the claimant has a child under the age of 28 (irrespective of whether he/she resides

with him/her) with monthly earnings of €1000. Then, only €292 (€240+€52) will be accounted as family income.

Furthermore, the following benefits/pensions are not taken into account in the calculation of family income:

- Funeral grant

- Birth grant

- Student grant

- Military grant

- Financial aid to low-income pensioners

- Donations to philanthropic institutions

- Alimonies (only in case that the claimant can prove that they are not paid to him/her)

- Benefits to disabled persons

- Income from participation in employment or training schemes.

- Assistance through the Welfare Lottery Fund or from the Ministry of Labour and Social Insurance as *ad hoc* financial aid given with the approval of the Minister of Labour.

- *Asset test*

The total value of family immovable property should not exceed €100,000 (€100,000 are exempted from the calculation if it concerns mortgage and therefore cannot be used). The house in which the family lives in is exempt if the house is under 300 sq.m.

The movable property should be below €5,000, and this amount increases by €1,000 for each member of the family. However, deposits of up to €20,000 are excluded if these:

- are for mortgage (which occurred before the law implementation 2014)

- belong to minors of the family (which occurred before the law implementation 2014)

- belong to minors of the family and acquired after fundraiser or other special conditions

- are used for student loans

- are in the same account with an old age parent (which occurred before the law implementation 2014).

- are necessary for health reasons, or rehabilitation, or treatments, or for people with disabilities.

- *Benefit amount*

Basic income is calculated as the minimum monetary income necessary to ensure recipients' access to a complete consumption basket of goods and services that correspond to the minimum standard of living accepted by the society. The current value of the basket is equal to €480 for a single individual and increases with the size of the recipient unit in accordance with the OECD equivalence scales. The OECD scales assign a value of 0.5 to each additional adult and 0.3 to

each additional child. Children are defined as persons below 14 years old. For example, for a couple with 13-year-old child, the basic amount is equal to 480+0.5*480+0.3*480=864.

If the basic amount is larger than the family income, then the difference is paid to the eligible recipient. Furthermore, the amount of the benefit is supplemented with a housing allowance (see Table 2-10). Eligible for the housing allowance are renters or homeowners who cannot repay their mortgage loans.

EUROMOD modelling: The asset test is not taken into account in the model, due to lack of information on the assets.

BTA and BCA extensions are off, so the baseline model neither adjusts for non-take-up of the benefit nor calibrates its receipt, but the user can activate them if necessary. See section 2.4 for technical details on both extensions and their interactions.

Users can enable the necessary extensions in Country Tools/Set Switches. For proper functioning, the extensions require the following inputs:

- *BTA: The estimated take-up rate of the benefit should be set as the value of the $bsamm_BTA_rate constant in the model. Currently, the value is set to 1, indicating no adjustment for non-take-up.*
- *BCA: The total number of benefit recipients needs to be filled out in the External Statistics table, so that the calibration rate ($bsamm_BCA_rate) is computed accordingly. Data are currently available for the years 2019-2023; given the absence of information for 2024, the calibration rate is not computed within the 2024 system, but the one computed within the 2023 system is used instead. For the modelling of reforms, the 2024 system should be used in order to allow for variation in the number of beneficiaries (hence expenditure): beneficiaries will change when the eligibility conditions change by applying the share of 2023 to the new pool of eligible units. If previous systems were used for reforms, total number of beneficiaries would remain constant irrespective of the reform applied, since the model would always stick to the existing external statistics.*

Table 2-10:   Housing Allowance (in EUR)

Family Unit type	Nicosia (4.06/m²)	Limassol (4.41/m²)	Famagusta (2.94/m²)	Larnaca (3.50/m²)	Paphos (2.94/m²)	Average (3.88/m²)
Single or couple without children	223.30	242.55	161.70	192.50	161.70	213.48
Couple/single parent with 1 child	324.80	352.80	235.20	280.00	235.20	310.48
Couple/single parent with two minor children of the same sex	324.80	352.80	235.20	280.00	235.20	310.48
Couple/single parent with 2 adult children	406.00	441.00	294.00	350.00	294.00	388.13
Couple/single parent one adult child and one minor child	406.00	441.00	294.00	350.00	294.00	388.13
Couple/single parent with three minor children	406.00	441.00	294.00	350.00	294.00	388.13
-> for each person with disability	101.50	110.25	73.50	87.50	73.50	97.00
-> larger families (for each additional child or two additional minor children of the same sex)	81.20	88.20	58.80	70.00	58.80	77.66

Source: Ministry of Labour and Social Insurance, Notes: minor child=child<18, adult child>=18

EUROMOD modelling:

- *Due to lack of information the model does not account for the complex asset criteria of the benefit. Also, regional differences cannot be taken into account. Thus, we apply a weighted average.*

- *Some special categories of recipients (e.g. orphans, disabled persons, persons under the Care of Social Welfare Services) cannot be identified by the model.*

- *Furthermore, according to the premises of the model claimants cannot be students and all unemployed persons are considered involuntarily unemployed.*

- *For the purposes of the simulation, we adopted the following income list: original income (without excluding alimonies paid), statutory pensions, survivor pensions, health benefits, unemployment benefits, scholarships, housing benefits, child benefits and family related benefits.*

- *Finally, all the families which are eligible to the basic benefit and paying mortgage interests are considered eligible to the housing allowance.*

2.5.10 Low pension benefit/ Επίδομα χαμηλοσυνταξιούχου (bsaoa_s)

- *Definitions*

The low pension benefit is a non-contributory benefit targeting families with incomes below the poverty limit. This specific benefit is a means-tested benefit provided to families with at least one person in the family receiving pension. The regulation was introduced in Cyprus on the 1st December of 2009 and was implemented on the 1st March of 2010. With the introduction of the GMI, a person may apply either for the GMI or for the low pension benefit. The higher benefit is paid out in cases where a person is considered eligible for both benefits. In the past, people eligible for both benefits would receive the low pension benefit and only the difference between this benefit and the public assistance.

Unit of assessment is the family consisting of:

- The claimant
- His/her spouse
- Children under the age of 18
- Children up to 23 years old provided that they attend secondary or tertiary education
- Children up to 25 years old provided that they are serving at the National Guard
- Children irrespective of their age who are considered students eligible for receiving the student grant
- Children irrespective of their age who are disabled or permanently deprived of the ability to maintain themselves

- *Eligibility conditions*

An individual is considered eligible if he/she receives any kind of pension from the following three categories:

- Pension by the Social Insurance Services
- Social pension
- Pension by an occupation plan as it applies in Cyprus

Once the above is satisfied, any person can apply for the benefit provided that they are Cypriot residents and have had their legal and continuous residence for at least 1 year prior to the submission of the application in the areas under the effective control of the Republic of Cyprus. They must also maintain their continuous residence in the Republic for as long as they receive the benefit with an absence of no more than 3 months per calendar year).

Since 1/1/2021 an additional eligibility condition was introduced regarding household deposits, (including any alienations of deposits made in the previous 2 years prior to the year of application, unless such alienations are justified as imperative and necessary) which should be below €100.000. Since 1/1/2023 the alienation period was increased to 3 years.

- *Income test*

The eligibility and level of the low pension benefit is defined on the basis of the total income of the family in the previous year and total pension of the current year of application or annual re-examination. The income needs to be below the poverty threshold agreed by the Council of Ministers, currently standing at €10,324 for single person households.[15] The threshold is however adjusted based on the composition of the household. A household with one person is assigned a value of 1 unit, 0.5 units to each additional person aged 14 or older and 0.3 units to children below the age of 14.

The considered family income includes any kind of pension received in Cyprus or abroad, income from employment, rents, interest or dividends and other benefits (orphan benefit, unemployment benefit, sickness benefit, child benefit, single parent benefit) The following benefits are not taken into account when calculating the income: disability benefit, student grant, maternity and employment injury benefit, GMI, Easter benefit and low pension benefit.

- *Benefit amount*

The table below describes the low pension benefit which is given according to the yearly incomes of the family and is paid out 12 times a year. The total family income (incl. the benefit itself) must not exceed 120% of the poverty threshold (adjusted for household composition). Thus, the benefit level in the highest income bracket is reduced accordingly.

Once the benefit is calculated, it is multiplied by a scaling factor depending on the composition of the household as follows:

- Each pensioner = 1 unit
- Non pensioner spouse = 0.5 units
- Each additional member of the household = 0.3 units

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[15] NB: This is linked to the national poverty threshold, which has been the same since 2017.

The scaling factor cannot be greater than 3. For two pensioner households, the resulting benefit is split equally between the two.

Table 2-11: **Benefit amount of low pension benefit for 2016-2020 (monthly benefit amount, paid out 12 times – in EUR)**

One-pensioner households			Two-pensioner households		
Total annual income before the benefit	Monthly benefit 1/1/2016-31/12/2018 €	Monthly benefit 1/1/2019-31/12/2020 €	Total annual income before the benefit	Monthly benefit 1/1/2016-31/12/2018 €	Monthly benefit 1/1/2019-31/12/2020 €
0-5.162	170	220	0-7.743	340	440
5.163-5.678	160	210	7.744-8.518	320	420
5.679-6.195	150	200	8.519-9.293	300	400
6.196-6.711	140	190	9.294-10.067	280	380
6.712-7.227	130	180	10.068-10.841	260	360
7.228-7.742	120	160	10.842-11.613	240	320
7.743-8.259	110	150	11.614-12.389	220	300
8.260-8.775	100	140	12.390-13.163	200	280
8.776-9.291	90	130	13.164-13.937	180	260
9.292-10.324	Up to 75	Up to 95	13.938-15.486	Up to 150	Up to 300

Table 2-12: **Benefit amount of low pension benefit for 2021-2023 (monthly benefit amount, paid out 12 times – in EUR) 1/1/2021 – 31/5/2023**

One-pensioner households					Two-pensioner households				
Total monthly income before the benefit		Monthly Benefit		Total monthly income after the benefit	Total monthly income before the benefit		Monthly Benefit		Total monthly income after the benefit
from (€)	to (€)	from (€)	to (€)	€	from (€)	to (€)	from (€)	to (€)	€
0	341	369		710	0	700	510		1,210
342	360	350	368	710	701	750	510		1,260
361	400	310	350	710	751	800	476	510	1,271
401	450	271	310	710 – 721	801	850	421	476	1,271
451	500	244	271	721 – 744	851	900	371	421	1,271
501	550	216	244	744 – 766	901	1,000	271	371	1,271
551	600	189	216	766 – 789	1,001	1,100	171	271	1,271
601	794	40	189	789 - 834	1,101	1,191	81	171	1,271

Beginning on 1ˢᵗ June 2023 the benefit amounts were revised as shown below:

Table 2-13:   Benefit amount of low pension benefit for 2023 (monthly benefit amount, paid 12 times per household) from 1/6/2023

One-pensioner households					Two-pensioner households				
Total monthly income before the benefit		Monthly Benefit		Total monthly income after the benefit	Total monthly income before the benefit		Monthly Benefit		Total monthly income after the benefit
from (€)	to (€)	from (€)	to (€)	€	from (€)	to (€)	from (€)	to (€)	€
0	341	0	387	728	0	700	0	536	1,236
342	360	368	386	728	701	750	0	536	1,236
361	400	328	367	728	751	800	490	536	1,290
401	450	285	327	728 – 735	801	850	440	489	1,290
451	500	256	284	735 – 756	851	900	390	439	1,290
501	550	227	255	756 – 777	901	1,000	290	389	1,290
551	600	198	226	777 – 798	1,001	1,100	190	289	1,290
601	794	86	197	798 - 880	1,101	1,191	99	189	1,290

EUROMOD modelling: *The resident status of migrants is not taken into account in the simulation.*

2.5.11 Easter Benefit/Πασχαλινό Επίδομα (bsals_s)

- *Definitions*

Besides the low pension benefit there is also the Easter benefit which is given to pensioners with low incomes just before Easter following a relevant decision of the Council of Ministers. Similar to the low pension benefit, it was implemented in 2010.

- *Eligibility conditions*

Eligible persons are those who already receive low pension benefit or are entitled to low pension benefit through the GMI law.

- *Income test*

Low pension benefit receivers are eligible if their family income from the previous year is below 7,000 EUR for one person and 12,000 EUR for two persons[16]. Similar to the low pension benefit, this threshold is adjusted by the household composition. The income threshold increases by 0.5

For the year 2021, the income threshold for one person and two persons were 6,500 EUR and 11,000 EUR respectively.

units for each dependant under the age of 14 and by 0.3 units for each person in the family above the age of 14. The definition of family income is the same as for the low pension benefit (this also applies to the definition of the family unit).

- *Benefit amount*

The amount of the benefit each year is determined on an *ad-hoc* basis following a relevant Council of Ministers decision. The one-off benefit amount for the years 2021-2023 was 190 EUR per pensioner. For 2024 the benefit amount was revised to 250 EUR per pensioner.

2.6 Social insurance contributions

Participation in the Social Insurance Scheme is mandatory for all working population. The insured persons are divided into two categories: the employees and the self-employed. Voluntary insurance is allowed to persons that are willing to continue insurance after a prescribed period of compulsory insurance. The social insurance contributions are estimated as a proportion of insurable earnings. Insurable earnings are earnings on which contributions are calculated and include any remuneration from employment as well as contributions paid to the Central Holiday Fund. The insured person, the employer and the state each pay a portion of the overall contribution.

2.6.1 Employee social contributions (tscee_cy)

The insurable earnings include a lower limit known as the basic insurable earnings. The basic insurable earnings separate the basic part and the earnings-related part of the scheme. The amount of annual basic insurable earnings is set every year:

- €9,682 per year or (€186.20 per week) for 2021,
- €10,008 per year or (€192.47 per week) for 2022,
- €10,482 per year or (€201.57 per week) for 2023.

These amounts are used to determining the eligibility and the level of statutory pensions, and other social insurance benefits, received in the following year. Accordingly:

- €9,566 the amount used for 2021,
- €9,682 the amount used for 2022,
- €10,008 the amount used for 2023 (after an amendment in the law to compensate for an increase given in July 2022 due to price index, only in 2023 the amount used for pensions is different and equal to €10,089, which will be fixed with the next indexation of pensions).
- €10,482 the amount used for 2024.

- o *Liability to contributions*

Social insurance contributions to Social Insurance Fund (SIF) are compulsorily paid by all employers and employees of private and public sector and self-employed persons[17]. Moreover, employees in the broad public sector are additionally covered by the Government Employees Pension Scheme (GEPS). However, as of the 1st of September 2011, newcomers in the public sector are not covered by the GEPS and pay contributions only to the SIF.

- o *Income base used to calculate contributions*

The insurable earnings of the employee include anything paid to the employee for his/her labour i.e., basic salary, cost of living allowance, overtime, commissions, 13th salary, 53rd/56th week, the contribution of the employer to the Central Holiday Fund and holiday unions' funds. Only ex gratia payments are not included. Also, the Law sets a maximum amount of earnings for contribution purposes which is revised annually:

- €4,572 per month or €1,055 per week for 2020,
- €4,784 per month or €1,104 per week for 2021, and
- €4,840 per month or €1,117 per week for 2022,
- €5,005 per month or €1,155 per week for 2023,
- €5,239 per month or €1,209 per week for 2024.

In case that employee's earnings are higher than the maximum amount then contributions are not paid for the extra amount.

- o *Contribution rates*

The Social Insurance Scheme is financed by contributions paid by the employees, the employers and the State (through the Consolidated Fund of the Republic, "*Πάγιο Ταμείο της Δημοκρατίας*"). As of the 1st of January 2024 the total contribution rate is 22.8% of insurable earnings (8.8% paid by the employed, 8.8% by the employee and 5.2% by the state). Employees who are additionally covered by an occupational scheme provided by the employer without the payment of contributions on the part of the employee (effectively, public sector employees who were hired before 2011) contribute 22.8% of insurable earnings but 13.15% are paid by the employer, 4.45% by the employee and 5.2% by the state. It is worth mentioning, although it is not simulated in the model, that the government has planned a gradual increase in the contribution rates which will be implemented the coming years aiming at ensuring the long-run fiscal sustainability of the social insurance scheme. The contribution rates are summarized in the next two tables:

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[17] The employer is liable to pay contributions to the Social Insurance, Annual Holidays with Pay, Redundancy, Human Resource Development and Social Cohesion Funds for each of his/her employees, whose remuneration is not less than €2 per week, or not less than €7 per month if he/she is a salaried employee (Social Insurance in Cyprus, Ministry of Labour and Social Insurance).

