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Legislation incorporated in this Consolidation	Ordinance	Date in Force
General Health System Contributions Ordinance 2019	05/2019	01/03/2019
General Health System Contributions (Amendment) Ordinance 2020	15/2020	01/06/2020
General Health System Contributions (Amendment) Ordinance 2021	01/2021	01/02/2021

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**GENERAL HEALTH SYSTEM CONTRIBUTIONS
ORDINANCE 2019**

An Ordinance to provide for the payment of General Health System contributions and related matters.

BE it enacted by the Administrator of the Sovereign Base Areas of Akrotiri and Dhekelia as follows:—

Short title

1. This Ordinance may be cited as the General Health System Contributions Ordinance 2019.

Commencement

2. This Ordinance comes into force on 1 March 2019.

Interpretation

3. In this Ordinance—

“corresponding Republican law” means Law number 89(I)/2001(a) (General Health System Law 2001) and includes—

(a) amendments to that Law, whether made before or after the coming into force of this Ordinance, and

(b) public instruments of the Republic made under that Law, whether made before or after the coming into force of this Ordinance;

“the Crown” means Her Majesty in right of Her Government in the United Kingdom and in right of Her Administration in the Areas;

“earnings” has the meaning given in section 3 of the Social Insurance (Facilitation of Republican Social Insurance Scheme) Ordinance 2013(b);

“employed person” has the meaning given in section 2 of the Social Insurance (Facilitation of Republican Social Insurance Scheme) Ordinance 2013;

“Fund” means the Health Insurance Fund established under the corresponding Republican law;

“General Health System contribution” means a contribution payable to the Fund;

“pay period” means, in relation to an employed person whose earnings are paid on a monthly basis, the calendar month, and in relation to any other person, the calendar week;

“self-employed person” has the meaning given in section 2 of the Social Insurance (Facilitation of Republican Social Insurance Scheme) Ordinance 2013.

(a) Republic of Cyprus Gazette No. 3497 of 4 May 2001.

(b) Ordinance 19/2013.

Application to the Crown and authorised service organisations

- 4.—(1) Subject to the provisions of this section, this Ordinance binds the Crown.
- (2) This Ordinance does not apply to—
- (a) a member of Her Majesty’s Forces;
 - (b) a member of the civilian component employed by the Crown or by an authorised service organisation;
 - (c) a person enjoying the rights and facilities of members of Her Majesty’s Forces by virtue of paragraph 3 of section 9 of Part II of Annex B to the Treaty of Establishment;
 - (d) a person in the service or engaged in duties on behalf of any United Kingdom authority duly authorised and identified as such by a United Kingdom authority;
 - (e) a dependent, unless section 6(4) applies.
- (3) Proceedings for a criminal offence may not be brought against—
- (a) the Crown;
 - (b) an employee of the Crown acting in the course of employment of the Crown;
 - (c) a member of Her Majesty’s Forces acting in the course of service of the Crown.
- (4) Administrative penalties imposed under section 12 do not apply to the Crown.
- (5) In this section—
- (a) “civilian component” is to be construed in accordance with paragraph 1(b) of section 1 of Annex C to the Treaty of Establishment, but with the reference to “territory of the Republic of Cyprus” in paragraph 1(a)(i) of that section substituted with “territory of the Areas”;
 - (b) “dependent” is to be construed in accordance with paragraph 1(d) of section 1 of Annex C to the Treaty of Establishment, but with the reference to “territory of the Republic of Cyprus” in paragraph 1(a)(i) of that section substituted with “territory of the Areas”.

Obligation to pay General Health System contributions

5.—(1) A liable person has an obligation to pay General Health System contributions on that person’s earnings or other income for each pay period.

- (2) In this section “liable person” means—
- (a) an employed person;
 - (b) a self-employed person;
 - (c) a person who derives income from sources set out in section 5 of the Income Tax Ordinance 2003(a).

other than a person who resides in areas of the Republic in which the government of the Republic does not exercise effective control and who derives income solely from the source referred to in section 5(2)(c) of that Ordinance. (b)

(3) The amount of contributions to be paid under this section is determined by the rates set out in paragraph 1 of the Schedule.

(a) Ordinance 29/2003, as amended by Ordinances 19/2011, 13/2012, 31/2013, 17/2014 and 1/2018.

(b) Paragraph inserted by Ordinance 01/2021 – came into force on 01 February 2021

(4) The Administrator may by order, made as a public instrument, amend the rates in the Schedule.

Obligation to pay: employers

6.—(1) An employer (E) has an obligation to pay General Health System contributions in respect of earnings of each person in E’s employment for each pay period.

(2) The amount of contributions to be paid under this section is determined by the rates set out in paragraph 2 of the Schedule.

(3) The Administrator may by order, made as a public instrument, amend the rates in the Schedule.

(4) In this section “an employer” includes a dependent who carries on a business in the Areas and employs at least one person in the Areas in the course of that business.

Obligation to pay: maximum income limit

7.—(1) Where a person’s (P’s) aggregate annual income exceeds €180,000, only P’s income of €180,000 is subject to payment of contributions under section 5.

(2) P’s aggregate annual income is calculated in the following order—

- (a) earnings,
- (b) pension from sources set out in section 5 of the Income Tax Ordinance 2003, and
- (c) income from other sources set out in section 5 of the Income Tax Ordinance 2003.

Time limit for retrospective payments

8. —(1) General Health System contributions may not be paid or recovered after the expiration of 6 years from the date on which the contribution was due.

(2) Where the failure to pay the contributions is intentional or dishonest, the time limit specified in subsection (1) is to be read as 12 years.

Voluntary contributions

9. Where an obligation to pay under sections 5 or 6 does not arise, a person may pay a contribution to the Fund as permitted by the corresponding Republican law.

Collection of contributions

10