Table 2-14:   Social Insurance Contribution rates (Employees)

	After 1st April 2009	After 1st January 2014	After 1st of January 2019	After 1st of January 2024	After 1st of January 2029
Employee	6.80%	7.80%	8.30%	8.80%	9.30%
Employer	6.80%	7.80%	8.30%	8.80%	9.30%
Government	4.30%	4.60%	4.90%	5.20%	5.50%
Total	17.90%	20.20%	21.50%	22.80%	24.10%

Table 2-15:   Social Insurance Contribution rates (Employees additionally covered by an occupational scheme which does not require the payment of contributions from the employee.)

	After 1st April 2009	After 1st January 2014	After 1st of January 2019	After 1st of January 2024	After 1st of January 2029
Employee	3.45%	3.95%	4.20%	4.45%	4.70%
Employer	10.15%	11.65%	12.40%	13.15%	13.90%
Government	4.30%	4.60%	4.90%	5.20%	5.50%
Total	17.90%	20.20%	21.50%	22.80%	24.10%

EUROMOD modelling: *Due to data limitations it is not possible to discern whether an employee is covered by a pension plan from the employer. For this reason, the reduced contribution of 4.2% is applied only to civil servants.*

2.6.2 Employer social contributions

- *Liability to contributions*

Employers are obliged to pay contributions to the Funds (Social Insurance, Annual Holidays with Pay, Redundancy, Human Resource Development and Social Cohesion) for every one of his/her employees whose earnings are at least €1.71 per week[18]. The liability of the employer for paying contributions ceases the day employees reach pensionable age. The employer is not obliged to pay contributions to the Central Holiday Fund if he obtains exemption from the Minister of Labour and Social Insurance. Exemption is granted in cases where the employer provides annual holidays to his employees on more favourable terms than those provided under the Annual Holidays with Pay legislation.

- *Income base used to calculate contributions*

Insurable earnings have a maximum that is revised annually (contributions to Social Cohesion Fund are calculated on total earnings without maxima). Earnings include the basic salary, the cost-of-living allowance, commissions, the 13th and 14th salary or the 53rd/56th week, overtime etc. The gross amount of earnings (i.e., before the deduction of taxes and contributions) is taken into consideration. The amount paid by the employer as contribution to the Central Holiday Fund is considered as part of insurable earnings. Earnings payable to the employee for periods

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[18] For trainees and apprentices, the employer has to pay contributions to the Social Insurance Fund even if the employee has no earnings.

exceeding one week or one month, such as the 13th salary, earnings of the 54th week, commissions etc., are taken into consideration, up to the amount that when added to the earnings of the employee for the period in question, these are not higher than the maximum amount for that period.

- *Contribution rates*

Contributions payable by the employers to the above-mentioned Funds are calculated as a percentage of the earnings of the employee as explained below. Contributions under (a), (b), (c) and (d) are computed on insurable earnings up to the maximum amount specified above, while contributions under (e) are computed on actual earnings without any upper limit. The rates under (c), (d), and (e) apply to trainees with low earnings and are applied to their actual earnings.

(a) Social Insurance Fund

As shown in Table 2-16, as of the 1st of January 2024, the contribution rate for employees changed to 22.8%, of which 8.8% is paid by the employee, 8.8% by the employer and 5.2% from the Consolidated Fund of the Republic. In case an employer implements an occupational pension scheme without payment of contributions by the employees, as shown in Table 2-15, the employer pays 13.15% and the employee 4.45%.

(b) Central Holiday Fund

The rate of contribution to the Central Holiday Fund varies according to the length of annual leave to which the employed person is entitled, as shown in the following Table:

Table 2-16: Rate of contribution to the Central Holiday Fund for employees with a 5-day/6-day working week

Rate of contribution to the Central Holiday Fund for employees with a 5-day working week			
Duration of annual leave (days)	Rate of contribution (%)	Duration of annual leave (days)	Rate of contribution (%)
20	8.0	31	12.5
21	8.5	32-33	13.0
22-23	9.0	34	13.5
24	9.5	35	14.0
25	10.0	36	14.5
26	10.5	37-38	15.0
27-28	11.0	39	15.5
29	11.5	40	16.0
30	12.0		
Rate of contribution to the Central Holiday Fund for employees with a 6-day working week			
Duration of annual leave (days)	Rate of contribution (%)	Duration of annual leave (days)	Rate of contribution (%)
24	8.0	37-38	12.5
25-26	8.5	39	13.0
27	9.0	40-41	13.5
28-29	9.5	42	14.0
30	10.0	43-44	14.5

31-32	10.5	45	15.0
33	11.0	46-47	15.5
34-35	11.5	48	16.0
36	12.0		

The rate of contributions for leave longer than 40 days for 5-days working week and 48 days for 6-days working week are increased accordingly.

The contribution to the Central Holiday Fund is payable wholly by the employer.

(c) Redundancy Fund

The contribution to the Redundancy Fund (rate 1.2%) is payable wholly by the employer.

(d) Human Resource Development Fund

The contribution to the Human Resource Development Fund (rate 0.5%) is payable by the employer.

(e) Social Cohesion Fund

It was introduced on 1.1.2003. The contribution to the Social Cohesion Fund (rate 2%) is payable wholly by the employer.

EUROMOD modelling: *Central Holiday Fund: The same contribution rate (8%) was used for all employers. Data do not provide information on whether an employee is covered by a pension plan from the employer. For this reason, the reduced contribution of 12.4% is applied only to civil servants. Trainees cannot be identified in the dataset; the special rules applying to them are not simulated.*

- ***Random assignment***

The eligibility to pay contribution to the Central Holiday Fund is randomly simulated among the non-civil servants on the basis of the ratios presented in the next table (NB: The 2022 value is also used for 2023 as no information is available for the latter).

Table 2-17:   Number of Employees covered by Central Holiday Fund

	Number of Employees covered by Central Holiday Fund	Employees private and semi-public sector	Ratio
2012	98,845	356,704	0.277
2013	n.a.	n.a.	-
2014	80,187	332,266	0.241
2015	76,829	338,799	0.227
2016	74,462	356,786	0.209
2017	80,556	385,805	0.209
2018	88,437	413,625	0.214
2019	96,676	431,307	0.224
2020	99,251	406,841	0.244
2021	95,854	429,389	0.223

2022	97,945	466,996	0.210
2023	101,202	491,702	0.206

2.6.3 Self-employed social contributions

- *Liability to contributions*

Self-employed are liable to social insurance contributions. Their insured earnings are set on the basis of their profession and workplace.

- *Income base used to calculate contributions*

For each professional category a compulsory minimum amount of insured earnings is set and the self-employed is allowed to pay contributions on a higher amount of insured earnings up to a maximum. If the real income of a self-employed is lower than the minimum corresponding to his/her professional category, then he/she can ask to pay contributions based on his/her real income.

- *Contribution rates*

As of January 2014, the total contribution of self-employed persons is 19.2% of their insured earnings. From this percentage, 14.6% is paid by the self-employed and 4.6% by the state. As of January 2019, the total contribution of self-employed increased to 20.5% of their insured earnings; 15.6% is paid be the self-employed person and the rest 4.9% by the state. As of the 1st of January 2024, the total contribution of self-employed increased to 21.8% of their insured earnings; 16.6% is paid be the self-employed person and the rest 5.2% by the state.

An insured person has the right to pay contributions until the retirement age of 65. However, in cases where an insured person is not eligible for the statutory pension (because of the requirements) the insured person pays contributions until the requirements are satisfied. This cannot exceed the age of 68.

The contribution rate for self-employed will change as follows:

- As of January 2029; 23.7%, of which 18% is paid by the self-employed and 5.7% from the Consolidated Fund of the Republic.
- As of January 2034; 25.4%, of which 19.4% is paid by the self-employed and 6% from the Consolidated Fund of the Republic.
- As of January 2039; 26.7%, of which 20.4% is paid by the self-employed and 6.3% from the Consolidated Fund of the Republic.

The *maximum contribution base* for the self-employed differs by professional category (doctors, managers, teachers, farmers etc.). The following limits are applied:

- €471.03 per week in 2021
- €476.77 per week in 2022,
- €492.82 per week in 2023,

- €516.13 per week in 2024.

EUROMOD modelling: *An average maximum contribution base is applied across professions. This is calculated as the simple average, across occupations, of the minimum compulsory amount of insured earnings.*

2.6.4 Government social contributions

The Social Insurance Scheme is also financed by contributions paid by the State. As mentioned earlier in Section 2.6.1 (see Table 2-14 and Table 2-15) and Section 2.6.3, respectively, in both the cases of employed and self-employed persons the contribution paid by the government was 4,9% from 2019 until 31/12/2023. Since 1/1/2024 this contribution increased to 5.2%. Note also that contributions to the Central Holiday Fund are part of the earnings that are considered for the estimation of government contributions.

2.6.5 Contributions to the General Health System (Γενικό Σύστημα Υγείας)

The GHS is a comprehensive and financially sustainable healthcare system aiming at meeting the expectations of Cypriot citizens for equal access to treatment and provision of high-quality healthcare by using all available resources, in the best possible way. For the implementation of the GHS, a special fund was established for purposes of gathering the relevant contributions, from which all payments to providers of healthcare services will be made. The GHS fund will be administered by the Health Insurance Organisation (HIO). The Health Insurance Organization (OAS) was established in Cyprus according to the General Health system law (N.89 (I)/2001). The participation in the GHS is mandatory for all individuals who are residents and have incomes in Cyprus.

According to the provisions of the General Healthcare System (Amending) Law of 2017, the GHS shall be implemented in two stages.

The first stage of GHS implementation, starting from 1st June 2019, provides outpatient healthcare, i.e. the provision of healthcare services by personal doctors and outpatient specialists, pharmacists and laboratories.

The second and final stage of GHS implementation, beginning from the 1st June 2020, includes all the other remaining healthcare services, i.e., services offered by allied health professionals (clinical dieticians, occupational therapists, speech pathologists, physiotherapists, and clinical psychologists), nurses and midwifes, the accident and emergency departments, ambulance services, dentists, palliative healthcare services and medical rehabilitation services.

The collection of the contributions for the first stage will start on the 1st March 2019 and for the complete implementation of the GHS on the 1st June 2020. The complete implementation was initially scheduled on 1st March 2020, but was delayed for three months due to the events related to COVID-19).

Beneficiaries of the System:

- Every citizen of the republic

- European citizens who work or have the right of permanent residence
- Third-country nationals who have acquired a legal right of permanent residence or the right to equal treatment
- Refugees and people with subsidiary protection status

- *Liability to contributions*

The main GHS source of financing is contributions. Contribution will be paid by those who have income (those who do not contribute i.e. unemployed are also beneficiaries).
The Contributors' Categories are (see table below for more information):
- Employees
- Employers
- Self-employed
- Pensioners (excl. pensioners who only receive the social pension)
- Income-earners (incomes from rent, assets, investments)
- Civil-servants

 On top of these groups, the state is paying additional contributions for specific categories.

- *Income base used to calculate contributions*

Gross incomes.

- *Contribution rates*

The contribution rates for each category of contributors as they have been set by the General Healthcare System (Amending) Law of 2017 are shown in the following Table.

Table 2-18:   Contribution rates to the General Health System

Contributors Categories	First Phase (1/3/2019-31/5/2020)	Full Implementation (from 1/6/2020)	Explanation
Employee	1.70%	2.65%	Earnings
Employer	1.85%	2.90%	Earnings of employees
State	1.65%	4.70%	On earnings, self-employment income, pensions
Self-employed	2.55%	4.00%	Self-employment income
Pensioners	1.70%	2.65%	Pensions
Income earners	1.70%	2.65%	Incomes from various sources
Government Officials	1.70%	2.65%	On their remuneration
Employer of Government Officials	1.85%	2.90%	On the remuneration of the Government Official

Source: Health Insurance Organisation (HIO) and Ministry of Heath

Example: An employee with gross salary €1000 will contribute to GHS an amount equal to €17.00 (€1.000 x 1.7%) and €18.50 by his/her employer (€1000 x 1.85%).

For every natural person, if the total annual amount being received is over €180.000, then contributions will have to be paid only on the amount of €180.000 (using the income source specific contribution rate starting with employment income, followed by self-employment income, pensions and incomes from other sources).

In case the natural person is not a tax resident of Cyprus, he/she will pay contributions only for the income, earnings and pensions that derive from the Republic of Cyprus, excluding dividends and interest.

Furthermore, every natural person has the right to deduct from his/her taxable income the amount that contributes to the GHS (only the amount that is paid by the person himself/herself). The maximum deductible income is set to €180,000 meaning that a maximum of €3,060 can be deducted.

EUROMOD modelling: *The introduction of GHS occurred on 1st March 2019 and the GHS-related SIC rates have been further increased on 1st June. As a general rule, EUROMOD baseline models refer to policy rules on 30th June of the respective year. A FYA (Full Year Adjustments) switch is available to account for the fact that GHS-related SIC increases in 2019 and 2020 are effective only for parts of the year (see section 2.3). The switch is set to off by default.*

2.7 Direct taxes

2.7.1 Tax unit

Personal Income Tax in Cyprus is based on an individual system. Every citizen of the Republic of Cyprus is subject to income tax for incomes from sources inside and outside the country. Persons permanently settled in the Republic can choose to be treated as citizens of the Republic as concerns income taxation. Note also that contributions paid by the employer to the Annual Holiday Fund are part of the tax base.

2.7.2 Exemptions (non-taxable income)

The following types of income are exempt from income tax (as detailed in Law 201(I)/2022 art.8):

- the benefit paid to public employees for service abroad;
- the pensions and benefits paid according to the Suffering Relief Law;
- applies only before 2014
- any amount paid as lump sum, pension, compensation due to death or physical injury;
- income from scholarship or any other educational grant;
- payments to persons arising from tax deductions;
- earnings of foreign officers of any institution that operates in the Republic;
- income of any religious, charitable or educational institution with a public character;
- income of a registered cooperative institution arising from transactions with its members;
- income of a company that operates in order to promote art, science or sports;

- earnings of foreign diplomatic representatives; and
- income from interests and 50% of the income of a company from interests.

EUROMOD modelling: *the tax base is computed as the sum of employment income, income from self-employment, pensions and 80% of rent income.*

2.7.3 Tax allowances

The following amounts are deducted from a person's income:

1. Any amount spent for the repair of premises, machines, plants and transport equipment or for the renewal or repair or transformation of any tool, utensil or other objects used in order to raise income;
2. The annual contributions paid by the employee to the various Funds;
3. Bad debts;
4. Expenditures for scientific research;
5. Expenditures for acquiring a patent or copyright;
6. Charity payments or contributions to educational institutions or payments for other charity purposes;
7. Expenditures for the maintenance of a building for which a maintenance order is issued and for the maintenance of an ancient monument;

An amount equal to 20% is deducted from the income acquired from renting buildings before anything else is deducted from this.

Decreases in the value of assets incurred from normal usage are allowed to be deducted from personal income . An amount equal to the annual amount of the paid premiums and contributions is deducted in order to find the taxable income of any person who has:

1. insured his/her life or the life of the spouse for an amount payable on his/her death;
2. paid contributions to a pension, widow and orphan fund;
3. paid contributions to a pension or provident or any other insurance fund;
4. paid premia or any other contributions to an insurance company for the issuance of a specific insurance contract;
5. paid premia or any other contributions to an insurance company for a pension or the medical plan; and
6. paid contributions to the general health plan;

In the case of a life insurance contract where the insured person will receive a payment of a predetermined amount on his/her death then the amount of the deduction cannot exceed 7% of this amount. The total deduction for contributions and premiums cannot exceed 1/5 of the taxable income. In case of encashment of a life insurance contract within 3 years from the date of the contract then 30% of the premium paid for which a deduction was given is added to the income of the person. This is reduced to 20% if the encashment is made on the 4th or 5th or 6th year of the contract.

EUROMOD modelling: due to data limitations, the only deductions taken into account in the implementations are those of the social insurance contributions, as well as the contributions to individual private pension plans up to an amount that cannot exceed 1/5 of the taxable income. As well as the 20% deduction on property income.

2.7.4 Tax base

The tax base is defined as taxable income minus the various deductions (tax allowances). Taxable income is total income minus the various exemptions.

2.7.5 Tax schedule

Income taxation is progressive, with higher marginal tax rates applying to higher income brackets. The tax rates were stable during 2021-2024.

Table 2-19: **Tax rates and income brackets for 2021-2024 (in EUR)**

Income brackets	Tax rate
0 – 19,500	0%
19,501 – 28,000	20%
28,001 – 36,300	25%
36,301 – 60,000	30%
60,001 – above	35%

2.7.6 Tax credits

Tax credits exist in case of double taxation and are not considered in the simulations within Euromod.

2.8 Other taxes

2.8.1 Special contribution to defence

Special Contribution to defence, as detailed in Law 198(I)/2022, is imposed on income earned by individuals and legal entities based on Cyprus. Non-tax residents are generally exempt. It is charged at the following rates:

1. 17% on income from dividends
2. 30% on income from interest (paid or credited). Interest received by a person from the normal operation of his/her company is not considered as interest. Persons with annual income (including interest) not exceeding €12,000 have the right to refund amounts withheld as contribution for defence on interest income above 3% of this income.
3. 3% on income from corporate bonds (as of 26 June 2019), Cyprus government savings and development bonds, National or local administration bonds or debt securities that

are trading in recognized stock exchanges (as of 8/6/2022) as well as all interest earned by a provident fund.

4. 3% on gross rents reduced by 25%.

Money paid as special contribution for defence is taxable.

EUROMOD modelling: *contributions under point 1 and 3 are not simulated. The contributions of legal entities are out of the scope of the model; therefore, special contributions for defence are partly simulated.*

2.8.2   Contribution of public employees to Government Employees Pension Plan

Starting from 1st October 2011, all broad public sector employees who are covered by the Government Employees Pension Plan (here note that employees hired in the public sectors after 30th September 2011 cannot be subscribed in the scheme) pay 3% of their gross employment income to the Government as a support to the Government Employees Pension Plan. This is described in law 216(I)/2012. Typically, these payments are not considered as contributions to the Government Employees Pension Plan (since the pension benefits from the Government Employees Pension Plan do not depend on the amount of this payment). Finally, if the employee has contributed over 400 monthly social insurance contributions, then he/she is exempted from the contribution. As of 1st January 2023 this contribution is only paid by Civil servants that were hired in a permanent position *before* 1st October 2011, as a new pension scheme for the broad public sector was introduced that applies to employees hired *on or after* 1st October 2011. Details on this in the section that follows.

EUROMOD modelling: *The distinction between public sector employees who started before or after 1st October 2011 is carried out by the imputed variable lcs10. See the Data section for further information on the variable. The exemption of those who contributed above 400 months is simulated by making use of the employment history of the person.*

2.8.3   Provident Fund for government employees

Law 210(I)/2022 defines the provident fund for new government employees (hired after 30th September 2011) as well as the contributions required. The provident fund applies to all broad public sector employees, including local administration employees, hired on or after the 1st of October 2011. The employees pay 5% of their gross employment income to the scheme, with a further 5% paid by the employer (which is not always the central government, but can be semi-government organizations, government agencies, or local administration employers).

The law also makes a provision for retrospective payments for the period between 1/10/2011 and 31/12/2022, to make up for the contributions that were underpaid during this period.

2.8.4 Contributions of public employees to the Widows and Orphans Government Fund

All broad public sector employees pay a contribution to the Widows and Orphans Government Fund. Before 1st October 2011, the contribution was equal to 0.75% of the gross wage. In case that the gross wage exceeded the maximum amount of insurable earnings then a rate of 1.75% was applied to the part of the gross wage which exceeded the maximum amount. A brief example describes how the contribution is calculated: Let the gross wage be €6,000, then the contribution is:

C= 0.75% * 5,005 (this is the maximum amount of insurable earnings in 2023) + 1.75% * (6,000-5,005).

As of the 1st October 2011, the rules were simplified. The contribution increased at 2% of the gross wage without any minima/maxima. Again, if the employee has contributed over 400 monthly social insurance contributions, then he/she is exempt from the contribution.

Note on Euromod Implementation: *This instrument is implemented within the policy tscee_cy and included in the variable tscee_s (employees' social insurance contributions). The exemption of those who contributed for more than 400 months is simulated by making use of the employment history of the person.*

2.8.5 Scaled reduction in emoluments of public and broader public sector pensioners and employees

Starting from Since December 1st, 2012, the government implemented a scaled reduction in the emoluments of public sector employees and pensioners. The reduction is applied on gross wages and pensions. The term 'gross' refers to income before all taxes and contributions. On 30th April 2013, the House of Representatives voted for a modification of the law that changed the reduction rates. After 1st June 2013, the scaled reduction appearing in the third column of the following table substituted the one voted in 2012. From 1st January 2014, emoluments in the public sector (including pensions of the public sector) decreased by another 3 per cent, total reduction appears in the fourth column. From July 2018, the scaled reduction started decreasing, and by the 1st of January of 2023 was abolished.

Table 2-20:   Scaled reductions

Monthly Income brackets	12/2012 - 05/2013	06/2013 - 12/2013	01/2014 - 06/2018	07/2018 - 12/2018	01/2019 - 12/2019	01/2020 - 12/2020	01/2021 - 12/2021	01/2022 - 12/2022
0-1,000	0%	0.8%	3.8%	1.8%	0%	0%	0%	0%
1,001-1,500	6.5%	7.3%	10.3%	8.3%	5.8%	3.3%	0.8%	0%
1,501-2,000	8.5%	9.3%	12.3%	10.3%	7.8%	5.3%	2.8%	0%
2,001-3,000	9.5%	10.5%	13.5%	13.5%	13.5%	11%	8.5%	5%

3,001-4,000	11.5%	13%	16%	16%	16%	13.5%	11%	7.5%
4,001-above	12.5%	14.5%	17.5%	17.5%	17.5%	15%	12.5%	9%

Note on Euromod Implementation: *This instrument is implemented within the policy paycut_cy.*

2.9 Extraordinary measures

2.9.1 Special unemployment benefit scheme for employees (Ειδικό Σχέδιο Πλήρους ή Μερικής Αναστολής των Εργασιών της Επιχείρησης, yemcomp_cy)

● *Definitions*

The policy was aimed at businesses either (i) operating in the hospitality industry, or (ii) carrying out economic activities affected by the hospitality industry, or (iii) operating in other industries affected, which also suspended (part of) their operations due to COVID-19 and (a subset of) their employees were put on temporary leave (furlough). It provided compensation to employees for their foregone employment income in the form of a Special Unemployment Benefit. It also relieved the participating businesses of paying the corresponding social insurance contributions.

A number of variants of this scheme (i.e., sub-schemes) was in place over the 18 financial periods from March 2020 to October 2021. The first set of variants relates to whether the affected businesses (i) belong to the hospitality industry, or (ii) carry out economic activities affected by the hospitality industry, or (iii) operating in other economic sectors. Businesses under variants (i) and (ii) were affected the most in Cyprus and their operations were virtually suspended since the outbreak of Covid-19 pandemic in March 2020. With respect to businesses under variant (iii), there were two sub-schemes which have been in place: (a) one directed towards the businesses that were required by Government Decree to suspend their operations completely, and (b) another for those that suspended their operations only partially.

● *Eligibility conditions*

Different eligibility conditions applied depending on the variant/sub-scheme:

Complete suspension of economic activities:

Any business that was required to suspend all its operations by a Government Decree during all (or some) of the economic periods since the outbreak of the Covid-19 pandemic in March 2020, was eligible to participate. While participating, such firms were obliged not to dismiss any of their employees. This restriction also extended for the period following the end of participation in the scheme, with the same length as the participation period plus one month.

Furthermore, for businesses employing up to nine employees all of them could be covered, while only up to 90% of them for businesses with larger workforce.

Partial suspension of activities:

Any business that suspended its operations partially due to COVID-19 was eligible to participate. "Partial suspension" was defined as a decline in the businesses' turnover of more than 25% compared to the same period of the previous year. While participating such firms were obliged not to dismiss any of their employees. This restriction also extended for the period following the end of participation in the scheme, with the same length as the participation period plus one month.

Furthermore, for businesses employing up to fifty employees only up to 75% of them could be covered; for businesses with larger workforce the relevant threshold was 60%.

- *Income test*

There was no income test.

- *Benefit duration*

For the beneficiaries in each economic period this was equal to the duration of that period.

- *Benefit amount*

For the employees meeting the eligibility conditions that apply for the regular unemployment benefit[19], the Special Unemployment Benefit was also equal to 60% of their insurable earnings (i.e. equal to the regular unemployment benefit). For those not meeting these conditions the calculation of the benefit was based on the most recent past salary for which there was evidence in the register of Social Insurance Services. In any case, the monthly benefit amount could not be less than € 360, and more than € 1214 in each economic period.

- *Social insurance contributions and taxation*

The employers whose employees receive the Special Unemployment benefit have been relieved of their obligation to pay the corresponding contributions to the GSIS. The recipients of the Special Unemployment Benefit are liable to pay personal income tax on the total amount they receive.

EUROMOD modelling: *This policy can only produce results if the model is run in combination with the LMA add-on. The individuals that are selected to undergo transitions to monetary compensation schemes are defined in the TransLMA_cy policy, which is switched on automatically by the add-on. For more information about the modelling of labour market transitions please consult the 'Simulating labour market transitions in EUROMOD' document.*

2.9.2 Special unemployment benefit scheme for self-employed (Ειδικό Σχέδιο Στήριξης Αυτοτελώς Εργαζομένων, ysecomp_cy)

- *Definitions*

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[19] See Section 2.5.1 for details on the regular Unemployment Benefit provided under the GSIS.

This was aimed at specific categories of self-employed workers whose business was substantially affected by COVID-19. It provided for a Special Unemployment Benefit, as well as relieving them of their obligation to pay social insurance contributions.

The scheme was in place over the 18 economic periods from March 2020 to October 2021.

- *Eligibility conditions*

Self-employed workers who suspended their operations completely in accordance with the Decrees of the Minister of Health and the relevant decisions of the Council of Ministers. Also self-employed workers who suspended their work "partially" due to COVID-19, which was defined as experiencing a decline in their turnover of more than 25% compared to the same period of the previous year.

- *Income test*

There was no income test.

- *Benefit duration*

For the beneficiaries in each economic period, this was equal to the duration of that period.

- *Benefit amount*

This was equal to 60% of the weekly amount of the insurable remuneration for which the payee was obliged to pay contributions to the GSIS for the fourth quarter of 2019. In addition, this amount could not be less than € 300, and more than € 900, for a four-week period.

- *Social insurance contributions and taxation*

The beneficiaries were relieved of their obligation to pay the corresponding contributions to the GSIS. The recipients of the Special Unemployment Benefit are liable to pay personal income tax on the total amount they receive.

EUROMOD modelling: *This policy can only produce results if the model is run in combination with the LMA add-on. The individuals that are selected to undergo transitions to monetary compensation schemes are defined in the TransLMA_cy policy, which is switched on automatically by the add-on. For more information about the modelling of labour market transitions please consult the 'Simulating labour market transitions in EUROMOD' document.*

2.10 Consumption taxes

Consumption taxes simulated in EUROMOD can be divided into two groups: VAT (value-added tax) and excises (additional duties paid over consumption, typically on energy, alcoholic beverages, and tobacco).

Simulated consumption tax liabilities paid by households depend on the tax rules (e.g. the VAT rate) and the tax base (consumption expenditures or quantities). This is why, to simulate

consumption taxes in EUROMOD, the input data must contain information on household expenditures. The expenditures matched in the EUROMOD input files based on SILC are reported directly by households in the HBS surveys at purchasing prices. Therefore, they already include the consumption taxes paid.

i) **VAT** (*il_tva* variable in EUROMOD) is the value-added tax. The model also simulates, at a high disaggregation level, the VAT liabilities paid for each consumption category (output variables are tva01111, tva01112, and so on, corresponding to COICOP codes 01111 and 01112, etc.)

ii) **Excises** (*il_tx* variable in EUROMOD) are additional duties paid over consumption. These can be classified in two groups: ad-valorem excises (il_txv) that depend on producer prices, and of specific or ad-quantum excises (il_txa) that depend on consumed quantities.

Since consumption data from HBS refers to expenditures (price times quantity), information on consumption prices is also needed to simulate specific excises.

Note that the structure of these consumption taxes is common across countries, and this is why they are placed in an add-on and not in the policy spine of each country. Further information on methodology and specific calculations can be found in Akoğuz et al. (2020).

2.10.1 VAT (il_tva)

Value Added Tax (VAT) in Cyprus is defined and implemented as described in law 95(I)/2000 as well as subsequent legislation that amends it. VAT is imposed on the supply of all goods and services in Cyprus, on the acquisition of goods from other Member States and on the importation of goods from third countries.

Table 2-21 VAT rates [2021-2024]

Type	2021	2022	2023	2024
Standard	19%	19%	19%	19%
Reduced-1	9%	9%	9%	9%
Reduced-2	5%	5%	5%	5%
Reduced-3	-	-	-	3%
Zero	0%	0%	0%	0%
Exempted	-	-	-	-

Standard rate:

> The standard rate applies to the supply of all goods and services in Cyprus which are not subject to the zero rate, the reduced rates, or are not exempt.

The reduced rate of 9% applies to:
- All restaurant and catering services (including the supply of alcoholic drinks, beer, wine and soft drinks).
- Accommodation in hotels, tourist lodgements and any other similar lodgements including the provision of holiday lodgements.
- Transportation of passengers and their accompanying luggage within the Republic using urban, intercity and rural taxis and tourist and intercity buses.

- Movement of passengers in inland waters and their accompanying luggage.
- Provision of services and supply of goods by nursing homes, which are not exempt transactions.

The reduced rate of 5% applies to:
- The supply of foodstuff.
- The supply of prepared or unprepared foodstuff and/ or beverages (excluding alcoholic drinks, beer, wine and soft drinks) or both, irrespective of whether the goods are delivered from the supplier to the customer or taken away by the customer.
- The supply of pharmaceutical products and vaccines that are used for health care, prevention of illnesses and as treatment for medical or veterinary purposes.
- The supply of live animals used for the preparation of food.
- Entry fees to circuses, festivals, theme parks, museums, etc.
- Entry fees at sports events and fees for using sports centres.
- Hairdressing services.
- Renovation and repair of private households after three years of first residence.
- Supply of catering services from school canteens.
- Acquisition or construction of residence (subject to conditions).

The reduced rate of 3% was introduced on 21st July 2023 and applies to the following supplies:
- Books, newspapers, and periodicals (including those in electronic formats).
- Audiobooks for disabled persons.
- Special lifting appliances, wheelchair-type buggies and other vehicles for disabled persons.
- Certain orthopaedic items and appliances; splints, supports, and other fracture items and devices; certain prosthetic items; and specific devices to facilitate hearing and other medical devices or implants.
- Street cleaning, refuse collection, and waste treatment services, other than the supply of such services by public authorities, local authorities, and bodies governed by public law.
- Disposal and treatment of wastewater and evacuation of septic and industrial tanks.
- Admission to theatrical, musical, or dance performances, or classical works.

The zero rate applies to:
- The exportation of goods.
- Supply, modification, repair, maintenance, chartering and hiring of sea-going vessels, which are used for navigation on the high seas and carrying passengers for reward or for commercial, industrial, or other activities.
- Supply, modification, repair, maintenance, chartering, and hiring of aircraft used by airlines operating for reward, mainly on international routes.
- Supply of services to meet the direct needs of sea-going vessels and aircraft.
- Transportation of passengers from the Republic to a place outside the Republic and vice versa using a seagoing vessel or aircraft.
- Supplies of gold to the Central Bank of the Republic.
- International passenger transportation to the extent it takes place within Cyprus territory.
- Braille typewriters and special electronic typewriters for disabled persons.
- Wheelchair-type buggies and other vehicles intended exclusively for personal use by disabled persons.

Exempt supplies include:
- Rental of immovable property for residential purposes
- Financial services (with certain exceptions).
- Hospital and medical caring services.
- Postal services.
- Insurance services.
- Disposal of immovable property where the application for building permission has been submitted before 1 May 2004.
- Educational services at all levels of education under certain conditions.

2.10.2 Ad-valorem excises (il_txv)

Ad-valorem excises cover only cigarettes.

Table 2-22 Ad-valorem excise rates [2021-2024]

Products	2021	2022	2023	2024
Cigarettes	34%	34%	34%	34%

2.10.3 Specific excises (il_txa)

Specific excises apply to energy products, tobacco, and various alcoholic beverages. In this case, we collect both tax parameters and consumer prices, to allow the model to estimate the implicit quantities behind the reported household consumption expenditure amounts.

Table 2-23 Specific (ad-quantum) excise rates

Products	2021	2022	2023	2024
Ethyl alcohol (Euro per 100 l of pure alcohol)	956.82	956.82	956.82	956.82
Wine (Euro per 100 l)	0	0	0	0
Sparkling wine (Euro per 100 l)	0	0	0	0
Beer (Euro per 100 L per Alcohol of finished product)	6	6	6	6
Cigarettes (Euro per 1000 pieces)	55	55	55	55
Cigars (Euro per kg)	90	90	90	90
Other tobacco (Euro per 1000 pieces)	150	150	150	150
Electricty (Euro per MWh)	5	5	5	0
Natural Gas (Euro per gigajoule)	2.6	2.6	2.6	2.6
Liquefied hydrocarbons (Euro per 1000 kg)	0	0	0	0
Gas Oil (Euro per 1000L)	74.73	21	21	74.73
Coal and Coke (Euro per gigajoule, 1 GJ = 0.0316 ton)	0.31	0.31	0.31	0.31
Petrol-Leaded (Euro per 1000L)	421	421	421	421
Petrol-Unleaded (Euro per 1000L)	429	429	359	429
Gas Oil (Euro per 1000L)	400	330	330	400

Table 2-24 Prices of excise products

Products	2021	2022	2023	2024[n]
Ethyl alcohol (Euro per 1 unit of spirits)	18.946	19.466	20.407	21.111
Wine (Euro per 1 l)	8.820	8.967	9.582	9.690
Sparkling wine (Euro per 1 l)	24.926	25.340	27.078	27.382
Beer (Euro per 1 l of lager)	2.563	2.669	2.812	2.840

Cigarettes (Euro per 1000 units)	218.000	218.000	218.000	224.542
Cigars (Euro per 1000 units)	389.230	396.760	411.590	425.508
Other tobacco (Euro per kg)	228.066	230.909	235.269	238.629
Electricty (Euro per MWh)	213.900	294.400	363.500	372.086
Natural Gas- Heating (Euro per gigajoule)	21.770	26.550	25.400	26.852
Liquefied hydrocarbons (Euro per 1000 kg)	1459.036	1811.460	1775.142	1867.552
Gas Oil- Heating (Euro per 1000 l)	811.884	1283.452	1103.514	1125.488
Coal and Coke - Heating (Euro per gigajoule)	18.540	23.160	25.620	26.608
Petrol-Unleaded (Euro per 1000 l)	1246.147	1536.810	1447.851	1444.078
Gas Oil- Propellant (Euro per 1000 l)	1282.464	1743.016	1546.842	1567.526

n: nowcasted

Consumer prices of goods subject to excise duties are nowcasted, similarly to what the model does to update incomes from SILC. We combine the latest available data from the following sources:

- Prices per product, usually from last year, but for instance, fuel prices have only 15 days delay.
- Inflation: Harmonised Index of Consumer Prices (HICP, Eurostat) at COICOP 5 digits, usually for the first quarter for beta release and up to third quarter 3 for final release.
- Inflation quarter-on-quarter forecasts (DG ECFIN, confidential) by HICP main groups (Unprocessed Food, Processed Food including alcohol and tobacco, Non-Energy industrial goods, Energy, Services - overall index excluding goods) of quarters 2, 3 and 4, as needed for each release.

For more details on the specific source of the price of each good, see Akoğuz et al. (2020).

EUROMOD modelling: *Consumption taxes (tco_cc policy) require extended EUROMOD input data (with imputed income shares of consumption expenditures at the household level) and an add-on to run. The policy is set to off in the baseline. To activate it, the CT_XBASE add-on must be run, and the extended EM input files (see Section 3 for more information on the methodology and features behind these extended input files) should be selected (as defined in the database configuration of each country). The other add-ons (CT_*) are designed for reform simulations and assume different behavioural responses: i) constant quantities (CT_XCQ), ii) constant income shares (CT_XCIS), and iii) constant expenditure shares (CT_XCES). These reform-scenario add-ons require the auxiliary output files are generated by running the first baseline simulation (as either the quantities or expenditures and savings from the baseline are kept constants and enter as inputs in the simulated reform scenarios).*

3. DATA

3.1 General description

The Cyprus EUROMOD 2021-2024 simulations are based on the recently introduced EUROMOD SILC database (EMSD), prepared by Eurostat. The EMSD includes:

- all EU-SILC UDB (User Database) variables
- national SILC data supplied by the National Statistical Institute (NSI)
- EUROMOD variables created and imputed by Eurostat because of restricted data access or knowledge in-house.

Based on the EMSD, the national team derives additional variables requiring a deep understanding of country specificities (for instance, national tax-benefit rules). Therefore, the final EUROMOD input dataset comprises variables Eurostat and the national team created.

Some of the EUROMOD variables produced by Eurostat are created and/or imputed with PDB (Production Database) variables. The reason is that the modalities of the PDB variables are more detailed than those of the UDB. According to the NSI and Eurostat agreement, the national team could use the more detailed information from the PDB to derive some EUROMOD variables or use them as intermediate variables to impute other EUROMOD variables.

At the same time, the same disclosure rules as in the UDB are applied in the final EUROMOD input dataset. However, disclosure rules are not used when imputing variables, so the values might still differ from those that a user would obtain when replicating the imputation based on the UDB data set.

Table 3-1 presents information about the data collection period, the income reference period, the sample size, and the response rate.

Table 3-1: EUROMOD database description

EUROMOD database	CY_2022_b2
Original name	CY_EMSD2_2022
Provider	Eurostat
Year of collection	2022
Period of collection	n/a
Income reference period	2021
Sample size	10,350 IND, 4,128 HH
Response rate	n/a

3.2 Data adjustment

Data adjustments were kept to a minimum. All monetary values in the EU-SILC database are expressed in annual terms, but for the EUROMOD database, they were converted to monthly terms.

3.3   Imputations and assumptions

Table 3-2 shows the variables that were imputed using other EU-SILC aggregated variables. In EU-SILC data, soldier's allowance (bml) is recorded as employee cash or near cash income (variable py010g). We set bml equal to py010g/12 if the individual (a) has never worked as an employee, (b) has spent a positive number of months in compulsory military service, and (c) declares employee (cash or near cash) income. If the individual has spent a positive number of months in compulsory military service and has also worked as an employee, then bml is set equal to the basic monthly soldier's allowance (around 157 euros in 2021) times the months spent in the army divided by 12.

Since the 2016 release, the benefit-related monetary variables in EU-SILC are disaggregated into four categories based on eligibility conditions (means-tested or not, and contributory or not). For example, the variable py111g records the contributory and means-tested survivor's benefits, py112g the contributory and non-means-tested survivor's benefits, py113g the non-contributory and means-tested survivor's benefits, and py114g the non-contributory and non-means tested survivor's benefits. We use these to impute the survivor's benefit to widow (psuwd), the survivor's benefit to orphan (psuor), and other survivor's benefits (psuot) as follows:

- psuwd is set equal to py112g/12 + py113g/12 if (a) py112g and/or py113g is positive, and (b) the marital status (pb190) is widow(er) or the individual is married, but no partner's id (rb240) is recorded in the data.
- psuor is set equal to py112g/12 + py113g/12 if (a) py112g and/or py113g is positive, (b) the individual is not a widow(er), and (c) is aged less than 25.
- psuot is equal to py110g/12 - psuwd - psuot if py110g is positive[20].

The total amount of child and family-related benefits are recorded in the harmonised variable hy050g and disaggregated in variables hy052g, hy053g, and hy054g, as described above. We combine these variables together with the child benefit (bch) and the single parent benefit (bchlp), which are set equal to the NSI-type variables included in the EMSD, to impute the values for the birth grant (bchba), the maternity allowance (bma), and the variable recording all other family-related allowances (bfamh). Specifically, we impute the received family birth grant by multiplying the amount of the birth grant (around 574 euros per month in 2021)[21] with the number of children in the family aged less than 1. If the imputed birth grant is lower or equal to hy052g, we set bchba to be equal to the imputed birth grant. If the imputed birth grant is higher than hy052g, we set bchba equal to hy052g. The maternity allowance is calculated as the difference between hy052g and the birth grant. Finally, we set bfamh equal to hy050g minus bch, bchba, bchlp, and bma.

The total amount of old-age benefits is recorded by the variable py100g, and is further disaggregated in the variables py101g, py102g, py103g and py104g. We use these variables to

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[20] No contributory and means-tested (py111g) survivor benefits exist in Cyprus.

 See policy parameters reported in Section 2.5.5.

impute the values for three old-age related benefits, namely the social pension (poasp), the taxable old-age pension (poatx), and the non-taxable old-age pension (poant). In particular, poasp is set equal to py104g if the amount of py104g is close to the amount of social pension (around 358 euros per month in 2021). For imputing poatx and poant, we compare the net and gross amounts of the variable py100g. The difference between py100g and py100n gives us the tax paid, and by reversing the income tax policy, we calculate the taxable amount. We set poatx equal to this taxable amount, and the difference (py100g-poatx-poasp) equal to poant (poant=py100g-poatx-poasp).

In EU-SILC data, the total amount of unemployment benefits is recorded by the variable py090g and is disaggregated in the variables py091g, py092g, py093g and py094g. We use these to impute the values of the unemployment benefit paid by the Social Insurance Fund (bunct), and the unemployment benefit paid from all other sources (bunot). First, we identify the maximum monthly amount an individual with positive py092g can receive as unemployment benefit based on the current unemployment benefit policy provisions. We compare this maximum unemployment benefit amount with the monthly unemployment benefits reported in the data, i.e., py092g, divided by the reported numbers of months in unemployment but constraining this duration to be up to six months (unemployed can receive unemployment benefits for up to six months). If the maximum monthly unemployment benefit amount is lower than the reported monthly unemployment benefit, we set bunot equal to the difference between the two amounts (multiplied by the duration of unemployment and divided by 12), and bunct equal to the maximum monthly unemployment benefit amount (multiplied with the duration of unemployment and divided by 12). If the maximum monthly unemployment benefit amount is equal to or higher than the reported monthly unemployment benefit, then we set bunot equal to zero and bunct equal to the reported monthly unemployment benefit (multiplied by the duration of unemployment and divided by 12). We also add to bunot the amounts recorded in py093g and py094g, divided by 12. Using the unemployment benefits paid by the Social Insurance Fund (bunct) the monthly wage before unemployment (yempv) is obtained by reversing the unemployment benefit policy.[22]

EU-SILC does not provide information on whether someone works in the public or private sectors. We impute the values of the variable recording if someone is a civil servant (lcs) using their self-defined current economic status (pl031) and occupation (pl051). Specifically, if the individual is an employee (pl031 = 1 or 2) working in public administration and defence, compulsory social security or education, then we assume he/she is a civil servant.

Based on the available information, we also construct a variable indicating whether a civil servant had been hired in the public sector during the previous 12 months (variable lcs10). For this imputation, we use the information about whether someone is a civil servant (lcs=1) and their number of months in employment (liwwh). Thus, if someone is a civil servant with a work history of less than 12 months, we assume that he/she was hired in the public sector in the last 12 months. The indicator variable for military conscripts (young men enlisted in the army) (l01)

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[22] No contributory and means-tested (py091g), or non-contributory and means-tested (py093g) unemployment benefits exist in Cyprus.

is created based on the information provided by individuals about their current economic status (variable pl031) and the months spent in compulsory military service during the income reference period (variable pl088): when pl031=9 and pl088>0 then the individual is in mandatory military service. Finally, variable l02 denotes whether someone is a pensioner from the public sector. Pensioners who are former civil servants usually receive higher pension incomes than other pensioners because they receive pensions from the SIF (Social Insurance Fund) and pensions from the Government Employees Pension Plan. Using this information, we define as former civil servants those who (a) are pensioners (les=4), and (b) their monthly statutory pension is higher than the sum of the minimum full pension from the SIF plus the minimum full pension from the Government Employees Pension Plan.

Table 3-2: List of imputed variables

Variable name	Description
bml	BENEFIT/PENSION: Soldier allowance
psuwd	BENEFIT/PENSION: Survivors: widow
psuor	BENEFIT/PENSION: Survivors: orphan
psuot	BENEFIT/PENSION: Survivors: other
bchba	BENEFIT/PENSION: Maternity: birth grant
bma	BENEFIT/PENSION: Maternity allowance
bfamh	BENEFIT/PENSION: Family: Family related allowances
poasp	BENEFIT/PENSION: Social Pension - Old Age
poatx	BENEFIT/PENSION: Taxable old Age
poant	BENEFIT/PENSION: Non-taxable old Age
bunct	BENEFIT/ SIC: unemployment benefit
bunot	BENEFIT: Other unemployment benefit
yempv	INCOME: monthly wage from previous work
lcs	LABOUR MARKET: Civil Servant
lcs10	LABOUR MARKET: Newly hired (in the last 12 months) Civil servant
l01	LABOUR MARKET: Military
l02	LABOUR MARKET: Pensioner – former civil servant

3.3.1 Time period

The EU-SILC information on demographic variables refers to the time of data collection, while the income reference period is 2021. Accordingly, the same reference period applies to income taxes, social insurance contributions, and taxes on wealth.

3.3.2 Gross incomes

The EU-SILC survey contains information on gross and net monetary income. In the few cases where gross income was impossible to collect, net income was recorded and converted to gross by applying the tax and social insurance contributions rules.

3.3.3   Disaggregation of harmonised variables

As discussed earlier, several harmonised EU-SILC variables were disaggregated into their components. These are:

- Survivor's benefits are recorded in the harmonised variable *py110g* and the disaggregated variables *py112g, py113g* and *py114g*. The information included in these variables is decomposed into three parts: the survivor's benefit to the widow, the survivor's benefit to the orphan, and other survivor's benefits.

- Education-related variables are recorded in the harmonised variable *py140g* and the disaggregated variables *py143g* and *py144g*. The information is decomposed into the student grant and income from scholarships.

- Child and family related variables are recorded in harmonized variable *hy050g* and in disaggregated variables *hy052g, hy052g, hy052g* and *hy054*. We decompose these variables into the child benefit, birth grant, maternity allowance, single parent benefit, and other family-related allowances.

- Old-age benefits are included in harmonized variable *py100g* and in disaggregated variables *py101g, py102g, py103g* and *py104g*. The information is divided into the taxable old-age pension and non-taxable old-age pension.

- Unemployment benefits are included in harmonized variable *py090g* and in disaggregated variables *py091g, py092g, py093g* and *py094g*.   The information is decomposed into two parts: the unemployment benefit from SIF and the unemployment benefits from other sources.

3.4   Uprating

The income variables from the EMSD version record information from 2021 (i.e., the Income Reference Period). When running tax-benefit simulations for a subsequent year using this data, the income information is uprated to consider the changes that have taken place between the Income Reference Period, i.e., 2021 and the simulation year. Uprating indices are generally based on changes in the average value of an income component between the year of the data and the policy year. Annex 1 provides detailed information about each uprating index.

3.5   Extended input data (with household expenditures for the simulation of consumption taxes)

For the simulation of consumption taxes, the model needs to be run with extended EUROMOD input files. They consist of the core EUROMOD input files based on EU-SILC or National SILC, extended with new variables (household-level income shares of expenditures by product) imputed from EU/National-HBS. The semi-parametric method implemented for the imputation follows the methodology developed by Akoğuz et al. (2020).

Table 3-3 summarizes the major features of the most recent database used to be run with the policy systems of 2021-2024.

Table 3-3 Extended EUROMOD database description

Extended EUROMOD database for the simulation of consumption taxes	SILC 2022 – Income year 2021 – Expenditures from HBS 2015
EUROMOD database	CY_2022_b2_2015_03_e2
Year of collection (HBS) and source	HBS 2015 – EU
Year of collection (SILC) and source	SILC 2022 – EU
Coverage and sample size	4,128 households (10,382 individuals)
Share of households with negative incomes excluded from the matching procedure	0%

These extended EUROMOD files contain all the variables in the standard EUROMOD input files plus the income shares of each consumption category included in the HBS. For example, for countries with consumption disaggregation at 4 COICOP level (5 digits), there will be close to 200 additional variables, each one with the income shares of expenditure (household level) for that consumption category (e.g. starting from the income share of rice consumption: xs_01111; bread: xs_01112, and so on and so forth). The number of additional variables depends on the granularity available in HBS, which varies across countries).

For the case of Cyprus, data CY_2022_b2_2015_03_e2, the number of variables included (income shares of expenditures, xs_c*) are 193, corresponding to the harmonized consumption categories defined at COICOP [2003] level 4 (five digits).

This database is an extension of the core EUROMOD input database, and so it is based on the same sample (i.e., same identifiers "idperson" and "idhh" to identify persons and households, respectively) and contains the same variables plus the income shares of expenditure (xs_* variables).

In Table 3-4 we present the share of households' consumption expenditures by product (and total) captured in our matched databases (extended EM input files) with respect to the original reported expenditures in HBS. The column that refers to the same year (in this case, HBS 2015 with Extended EM Input 2015) directly depends on the quality of the imputation procedure, while the comparison across different years is influenced not only by the matching noise but also by the changes in population characteristics and in the underlining distribution of income. Therefore, the coverage displayed in the second column is just informative but is not and should not be used to evaluate nor validate the imputation procedure.

Information on the coverage of these simulated expenditures (coming from the imputation of HBS 2015 to more recent SILC-based data) with respect to the expenditures reported by National Accounts is included in Section 4 of this report, together with the other macro-validation results.

Below, we summarize the main findings from the imputation validation checks for Cyprus.

Table 3-4 Expenditure coverage of Extended EM Input files

COICOP group	HBS 2015 – Extended EM Input 2015	HBS 2015 – Extended EM Input 2022

1	107.1%	107.2%
2	106.1%	109.0%
3	110.1%	113.1%
4	105.1%	110.7%
5	110.5%	114.6%
6	128.0%	144.2%
7	113.2%	114.6%
8	107.6%	110.9%
9	110.3%	112.9%
10	93.1%	84.7%
11	106.5%	115.8%
12	114.9%	121.3%

4. VALIDATION

4.1 Aggregate Validation

In this section, we validate the EUROMOD output data against external benchmarks. Specifically, the number of individuals receiving/earning a given income component or paying a given tax or social insurance contribution is compared to the values of external official statistics. Similarly, the corresponding yearly amount is compared to the relevant external statistics. In both cases, possible explanations are provided for the observed discrepancies wherever possible.

The external statistics are collected from various administrative sources, including the Ministry of Labour and Social Insurance, the Deputy Ministry of Social Welfare, the Statistical Service of Cyprus, the Ministry of Finance, and the Tax Department. It should be stressed from the outset that the scope of macrovalidation is considerably reduced by the limited supply of such data,[23] the timeliness of official data publications and, in some cases, the differences in the statistical definitions between the various data sources. Furthermore, a macrovalidation exercise might also be challenging for the following reasons:

a) Using a sample to calculate totals requires caution. Grossing factors (weights) are necessary to compute a population total using a sample. The basic statistical utility of grossing factors is to alter the proportions of different groups (i.e., to adjust for unequal selection probabilities or non-response). Although, by default, the grossing factors add up to the total population, it might be the case that several sub-groups are under or over-represented. That could cause differences between the simulated and official data, irrespectively of the precision of the microsimulation process[24].

b) Administrative data are collected using accounting procedures that serve the needs of public authorities. This might mean the underlying statistical definitions may not be suitable for macrovalidating a microsimulation model. For example, in Cyprus, statistics of annual public spending on various benefits refer to the total value of payments made for each benefit within a particular year. Yet, many of these payments refer to benefit entitlements of previous years. For example, a family is entitled to a birth grant in 2021, but the amount is credited to the family's bank account in 2022.

Based on the above, the comparison between estimates of EUROMOD totals and administrative data is meaningful insofar as we compare only the order of magnitude between the two figures. To the extent that large differences exist, this indicates that the simulation of the corresponding quantities might not be perfect, and possibly some adjustments are due (for example, the benefit in question is characterised by considerable non-take-up, more detailed data are

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[23] In some cases, EUROMOD variables represent groups of benefits (e.g., housing allowances, pensions, and family-related allowances). Meaningfully macrovalidating these variables requires timely collecting official data from various public services – an endeavour severely constrained by practical limitations.

[24] For example, the sample may understate the number of persons with disabilities. If this is the case, then the number of recipients of disability benefits will be understated, even if the microsimulation procedure is exact.

needed, etc). Bearing these in mind, the model provides relatively good estimates of the simulated instruments despite several discrepancies. Our long-run purpose is to gradually improve the model, exploiting our better understanding of the social protection system and incorporating new advances in microsimulation techniques.

4.1.1   Components of disposable income

Table 4-1 shows the components comprising disposable income in EU-SILC, based on EU-SILC 2022.

Table 4-1: Components of disposable income

	EUROMOD	EU-SILC
	ils_dispy	HY020
Employee cash or near cash income	+	+
Employer's social insurance contribution	0	0
Company car	0	+
Contributions to individual private pension plans	0	0
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	0	0
Unemployment benefits	+	+
Old-age benefits	+	+
Survivor' benefits	+	+
Sickness benefits	+	+
Disability benefits	+	+
Education-related allowances	+	+
Income from the rental of a property or land	+	+
Family/children-related allowances	+	+
Social exclusion not elsewhere classified	+	+
Housing allowances	+	+
Regular inter-household cash transfers received	+	+
Interests, dividends, etc.	+	+
Income received by people aged under 16	+	+
Regular taxes on wealth	-	-
Regular inter-household cash transfers paid	-	-
Tax on income and social contributions	-	-
Repayments/receipts for tax adjustment	+	+

4.1.2   Validation of market income

Tables A3.1 and A3.2 (in Annex 3) report the number of earners/recipients and the corresponding total annual amounts for various types of market incomes used in the model.

As shown in column 2 of each table, neither of these quantities is simulated for any income type and is, therefore, calculated from the data recorded in EU-SILC 2022.

The number of income earners/recipients reported in columns 3-6 ("Baseline values") of Table A3.1 for 2021-2023 is based on the number of earners/recipients of the given income type recorded in EU-SILC 2022, which refers to 2021 (the 'base year'). Specifically, this number is appropriately weighted to refer to the entire population, and the result is assigned to all

simulation years. As shown in columns 11-13 ("Baseline/External ratio"), the number of employment-income earners (i.e., employees) calculated in such a way is relatively close to the external statistics, which are obtained from the Social Security Services. On the other hand, the number of self-employment income recipients is well above the corresponding external statistics, which likely reflects the well-known high incidence of underreporting of self-employment status to the Social Security Services in Cyprus.

The total annual amounts of earned/received income, reported in Table A3.2, are also based on the corresponding quantities recorded in EU-SILC 2022, which refer to 2021. To obtain the 2022-2024 amounts, the (actual) 2021 amounts are adjusted (i.e., uprated) to consider the changes in incomes that occur over time, e.g., due to price inflation, income growth, etc. As a result, although based on the same raw data, the statistics reported in columns 3-6 vary slightly across simulation years. As shown in columns 11-13, the total annual amount of employee income calculated this way is very close to the external statistics. In contrast, the amounts for self-employment income are well above the relevant external statistics. As discussed above, the latter might be due to the underreporting of self-employment status to the Social Security Services. It could also be due to the underreporting of self-employment income by those who duly report their self-employment status to the Social Insurance Services.

4.1.3 Validation of taxes and social insurance contributions

Tables A3.3 and A3.4 report the number of payers and the corresponding total annual amounts of – mainly – simulated taxes and social insurance contributions included in the EUROMOD output data against the values of external statistics.

Table A3.4 shows that the simulated total annual amount of Personal Income Tax moderately exceeds the corresponding external statistics in 2021-2023; the most significant deviation is 33% for 2021.

The total annual amount of the General Social Insurance Contributions by employees and employers and the contribution to the Redundancy Fund, which are based on employee income, are simulated very accurately for the same period; specifically, the discrepancy between the simulated and actual amounts is not larger than 10%. In contrast, the simulated amounts for the contributions paid by the self-employed are about twice as high as the corresponding external statistics for the same years. Similarly, the simulated total annual amounts of the Government contribution, which includes the contribution made (by the Government) to match that of the self-employed, exceed the corresponding external statistics by more than 100%.[25] These results reflect the accuracy of the types of employment incomes they are based on, which was discussed in the previous section.

Finally, the simulated total annual contributions to the Annual Holiday Fund exceed the corresponding external statistics for 2021-2023 by 35% to 67%. On the other hand, the

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NB: These calculations of government contributions do not consider the underreporting of self-employment income to social insurance services that could potentially take place in practice.

corresponding number of employees whose employers contribute to the Annual Holiday Fund, which is reported in Table A.3.3, is very close to the corresponding external statistics.

4.1.4   Validation of benefits

Table A3.5 reports the number of recipients of various simulated and non-simulated benefits in the EUROMOD output data. Table A3.6 shows the corresponding total annual amounts.

Focusing first on the simulated quantities, we note that the number of recipients of the Child Benefit for 2021-2023 is overestimated by 18% to 41%. The corresponding total annual amounts are also slightly overestimated by 5% to 12%.

The numbers of recipients of the Guaranteed Minimum Income for 2021-2023 are also moderately overestimated (close to 35%), whereas the corresponding total annual amounts are underestimated by 38% to 44%. On the other hand, the number of recipients of the Low Pension Benefit for 2021 and 2022 is very close to the external statistic and moderately understated for 2023 (by 15%); the total annual amounts are understated by about 35% to 40%.

The number of recipients and the total annual amount of the Easter Benefit for 2021-2023 are underestimated by about 30% to 50%. In contrast, the number of recipients and the total annual amount of the Single Parent Benefit are overestimated by about 50% and precisely 22%, respectively.

Finally, the number of recipients and the total annual amount of the Birth Grant are underestimated by around 25% for 2021 and 2022. In contrast, they are almost identical to the external statistics for 2023.

Turning next to the non-simulated quantities, we note that the number of recipients of the Old Age Social Pension for 2021-2023 is slightly overestimated, at most by 8%. The corresponding total annual amount is very close to the corresponding external statistics.

Similarly, the number of recipients of the Taxable Old Age Pension and Widow Pension for the same years are relatively close to the corresponding values of the external statistic. In the first case, these are below the external statistic by 3% to 12%, and in the second, by 10% to 15%. However, in both cases, the total annual amounts are overstated, by 34% to 47% in the case of the Taxable Old Age Pension and by 25% to 34% in the case of the Widow Pension.

The number of recipients and the total annual amounts of the Orphan Pension for 2021-2023 are substantially understated by about 45% and 70%, respectively. On the other hand, the number of recipients of the Maternity Benefit is overstated by 63% to 88%. The corresponding total annual amount is also – moderately – overstated for 2021 (by 23%) and very close to the external statistics for 2022 and 2023.

The number of recipients and the corresponding total annual amounts for the Social Insurance Unemployment Benefit is overstated for 2021 (by 46% and 18%, respectively), understated for

2022 (by 27% and 11%, respectively), and very close to the external statistics for 2023 (below by 6% and above by 1%, respectively).[26]

Finally, the number of Sickness Benefit recipients is understated for 2021-2023 by 22% to 45%. In contrast, the corresponding total annual amount is overstated by 17% to 45%.

4.2 Income distribution

All income distribution results, including the income inequality and poverty statistics, are based on the distribution of the equivalised household disposable income. The latter is the weighted sum of all incomes among household members, net of income tax and social insurance contributions. The weights used come from the "modified OECD" equivalence scale. They are equal to 1 for the first adult, 0.5 for each additional household member aged 14 or above, and 0.3 for each additional household member under 14.

4.2.1 Income inequality

EUROMOD estimates on income inequality, as reflected on decile shares and the Gini index reported in Table A3.7, are very close to the EUROSTAT estimates.

4.2.2 Poverty rates

Table A3.8 reports several poverty rates, which are based on the simulated distribution of equivalised household disposable income and are calculated for various specifications of the poverty line.

When the poverty line is set at either 60% or, more so, 70% of the median of the simulated income distribution, the resulting poverty rates for the entire population and those calculated separately for men and women are very close to the corresponding rates reported by EUROSTAT. This result appears stronger for the statistics obtained for the base year (i.e., 2021) when the actual income and expenditure values are used for the simulations.

The corresponding poverty rates obtained for the more restrictive specifications of the poverty line, i.e., when the poverty line is set at 40% or 50% of the median of the simulated income distribution, are lower than the corresponding EUROSTAT rates, specifically by 43 to 56 p.p. for the 40% specification, and 5 to 19 p.p. for the 50% specification. This suggests that the leftmost part of the left tail of the simulated income distribution is substantially thinner than the corresponding part of the income distribution used by EUROSTAT for its calculations of poverty rates.

With very few exceptions, the poverty rates obtained for various age groups, with the poverty line set at 60% of the median of the simulated income distribution, are also very close to the rates reported by EUROSTAT. The most notable exception is the over-65s age group, for which

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[26] NB: These figures are not simulated and are, therefore, based on the input data.

the simulated rates are 39p.p. and 23p.p. higher than the EUROSTAT rates for 2021 and 2022, respectively.

In general, distributional discrepancies (underestimating or overestimating incomes at specific parts of the income distribution) might be because the current model version does not make any adjustments for tax evasion and non-take-up. As regards the issue of tax evasion, according to Pashardes and Polycarpou (2008), the size of the black economy in Cyprus is estimated at around 6.7% to 8.1% of GDP, with income from self-employment being underreported by 44.8%, and capital income by 40.3% (NB: the highest underreporting rate – of 59.9% – was estimated for agricultural income). To our knowledge, no official results regarding the extent of benefit non-take-up in Cyprus are currently available.

4.3   Consumption Taxes

Table A3.9 compares simulated (non-calibrated) expenditure and consumption tax statistics with statistics from external sources.

The comparison of the simulated expenditures to the expenditures from the National accounts for 2021-2024 gives mixed results, which may be classified into three categories:

1. Simulated expenses relatively close to the external statistics (i.e., with less than 20% deviation between them). These include the expenditure on Housing, Water and Fuel (exc. imputed rent), which is overestimated, and on Furniture and Household Equipment, Transport, and Education, which are underestimated.
2. Simulated expenses that are underestimated. These include the expenditure on Recreation and Culture, and Miscellaneous Expenses on Goods and Services, which are underestimated by no more than 50%. Also, the expenditure on Alcoholic Beverages, and Hotels and Restaurants, which are underestimated by more than 50%.
3. Simulated expenses that are overestimated. These include the expenditure on Communications, which is overestimated by no more than 50%, and on Health, which is overestimated by more than 50%.

The simulated revenue from the value-added tax for 2021-2024 is underestimated by 51% to 62%, and the simulated excise revenues are also underestimated by 26% for 2021. These deviations are to be expected, as the external statistics include all taxes, not only the amount households pay.

The simulated revenue for excise taxes on various classifications of alcoholic beverages and tobacco for 2021 is also heavily underestimated, which reflects the earlier comments about the accuracy of the simulated expenditure on these goods.

Table A3.10 compares the calibrated simulated consumption taxes to the same external statistics as those used above, where consumption is calibrated to match the final consumption expenditure of households recorded in the National accounts. In general, the calibrated simulated revenues from consumption taxes fit the external statistics better than the non-calibrated amounts. Notably, the revenue from the value-added tax is now underestimated for 2021-2024 by 40% to 46% as opposed to 51% to 62%. The major reason for under-simulated

consumption taxes is that several groups that pay significant amounts of VAT are not covered in the HBS. Among these groups are the government and third sector, hospitals, business enterprises, and private households that are explicitly not covered by the HBS, such as people in dormitories, jails, or retirement homes.

4.4   Summary of "health warnings"

The model simulates several policy instruments of Cyprus's tax and benefit system. It is a valuable tool enabling the user to estimate the first-round distributional and fiscal effects of potential policy reforms. Nevertheless, to interpret the results meaningfully, the following caveats should be taken into consideration:

- Issues of data comparability

The validation of the model requires comparing the results of microsimulation (e.g., the total number of recipients and total annual spending per benefit) with data external to the model and usually from administrative sources. Due to the lack of data availability and difficulties in systematically collecting administrative data, the process of macrovalidation is imperfect.

- Partly simulated instruments

Several instruments were not fully simulated due to data limitations. For example, the GMI benefit is only partly simulated since it is impossible to gather information about the specific needs of the recipients (which are nevertheless covered by the GMI Law). Another example relates to the eligibility conditions of several contributory benefits, which depend on knowing the contributory record of the potential recipient. Regrettably, such information is not included in the underlying database.

- Imperfect targeting and tax evasion

The model does not account for imperfect non-take-up, income underreporting, and tax evasion. This may cause differences between simulated and actual values. In practice, welfare programmes are subject to Type I and Type II errors. Type I errors arise from "false negatives", meaning the benefit is not attributed to an eligible recipient. On the other hand, Type II errors arise from "false positives"; that is, the benefit is attributed to non-eligible persons. Lastly, the existence of tax evasion may cause biases in distributional statistics.

•   The simulation of special unemployment benefits (yemcomp_cy and ysecomp_cy) is triggered by the simulation of labour market transitions defined in policy TransLMA_cy. This policy becomes operational if the model is run with the LMA add-on. The nature of these simulations is still experimental and only partially validated. Users are encouraged to refer to the "Simulating labour market transitions in EUROMOD" document before use.

•   Labour market transitions are switched OFF in EUROMOD baselines. Consequently, the simulation of monetary compensation schemes does not affect baseline simulations. Since all policies not linked to labour market transitions, or Covid-19 related policies, are fully functional, disposable income in 2020 and 2021 can be higher than in previous years.

• The labour market transition data used in the TransLMA_cy are produced by Eurostat. This is based on detailed distributional information on the loss of jobs and short-term work schemes derived from the Labour Force Survey (EU-LFS) and administrative data. The impact across different categories of individuals, the duration of unemployment/absence, and the percentage of hours worked are modelled using the EU-LFS longitudinal and quarterly transitions as targets. For more information, please consult the methodological note available at https://ec.europa.eu/eurostat/documents/7894008/8256843/Methodological-note-2020.pdf.

5. REFERENCES

Akoğuz, Elif Cansu, Bart Capéau, André Decoster, Liebrecht De Sadeleer, Duygu Güner, Kostas Manios, Alari Paulus, and Toon Vanheukelom. A new indirect tax tool for EUROMOD: final report. Technical Report, https://euromod-web. jrc. ec. europa. eu/sites/default/files/2021-03/A% 20new% 20indirect% 20tax% 20tool% 20for% 20EUROMOD% 20Final% 20Report. pdf, 2020

Pashardes, P. & Polycarpou, A. (2008) "Income Tax Evasion, Inequality and Poverty", Cyprus Economic Policy Review, University of Cyprus, Economics Research Centre, 2(2): 37-49.

5.1 Sources for tax-benefit descriptions/rules

Ministry of Labour and Social Insurance:

http://www.mof.gov.cy/mlsi

Ministry of Finance, Grants and Benefits Service:

http://www.mof.gov.cy/mof/mof.nsf/page24_gr/page24_gr?OpenDocument

Legal acts in English:

http://www.mlsi.gov.cy/mlsi/sws/sws.nsf/dmlindex_en/dmlindex_en?OpenDocument

ANNEX 1. UPRATING FACTORS

Table 0-1: Uprating factor values and sources, 2021-2024

Index	Reference	2021	2022	2023	2024	Source
Harmonised Index of Consumer Prices	$HICP	101.92	110.17	114.5	117.24	EUROSTAT; AMECO 2023 spring forecasts for 2023 values
CPI (2005=100)	$f_CPI	117.77	127.65	132.18	134.31	Republic of Cyprus, Statistical Service, Economy & Finance, Consumer Price Index > CONSUMER PRICE INDEX – TIMESERIES (BASE 1992, 2005, 2015) [https://www.mof.gov.cy/mof/cystat/statistics.nsf/economy_finance_14main_en/economy_finance_14main_en?OpenForm&sub=4&sel=2]
Basic annual child benefit for 1 child	$f_childben	397.14	397.14	431.98	447.79	Ministry of Labour, Welfare and Social Insurance
Average annual amount of the student grant	$f_studgrant	1710	1710	1710	1710	Ministry of Education [http://www.moec.gov.cy/ypiresia_foititikis_merimnas/foititiki_chorigia.html]
Monthly public assistance benefit amount for head	$f_bsa	0	0	0	0	Ministry of Labour and Social Insurance, Department of Social Insurance Services, Statistical data, achived statistical data
Basic amount of a number of benefits	$f_ben	441.5	446.88	465.65	483.77	Ministry of Labour and Social Insurance, Department of Social Insurance Services, Statistical data [http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/page21_gr/page21_gr?OpenDocument]
Basic monthly amount of orphan grant	$f_psuor	294.34	297.92	310.43	322.51	Ministry of Labour and Social Insurance, Department of Social Insurance Services, Statistical data [http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/page21_gr/page21_gr?OpenDocument]
Basic amount of birht grant	$f_bchba	573.96	580.92	600.48	628.92	Ministry of Labour and Social Insurance, Department of Social Insurance Services, Statistical data [http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/page21_gr/page21_gr?OpenDocument]

Basic monthly amount of social pension	$f_poasp	357.62	361.97	377.18	391.85	Ministry of Labour and Social Insurance, Department of Social Insurance Services, Statistical data [http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/page21_gr/page21_gr?OpenDocument]
Average yearly income from employment, previous year	$f_yempv	12.0107	12.5328	12.6651	13.3799	Lagged value of $f_hourly_wage
Basic amount of military grant	$f_bml	157.23	157.23	162.32	162.32	Ministry of Defence (Χορήγημα οπλιτών ΕΦ)
Empl Income civil servants	$f_EmplInc_Publ	18.251	18.9391	20.1309	20.1309	Value of "Average hourly wage, Public administ. and defence (lindi = 9), units of national currency"
Taxable public pensions	$f_poatx_publ	441.5	446.88	465.65	483.77	Ministry of Labour and Social Insurance, Department of Social Insurance Services, Statistical data [http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/page21_gr/page21_gr?OpenDocument]
GDP at market values	$f_GDP	6264	7224.5	7729	8328.3	Republic of Cyprus,Statistical Service, Economy & Finance, National Accounts [https://www.mof.gov.cy/mof/cystat/statistics.nsf/economy_finance_11main_en/economy_finance_11main_en?OpenForm&sub=1&sel=2]
Average pension from SIF	$f_avgpen	10207.3	10474	11046.4	11466.1	Ministry of Labour and Social Insurance, Department of Social Insurance Services, Statistical data [http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/page21_gr/page21_gr?OpenDocument]
Monthly Guaranteed Minimum Income benefit amount for head	$f_bsamm	480	480	480	480	Ministry of Labour and Social Insurance, Department of Social Insurance Services, Statistical data [http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/page21_gr/page21_gr?OpenDocument]
Single parent benefit	$f_bchlp	183.55	188.12	204.62	212.11	Ministry of Labour, Welfare and Social Insurance
Maternity allowance	$f_bma	12.5328	12.6651	13.3799	13.9068	Value of $f_hourly_wage
Average yearly income from employment, lead value	$f_yemdt	12.6651	13.3799	13.9068	13.9068	Lead value of $f_hourly_wage

Average hourly wage, Agriculture and Fishing (lindi = 1), units of national currency	$f_hourly_wage _lindi_1	6.7494	6.8206	7.2056	7.4894	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Mining, Manufact. and Utilities (lindi = 2), units of national currency	$f_hourly_wage _lindi_2	11.6609	11.784	12.4491	12.9393	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Construction (lindi = 3), units of national currency	$f_hourly_wage _lindi_3	10.0554	10.1616	10.7351	11.1578	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Wholesale and retail (lindi = 4), units of national currency	$f_hourly_wage _lindi_4	10.1336	10.2405	10.8185	11.2445	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Hotels and restaurants (lindi = 5), units of national currency	$f_hourly_wage _lindi_5	7.8686	7.9517	8.4005	8.7313	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.

Average hourly wage, Transport and communication (lindi = 6), units of national currency	$f_hourly_wage_lindi_6	15.9685	16.1371	17.0479	17.7192	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Financial intermediation (lindi = 7), units of national currency	$f_hourly_wage_lindi_7	27.9763	28.2716	29.8674	31.0435	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Real estate and business (lindi = 8), units of national currency	$f_hourly_wage_lindi_8	13.1185	13.2569	14.0052	14.5567	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Public administ. and defence (lindi = 9), units of national currency	$f_hourly_wage_lindi_9	18.3399	18.5334	19.5796	20.3505	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Education (lindi = 10), units of national currency	$f_hourly_wage_lindi_10	22.8246	23.0655	24.3674	25.3269	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.

Average hourly wage, Health and social work (lindi = 11), units of national currency	$f_hourly_wage _lindi_11	14.9617	15.1196	15.973	16.602	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, Other (lindi = 12), units of national currency	$f_hourly_wage _lindi_12	5.9415	6.0042	6.3431	6.5929	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.
Average hourly wage, All activity sectors, units of national currency	$f_hourly_wage	12.5328	12.6651	13.3799	13.9068	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2019. The values for 2020-2022 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.

NB: Some of the figures for the latter two years are either provided by the source as "preliminary" or are projected. Also, the "Unadjusted average quarterly earnings" figures for 2020 and 2021 are estimates of the values one would expect to have in the absence of the labour market disruption induced by Covid-19.

ANNEX 2. POLICY EFFECTS IN 2023-2024

Table A2.1 and Figure A2.1 illustrate the *ceteris paribus* impact of the 2024 policies on the mean equivalised household disposable income by income component and income decile group. The effect is quantified as the difference between the simulated household disposable income under the 2024 tax-benefit policies (with all monetary parameters deflated using Eurostat's Harmonized Index of Consumer Prices, HICP)[27] and the simulated household disposable income under the 2023 policies. This difference is then expressed as a percentage of the mean equivalised household disposable income in 2023.

Table A2.1 indicates a negative overall policy effect between 2023 and 2024, amounting to -0.52% (refer to the right-bottom-corner cell). This effect is small and reflects that there were only minimal policy changes between the two years.

Regardless of size, this result is primarily attributed to increased social insurance contributions for employees and the self-employed, increased direct taxes (i.e., personal income tax), and reduced means-tested benefits. As shown in the bottom row, each of these had a negative impact on overall disposable income, which amounted to -0.80%.

These changes are consistent with increases in employment income, possibly in response to the high inflation rate observed over the past two years.[28] Low-to-moderate inflation in 2024 could also have contributed to the increase in direct taxes and the reduction in means-tested benefits (bracket creeping). However, at 2.4%, its impact was likely much less than last year, when the inflation rate was nearly 4%.

In 2024, there was also an overall increase in public pensions, which had a positive impact of 0.26% on disposable income. However, this was insufficient to counterbalance the cumulative negative effect (of -0.80%) of the factors mentioned above.

The overall impact on disposable income *by income (decile) group*, shown in the rightmost column of the same table, is also small and negative, ranging from -0.26% (Decile 2) to -1.06% (Decile 1).

The impact on Decile 1 stands out as an outlier, mainly due to the significant negative impact of reduced means-tested benefits (-1.22%), which aligns with the general increase in employment income and public pensions between 2023 and 2024.

Starting at -0.26% for Decile 2, the overall negative impact increases gradually in absolute terms up to Decile 6, reaching -0.74%. This is primarily driven by an increasing negative impact of employee social insurance contributions and direct taxes, and a decreasing positive impact of public pensions.[29] This trend reverses for the remaining deciles. Starting from Decile 7, the positive impact of public pensions increases, and the negative effects

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[27] Annual average retrieved from Eurostat website, AMECO forecast for 2023 data.

[28] NB: Given the magnitude of the impact, these increases were likely small.

[29] The adult members of households in these deciles are primarily working-age individuals whose employment income is their primary source of income.

from the reduction in means-tested benefits decrease, becoming negligible in Deciles 9 and 10.

There is a notable reduction in the overall impact between Deciles 9 and 10, from -0.61% to -0.30%. This is attributed to a significant increase in the positive impact of public pensions and a reduction in the negative impact of employee social insurance contributions. This suggests that many of the latter group are receivers of public pensions. As a result, Decile 10 experiences the second lowest impact after Decile 2.

Table A2.1: Policy effects in 2023-2024, using the CPI-indexation, %

Decile	Original income	Public pensions	Means-tested benefits	Non-means-tested benefits	Employee SIC	Self-employed SIC	Other SIC	Direct taxes	Disposable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	0.00	0.48	-1.22	0.01	-0.18	-0.13	-0.01	-0.01	-1.06
2	0.00	0.50	-0.38	0.01	-0.23	-0.08	-0.01	-0.06	-0.26
3	0.00	0.29	-0.17	0.01	-0.31	-0.14	-0.01	-0.05	-0.38
4	0.00	0.25	-0.08	-0.01	-0.33	-0.12	-0.01	-0.09	-0.39
5	0.00	0.22	-0.09	0.02	-0.38	-0.11	-0.01	-0.15	-0.50
6	0.00	0.16	-0.23	0.02	-0.43	-0.09	0.00	-0.16	-0.74
7	0.00	0.16	-0.15	0.02	-0.42	-0.12	0.00	-0.20	-0.71
8	0.00	0.18	-0.09	0.02	-0.43	-0.08	0.00	-0.25	-0.66
9	0.00	0.20	-0.01	0.01	-0.46	-0.07	-0.01	-0.27	-0.61
10	0.00	0.34	-0.01	0.06	-0.36	-0.02	-0.01	-0.29	-0.30
Total	**0.00**	**0.26**	**-0.14**	**0.02**	**-0.38**	**-0.08**	**-0.01**	**-0.20**	**-0.52**

Notes: shown as a percentage change in the mean equivalised household disposable income by income component and income decile group. Income decile groups are based on the equivalised household disposable income in 2023, calculated using weights from the modified OECD equivalence scale. Each policy system has been applied to the same input data, deflating monetary parameters of 2024 policies by Eurostat's Harmonized Index of Consumer Prices (HICP).

Figure A2.1: Policy effects in 2023-2024, using the CPI-indexation, %
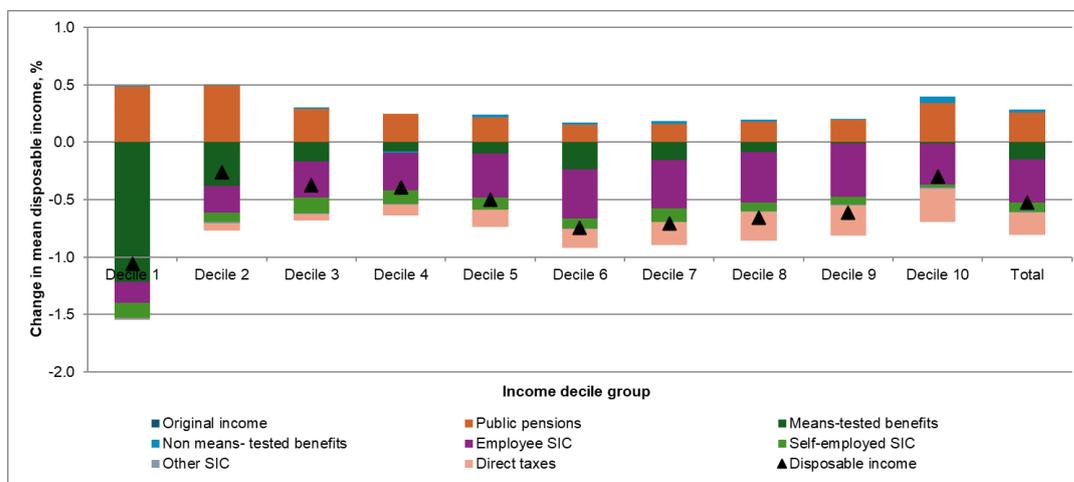
ANNEX 3. VALIDATION TABLES

Table A3.1. Original income in EUROMOD - Number of recipients (thousands)

	Simulated	EUROMOD				External				Ratio			
	(Y / N)	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Earnings (ils_earns)													
employment income (yem)	N	434	434	434	434	484	524	548	NaN	0.90	0.83	0.79	NaN
income from self-employment (yse)	N	81	81	81	81	31	31	31	NaN	2.62	2.59	2.59	NaN
Other original income (ils_origy - ils_earns)													
investment income (yiy)	N	27	27	27	27	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
private pension (ypp)	N	3	3	3	3	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
property income (ypr)	N	44	44	44	44	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
income of children under 16 (yot)	N	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
private transfers received (ypt)	N	61	61	61	61	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
soldier's allowance (bml)	N	9	9	9	9	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
maintenance payments paid (xmp)	N	51	51	51	51	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Continued...

	Source	Comments
Earnings (ils_earns)		
employment income (yem)	MLSWI (SIS)	-
income from self-employment (yse)	MLSWI (SIS)	-
Other original income (ils_origy - ils_earns)		
investment income (yiy)	-	-
private pension (ypp)	-	-
property income (ypr)	-	-
income of children under 16 (yot)	-	-
private transfers received (ypt)	-	-
soldier's allowance (bml)	-	-
maintenance payments paid (xmp)	-	-

Table A3.2. Original income in EUROMOD - Annual amounts (millions)

	Simulated	EUROMOD				External				Ratio			
	(Y / N)	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Earnings (ils_earns)													
employment income (yem)	N	9,971	10,076	10,645	11,064	8,573	9,643	10,841	NaN	1.16	1.04	0.98	NaN
income from self-employment (yse)	N	1,082	1,094	1,155	1,201	358	401	425	NaN	3.02	2.73	2.72	NaN
Other original income (ils_origy - ils_earns)													
investment income (yiy)	N	88	101	108	116	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
private pension (ypp)	N	31	31	33	34	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
property income (ypr)	N	230	249	258	262	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
income of children under 16 (yot)	N	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
private transfers received (ypt)	N	272	275	290	302	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
soldier's allowance (bml)	N	12	12	12	12	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
maintenance payments paid (xmp)	N	225	244	252	256	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Table A3.3. Direct taxes and SIC - Number of payers (thousands)

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Direct taxes (ils_tax)																					
income tax (φόρος εισοδήματος) (tin_s)	Y	216	218	236	245	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution for defence (ειδική εισφορά για την άμυνα) (txc_s)	Y	68	68	68	68	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution of public employees (Ειδική εισφορά) (txcpb_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution from private sector employees (Ειδική εισφορά) (txceeps_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution from private sector self-employed (Ειδική εισφορά) (txcseps_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution on pensions (Ειδική εισφορά) (txcpe_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
contribution to goverment pension plan (tpipb_s)	Y	32	32	32	32	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
property tax (φόρος ακίνητης περιουσίας) (tpr)	N	216	216	216	216	216	216	216	216	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Employee Social Insurance Contributions (ils_sicee)																					
general SIC (ασφαλιστικές εισφορές εργαζομένων) (tscee00_s)	Y	425	425	425	425	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
contributions to widow and pension fund (tsceepi_s)	Y	43	43	43	43	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
SIC general health system (Γενικό Σύστημα Υγείας) (tsceehl_s)	Y	434	434	434	434	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Self-employed Social Insurance Contributions (ils_sicse)																					
General SIC (ασφαλιστικές εισφορές αυτοεργοδοτούμενων) (tscse00_s)	Y	70	70	70	70	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
SIC general health system (Γενικό Σύστημα Υγείας) (tscsehl_s)	Y	81	81	81	81	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Employer Social Insurance Contributions (ils_sicer)																					
General SIC (ασφαλιστικές εισφορές εργοδοτών) (tscer00_s)	Y	425	425	425	425	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
holiday fund (tscerhe_s)	Y	94	89	87	87	0	0	0	0	0.00	0.00	0.00	0.00	95	94	99	NaN	0.98	0.94	0.87	NaN
redundancy fund (tscersv_s)	Y	434	434	434	434	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

	Simulated	EUROMOD				SILC				Ratio				External				Ratio			
	(Y / N)	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
human resource development fund (tscerot_s)	Y	434	434	434	434	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
social cohesion fund (tscerir_s)	Y	434	434	434	434	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution from private sector employers (Ειδική εισφορά) (txcerps_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
SIC general health system (Γενικό Σύστημα Υγείας) (tscerhl_s)	Y	434	434	434	434	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Credited Contributions (ils_sicct)																					
government SICs (tscgv_s)	Y	624	624	624	624	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other Contributions (ils_sicot)																					
SIC general health system by pensioners (Γενικό Σύστημα Υγείας) (tscpehl_s)	Y	170	170	170	170	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
SIC general health system by other income earners (Γενικό Σύστημα Υγείας) (tscothl_s)	Y	68	68	68	68	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Continued...

	Source	Comments
Direct taxes (ils_tax)		
income tax (φόρος εισοδήματος) (tin_s)	MoF	-
special contribution for defence (ειδική εισφορά για την άμυνα) (txc_s)	-	-
special contribution of public employees (Ειδική εισφορά) (txcpb_s)	-	-
special contribution from private sector employees (Ειδική εισφορά) (txceeps_s)	-	-
special contribution from private sector self-employed (Ειδική εισφορά) (txcseps_s)	-	-
special contribution on pensions (Ειδική εισφορά) (txcpe_s)	-	-
contribution to goverment pension plan (tpipb_s)	-	-
property tax (φόρος ακίνητης περιουσίας) (tpr)	-	-

Continued...

	Source	Comments
Employee Social Insurance Contributions (ils_sicee)		
general SIC (ασφαλιστικές εισφορές εργαζομένων) (tscee00_s)	MLWSI (SIS)	-
contributions to widow and pension fund (tsceepi_s)	-	-
SIC general health system (Γενικό Σύστημα Υγείας) (tsceehl_s)	-	-
Self-employed Social Insurance Contributions (ils_sicse)		
General SIC (ασφαλιστικές εισφορές αυτοεργοδοτούμενων) (tscse00_s)	MLSWI (SIS)	-
SIC general health system (Γενικό Σύστημα Υγείας) (tscsehl_s)	-	-
Employer Social Insurance Contributions (ils_sicer)		
General SIC (ασφαλιστικές εισφορές εργοδοτών) (tscer00_s)	MLWSI (SIS)	-
holiday fund (tscerhe_s)	MLSWI (SIS)	-
redundancy fund (tscersv_s)	MLSWI (SIS)	-
human resource development fund (tscerot_s)	-	-
social cohesion fund (tscerir_s)	-	-
special contribution from private sector employers (Ειδική εισφορά) (txcerps_s)	-	-
SIC general health system (Γενικό Σύστημα Υγείας) (tscerhl_s)	-	-
Credited Contributions (ils_sicct)		
government SICs (tscgv_s)	MLSWI (SIS)	-
Other Contributions (ils_sicot)		
SIC general health system by pensioners (Γενικό Σύστημα Υγείας) (tscpehl_s)	-	-
SIC general health system by other income earners (Γενικό Σύστημα Υγείας) (tscothl_s)	-	-

Table A3.4. Direct taxes and SIC - Annual amounts (millions)

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Direct taxes (ils_tax)																					
income tax (φόρος εισοδήματος) (tin_s)	Y	1,030	1,056	1,183	1,273	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	775	840	1,041	NaN	1.33	1.26	1.14	NaN
special contribution for defence (ειδική εισφορά για την άμυνα) (txc_s)	Y	27	31	33	36	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	266	357	358	NaN	0.10	0.09	0.09	NaN
special contribution of public employees (Ειδική εισφορά) (txcpb_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution from private sector employees (Ειδική εισφορά) (txceeps_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution from private sector self-employed (Ειδική εισφορά) (txcseps_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution on pensions (Ειδική εισφορά) (txcpe_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
contribution to goverment pension plan (tpipb_s)	Y	36	36	38	40	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
property tax (φόρος ακίνητης περιουσίας) (tpr)	N	20	20	20	20	20	20	20	20	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Employee Social Insurance Contributions (ils_sicee)																					
general SIC (ασφαλιστικές εισφορές εργαζομένων) (tscee00_s)	Y	710	717	755	833	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	664	743	825	NaN	1.07	0.97	0.92	NaN
contributions to widow and pension fund (tsceepi_s)	Y	27	28	29	30	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
SIC general health system (Γενικό Σύστημα Υγείας) (tsceehl_s)	Y	260	263	277	288	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Self-employed Social Insurance Contributions (ils_sicse)																					
General SIC (ασφαλιστικές εισφορές αυτοεργοδοτούμενων) (tscse00_s)	Y	135	137	144	159	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	60	70	79	NaN	2.25	1.96	1.82	NaN
SIC general health system (Γενικό Σύστημα Υγείας) (tscsehl_s)	Y	43	43	46	47	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Employer Social Insurance Contributions (ils_sicer)																					
General SIC (ασφαλιστικές εισφορές εργοδοτών) (tscer00_s)	Y	813	822	865	954	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	751	830	956	NaN	1.08	0.99	0.90	NaN

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
holiday fund (tscerhe_s)	Y	158	151	157	163	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	94	107	116	NaN	1.67	1.42	1.35	NaN
redundancy fund (tscersv_s)	Y	112	113	119	124	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	102	115	131	NaN	1.10	0.99	0.92	NaN
human resource development fund (tscerot_s)	Y	47	47	50	52	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
social cohesion fund (tscerir_s)	Y	202	204	216	224	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
special contribution from private sector employers (Ειδική εισφορά) (txcerps_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
SIC general health system (Γενικό Σύστημα Υγείας) (tscerhl_s)	Y	285	288	304	315	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Credited Contributions (ils_sicct)																					
government SICs (tscgv_s)	Y	1,049	1,060	1,115	1,193	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	432	487	552	NaN	2.43	2.18	2.02	NaN
Other Contributions (ils_sicot)																					
SIC general health system by pensioners (Γενικό Σύστημα Υγείας) (tscpehl_s)	Y	66	67	70	73	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
SIC general health system by other income earners (Γενικό Σύστημα Υγείας) (tscothl_s)	Y	8	9	10	10	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Table A3.5. Benefits - Number of recipients (thousands)

	Simulated (Y / N)	EUROMOD 2021	EUROMOD 2022	EUROMOD 2023	EUROMOD 2024	SILC 2021	SILC 2022	SILC 2023	SILC 2024	Ratio 2021	Ratio 2022	Ratio 2023	Ratio 2024	External 2021	External 2022	External 2023	External 2024	Ratio 2021	Ratio 2022	Ratio 2023	Ratio 2024
Pensions (ils_pen)																					
old age social pension (κοινωνική σύνταξη) (poasp)	N	17	17	17	17	17	17	17	17	1.00	1.00	1.00	1.00	16	16	17	NaN	1.08	1.07	1.04	NaN
taxable old age pension (σύνταξη γήρατος) (poatx)	N	121	121	121	121	121	121	121	121	1.00	1.00	1.00	1.00	126	132	138	NaN	0.97	0.92	0.88	NaN
non-taxable old age pension (σύνταξη γήρατος) (poant)	N	12	12	12	12	12	12	12	12	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
widow pension (σύνταξη χηρείας) (psuwd)	N	30	30	30	30	30	30	30	30	1.00	1.00	1.00	1.00	33	34	35	NaN	0.90	0.87	0.85	NaN
other survivor pensions (psuot)	N	2	2	2	2	2	2	2	2	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
orphan's pension (επίδομα ορφάνιας) (psuor)	N	1	1	1	1	1	1	1	1	1.00	1.00	1.00	1.00	1	1	1	NaN	0.54	0.56	0.59	NaN
disability pension (σύνταξη αναπηρίας) (pdi)	N	15	15	15	15	15	15	15	15	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Means-tested benefits (ils_benmt)																					
social assistance benefit (δημόσιο) (bsa_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
guaranteed minimum income benefit (ελάχιστο εγγυημένο εισόδημα) (bsamm_s)	Y	29	28	26	25	0	0	0	0	0.00	0.00	0.00	0.00	21	22	20	NaN	1.35	1.31	1.33	NaN
low pension benefit (bsaoa_s)	Y	31	29	25	22	0	0	0	0	0.00	0.00	0.00	0.00	31	30	30	NaN	1.00	0.96	0.85	NaN
Easter Beneft (iΠασχαλινό Επίδομα) (bsals_s)	Y	8	13	10	8	0	0	0	0	0.00	0.00	0.00	0.00	16	19	15	NaN	0.49	0.70	0.68	NaN
child benefit - supplementary part (επίδομα τέκνου) (bch01_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
housing benefits (bho)	N	31	31	31	31	31	31	31	31	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
student grant (φοιτητική χορηγία) (bedet_s)	Y	19	18	18	16	25	25	25	25	0.77	0.75	0.72	0.64	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
single parent child allowance (επίδομα μονογονιού) (bchlp_s)	Y	15	15	15	15	9	9	9	9	1.59	1.59	1.59	1.57	10	10	10	NaN	1.53	1.48	1.51	NaN
child benefit (επίδομα τέκνου) (bch_s)	Y	79	79	75	72	70	70	70	70	1.14	1.13	1.09	1.04	56	67	55	NaN	1.41	1.18	1.37	NaN
Non-means-tested benefits (ils_bennt)																					
unemployment benefit from Social Insurance Fund (ανεργιακό επίδομα) (bunct_s)	Y	0	0	0	0	27	27	27	27	0.00	0.00	0.00	0.00	19	37	29	NaN	0.00	0.00	0.00	NaN

	Simulated	EUROMOD				SILC				Ratio				External				Ratio			
	(Y / N)	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
unemployment benefit from Social Insurance Fund (ανεργιακό επίδομα) (bunct)	N	27	27	27	27	27	27	27	27	1.00	1.00	1.00	1.00	19	37	29	NaN	1.46	0.73	0.94	NaN
other unemployment benefits (bunot)	N	4	4	4	4	4	4	4	4	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
other education-related benefits (bedsl)	N	9	9	9	9	9	9	9	9	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
child benefit - main part (επίδομα τέκνου) (bch00_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
birth grant (Βοήθημα τοκετού) (bchba_s)	Y	7	7	7	7	5	5	5	5	1.40	1.40	1.40	1.40	9	9	7	NaN	0.74	0.74	0.98	NaN
other family benefits (bfaot)	N	23	23	23	23	23	23	23	23	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
maternity benefit (Επίδομα μητρότητας) (bma)	N	12	12	12	12	12	12	12	12	1.00	1.00	1.00	1.00	7	7	6	NaN	1.68	1.63	1.88	NaN
Maternity allowance (PARBEN) (bmact_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	7	7	6	NaN	0.00	0.00	0.00	NaN
Paternity allowance (PARBEN) (bpact_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	3	3	4	NaN	0.00	0.00	0.00	NaN
health related benefits (επίδομα ασθενείας) (bhl)	N	66	66	66	66	66	66	66	66	1.00	1.00	1.00	1.00	84	120	91	NaN	0.78	0.55	0.73	NaN
covid-19 special unemployment scheme (bwkmcee_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
covid-19 special unemployment scheme for self-employed (bwkmcse_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Continued...

	Source	Comments
Pensions (ils_pen)		
old age social pension (κοινωνική σύνταξη) (poasp)	MLSWI (SIS)	N: December figures
taxable old age pension (σύνταξη γήρατος) (poatx)	MLSWI (SIS)	N: December figures
non-taxable old age pension (σύνταξη γήρατος) (poant)	-	-
widow pension (σύνταξη χηρείας) (psuwd)	MLSWI (SIS)	N: December figures
other survivor pensions (psuot)	-	-
orphan's pension (επίδομα ορφάνιας) (psuor)	MLSWI (SIS)	N: December figures
disability pension (σύνταξη αναπηρίας) (pdi)	-	-

Continued...

	Source	Comments
Means-tested benefits (ils_benmt)		
social assistance benefit (δημόσιο) (bsa_s)	-	-
guaranteed minimum income benefit (ελάχιστο εγγυημένο εισόδημα) (bsamm_s)	MLSWI (YDEP)	-
low pension benefit (bsaoa_s)	MLSWI (YDEP)	-
Easter Beneft (iΠασχαλινό Επίδομα) (bsals_s)	MLSWI (YDEP)	-
child benefit - supplementary part (επίδομα τέκνου) (bch01_s)	-	-
housing benefits (bho)	-	-
student grant (φοιτητική χορηγία) (bedet_s)	-	-
single parent child allowance (επίδομα μονογονιού) (bchlp_s)	MLSWI (YDEP)	-
child benefit (επίδομα τέκνου) (bch_s)	MLSWI (YDEP)	-
Non-means-tested benefits (ils_bennt)		
unemployment benefit from Social Insurance Fund (ανεργιακό επίδομα) (bunct_s)	MLSWI (SIS)	-
unemployment benefit from Social Insurance Fund (ανεργιακό επίδομα) (bunct)	MLSWI (SIS)	-
other unemployment benefits (bunot)	-	-
other education-related benefits (bedsl)	-	-
child benefit - main part (επίδομα τέκνου) (bch00_s)	-	-
birth grant (Βοήθημα τοκετού) (bchba_s)	MLSWI (SIS)	-
other family benefits (bfaot)	-	-
maternity benefit (Επίδομα μητρότητας) (bma)	MLSWI (SIS)	-
Maternity allowance (PARBEN) (bmact_s)	MLSWI (SIS)	-
Paternity allowance (PARBEN) (bpact_s)	-	-
health related benefits (επίδομα ασθενείας) (bhl)	MLSWI (SIS)	-
covid-19 special unemployment scheme (bwkmcee_s)	-	-

Continued...

Source	Comments
covid-19 special unemployment scheme for self-employed (bwkmcse_s) -	-

Table A3.6. Benefits - Annual amounts (million)

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Pensions (ils_pen)																					
old age social pension (κοινωνική σύνταξη) (poasp)	N	77	77	81	84	77	77	77	77	1.00	1.01	1.05	1.10	75	79	83	NaN	1.02	0.98	0.97	NaN
taxable old age pension (σύνταξη γήρατος) (poatx)	N	1,848	1,870	1,949	2,024	1,848	1,848	1,848	1,848	1.00	1.01	1.05	1.10	1,258	1,372	1,454	NaN	1.47	1.36	1.34	NaN
non-taxable old age pension (σύνταξη γήρατος) (poant)	N	99	100	104	108	99	99	99	99	1.00	1.01	1.05	1.10	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
widow pension (σύνταξη χηρείας) (psuwd)	N	328	332	346	359	328	328	328	328	1.00	1.01	1.05	1.10	244	265	276	NaN	1.34	1.25	1.25	NaN
other survivor pensions (psuot)	N	12	14	14	14	12	12	12	12	1.00	1.08	1.12	1.14	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
orphan's pension (επίδομα ορφάνιας) (psuor)	N	1	1	1	1	1	1	1	1	1.00	1.01	1.05	1.10	3	3	3	NaN	0.28	0.28	0.31	NaN
disability pension (σύνταξη αναπηρίας) (pdi)	N	138	140	146	151	138	138	138	138	1.00	1.01	1.05	1.10	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Means-tested benefits (ils_benmt)																					
social assistance benefit (δημόσιο) (bsa_s)	Y	NaN	NaN	NaN	NaN	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
guaranteed minimum income benefit (ελάχιστο εγγυημένο εισόδημα) (bsamm_s)	Y	120	118	109	104	0	0	0	0	0.00	0.00	0.00	0.00	208	191	194	NaN	0.58	0.62	0.56	NaN
low pension benefit (bsaoa_s)	Y	58	55	52	45	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	89	87	88	NaN	0.65	0.63	0.59	NaN
Easter Beneft (iΠασχαλινό Επίδομα) (bsals_s)	Y	2	2	2	2	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	3	4	3	NaN	0.49	0.69	0.67	NaN
child benefit - supplementary part (επίδομα τέκνου) (bch01_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
housing benefits (bho)	N	29	31	32	33	29	29	29	29	1.00	1.08	1.12	1.14	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
student grant (φοιτητική χορηγία) (bedet_s)	Y	38	37	35	32	53	53	53	53	0.71	0.69	0.66	0.59	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
single parent child allowance (επίδομα μονογονιού) (bchlp_s)	Y	42	44	47	48	28	28	28	28	1.52	1.55	1.68	1.73	35	36	39	NaN	1.22	1.22	1.22	NaN
child benefit (επίδομα τέκνου) (bch_s)	Y	83	84	87	87	87	87	87	87	0.96	0.98	1.01	1.00	74	81	80	NaN	1.12	1.05	1.10	NaN
Non-means-tested benefits (ils_bennt)																					
unemployment benefit from Social Insurance Fund (ανεργιακό επίδομα) (bunct_s)	Y	0	0	0	0	64	64	64	64	0.00	0.00	0.00	0.00	54	73	68	NaN	0.00	0.00	0.00	NaN
unemployment benefit from Social Insurance Fund (ανεργιακό επίδομα) (bunct)	N	64	65	68	71	64	64	64	64	1.00	1.01	1.07	1.11	54	73	68	NaN	1.18	0.89	1.01	NaN
other unemployment benefits (bunot)	N	97	98	104	108	97	97	97	97	1.00	1.01	1.07	1.11	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
other education-related benefits (bedsl)	N	15	15	15	15	15	15	15	15	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
child benefit - main part (επίδομα τέκνου) (bch00_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
birth grant (Βοήθημα τοκετού) (bchba_s)	Y	4	4	4	4	3	3	3	3	1.38	1.40	1.44	1.44	5	5	4	NaN	0.77	0.76	0.99	NaN
other family benefits (bfaot)	N	26	26	26	26	26	26	26	26	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
maternity benefit (Επίδομα μητρότητας) (bma)	N	34	35	37	38	34	34	34	34	1.00	1.01	1.07	1.11	28	36	37	NaN	1.23	0.98	0.98	NaN
Maternity allowance (PARBEN) (bmact_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	28	36	37	NaN	NaN	NaN	NaN	NaN
Paternity allowance (PARBEN) (bpact_s)	Y	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	2	2	2	NaN	NaN	NaN	NaN	NaN
health related benefits (επίδομα ασθενείας) (bhl)	N	57	57	60	63	57	57	57	57	1.00	1.01	1.07	1.11	49	46	42	NaN	1.17	1.24	1.45	NaN
covid-19 special unemployment scheme (bwkmcee_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
covid-19 special unemployment scheme for self-employed (bwkmcse_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Table A3.7. Distribution of equivalised disposable income

	EUROMOD				External				Ratio			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Decile 1	4.14	4.11	4.06	4.02	3.80	3.80	NaN	NaN	1.09	1.08	NaN	NaN
Decile 2	5.18	5.21	5.18	5.17	5.20	5.20	NaN	NaN	1.00	1.00	NaN	NaN
Decile 3	6.10	6.08	6.13	6.13	6.10	6.10	NaN	NaN	1.00	1.00	NaN	NaN
Decile 4	7.00	7.05	7.08	7.04	7.00	7.10	NaN	NaN	1.00	0.99	NaN	NaN
Decile 5	8.08	8.03	8.09	8.09	8.10	8.00	NaN	NaN	1.00	1.00	NaN	NaN
Decile 6	9.22	9.19	9.16	9.18	9.10	9.10	NaN	NaN	1.01	1.01	NaN	NaN
Decile 7	10.41	10.40	10.44	10.41	10.40	10.30	NaN	NaN	1.00	1.01	NaN	NaN
Decile 8	11.98	12.05	11.95	11.96	11.80	11.70	NaN	NaN	1.02	1.03	NaN	NaN
Decile 9	14.43	14.40	14.44	14.45	14.30	14.00	NaN	NaN	1.01	1.03	NaN	NaN
Decile 10	23.45	23.47	23.49	23.53	24.20	24.80	NaN	NaN	0.97	0.95	NaN	NaN
Median	17,734	17,902	18,803	19,223	17,856	18,873	NaN	NaN	0.99	0.95	NaN	NaN
Mean	20,556	20,763	21,716	22,361	20,742	22,171	NaN	NaN	0.99	0.94	NaN	NaN
Gini	28.65	28.67	28.71	28.78	29.40	29.60	NaN	NaN	0.97	0.97	NaN	NaN
S80/20	4.06	4.06	4.11	4.13	4.28	4.27	NaN	NaN	0.95	0.95	NaN	NaN

Table A3.8. At-risk-of-poverty rates (%) by sex and age

	EUROMOD				External				Ratio			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
40% median HDI by sex												
Total	1.24	1.20	1.38	1.28	2.80	2.20	NaN	NaN	0.44	0.55	NaN	NaN
Males	1.25	1.20	1.36	1.26	2.80	2.10	NaN	NaN	0.45	0.57	NaN	NaN
Females	1.22	1.20	1.41	1.30	2.80	2.40	NaN	NaN	0.44	0.50	NaN	NaN
50% median HDI by sex												
Total	5.51	5.56	5.81	5.87	6.60	6.30	NaN	NaN	0.84	0.88	NaN	NaN
Males	5.41	5.41	5.65	5.74	6.30	5.70	NaN	NaN	0.86	0.95	NaN	NaN
Females	5.61	5.70	5.96	5.99	6.90	6.80	NaN	NaN	0.81	0.84	NaN	NaN
60% median HDI by sex												
Total	15.01	14.82	15.04	14.64	13.90	13.90	NaN	NaN	1.08	1.07	NaN	NaN
Males	13.85	13.70	13.94	13.56	12.60	12.70	NaN	NaN	1.10	1.08	NaN	NaN
Females	16.12	15.88	16.08	15.67	15.10	15.10	NaN	NaN	1.07	1.05	NaN	NaN
70% median HDI by sex												
Total	24.48	24.26	24.51	23.79	24.60	22.60	NaN	NaN	0.99	1.07	NaN	NaN
Males	23.21	22.92	23.20	22.38	23.10	21.00	NaN	NaN	1.00	1.09	NaN	NaN
Females	25.68	25.52	25.76	25.13	26.00	24.20	NaN	NaN	0.99	1.05	NaN	NaN
60% median HDI by age group												
0-15 years	14.26	13.99	14.43	14.06	14.60	14.30	NaN	NaN	0.98	0.98	NaN	NaN
16-24 years	12.97	12.57	12.53	12.13	12.00	10.40	NaN	NaN	1.08	1.21	NaN	NaN
25-49 years	12.08	12.01	12.06	11.74	12.60	12.20	NaN	NaN	0.96	0.98	NaN	NaN
50-64 years	11.02	10.63	10.86	10.72	10.70	10.50	NaN	NaN	1.03	1.01	NaN	NaN
65+ years	28.98	28.97	29.53	28.63	20.80	23.60	NaN	NaN	1.39	1.23	NaN	NaN

Table A3.9. Consumption taxes (non-calibrated) - Annual amounts (millions)

	Simulated	EUROMOD				External				Ratio			
	(Y / N)	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Consumption-tax-related statistics non-calibrated (ils_extstat_ittncal)													
Aggregate expenditures non-calibrated (ils_extstat_ittncal_il_itt_expnc)													
01 Food and non-alcoholic beverages (il_x01)	Y	2,004	2,024	2,113	2,174	2,060	2,318	2,318	2,318	0.97	0.87	0.91	0.94
02 Alcoholic beverages, tobacco, etc. (il_x02)	Y	213	215	225	231	676	720	720	720	0.31	0.30	0.31	0.32
03 Clothing and footwear (il_x03)	Y	787	795	832	856	861	979	979	979	0.91	0.81	0.85	0.87
04 Housing, water and fuel (exc. imputed rent) (il_x04)	Y	1,352	1,365	1,428	1,470	1,003	1,257	1,257	1,257	1.35	1.09	1.14	1.17
05 Furnishings, household equipment, etc. (il_x05)	Y	718	726	759	780	867	951	951	951	0.83	0.76	0.80	0.82
06 Health (il_x06)	Y	906	915	956	984	402	447	447	447	2.25	2.05	2.14	2.20
07 Transport (il_x07)	Y	1,666	1,683	1,760	1,811	1,713	2,221	2,221	2,221	0.97	0.76	0.79	0.82
08 Communications (il_x08)	Y	545	551	576	593	450	481	481	481	1.21	1.15	1.20	1.23
09 Recreation and culture (il_x09)	Y	568	574	601	618	1,065	1,224	1,224	1,224	0.53	0.47	0.49	0.51
10 Education (il_x10)	Y	460	465	486	500	531	558	558	558	0.87	0.83	0.87	0.90
11 Hotels and restaurants (il_x11)	Y	1,237	1,250	1,309	1,347	2,256	3,085	3,085	3,085	0.55	0.41	0.42	0.44
12 Miscellaneous good and services (il_x12)	Y	1,098	1,109	1,160	1,193	1,442	1,663	1,663	1,663	0.76	0.67	0.70	0.72
Revenue from indirect taxes (non calibrated) (ils_extstat_ittncal_il_itt_revnc)													
VAT Total Revenue (il_tva)	Y	1,071	1,082	1,131	1,147	2,182	2,706	2,979	2,979	0.49	0.40	0.38	0.39
Excises Total Revenue (il_tx)	Y	393	313	332	365	528	NaN	NaN	NaN	0.74	NaN	NaN	NaN
Total excises (non calibrated) (ils_extstat_ittncal_il_itt_excnc)													
Revenues Excises 0211 - Spirits (il_tx0211)	Y	4	4	4	4	18	NaN	NaN	NaN	0.21	NaN	NaN	NaN
Revenues Excises 02121 - Still Wine (il_tx02121)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

	Simulated	EUROMOD				External				Ratio			
	(Y / N)	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Revenues Excises 02122 - Sparkling Wine (il_tx02122)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises 0213 - Beer (il_tx0213)	Y	7	7	7	7	13	NaN	NaN	NaN	0.56	NaN	NaN	NaN
Revenues Excises 022 - Tobacco (il_tx022)	Y	91	92	96	98	150	NaN	NaN	NaN	0.61	NaN	NaN	NaN
Revenues Excises 045 - Energy (electricity, natural gas, coal-coke) (il_tx045)	Y	18	10	9	8	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises 0451 - Electricity (il_tx0451)	Y	8	6	5	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises 04521 - Natural Gas (il_tx04521)	Y	3	2	2	2	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises All Energy (il_tx045_072)	Y	291	210	225	257	347	NaN	NaN	NaN	0.84	NaN	NaN	NaN

Table A3.10. Consumption taxes (calibrated) - Annual amounts (millions)

	Simulated (Y / N)	EUROMOD				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Consumption-tax-related statistics calibrated (ils_extstat_ittcal)													
Revenue from indirect taxes (calibrated) (il_itt_revc)													
VAT Total Revenue (il_tva_na)	Y	1,304	1,559	1,620	1,640	2,182	2,706	2,979	2,979	0.60	0.58	0.54	0.55
Excises Total Revenue (il_tx_na)	Y	618	617	647	691	528	NaN	NaN	NaN	1.17	NaN	NaN	NaN
Total excises (calibrated) (il_itt_excc)													
Revenues Excises 0211 - Spirits (il_tx0211_na)	Y	12	12	12	12	18	NaN	NaN	NaN	0.66	NaN	NaN	NaN
Revenues Excises 02121 - Still Wine (il_tx02121_na)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises 02122 - Sparkling Wine (il_tx02122_na)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises 0213 - Beer (il_tx0213_na)	Y	23	23	23	23	13	NaN	NaN	NaN	1.79	NaN	NaN	NaN
Revenues Excises 022 - Tobacco (il_tx022_na)	Y	290	308	320	323	150	NaN	NaN	NaN	1.93	NaN	NaN	NaN
Revenues Excises 045 - Energy (electricity, natural gas, coal-coke) (il_tx045_na)	Y	13	9	8	7	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises 0451 - Electricity (il_tx0451_na)	Y	6	5	5	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises 04521 - Natural Gas (il_tx04521_na)	Y	2	2	2	2	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Revenues Excises All Energy (il_tx045_072_na)	Y	294	274	292	332	347	NaN	NaN	NaN	0.85	NaN	NaN	NaN

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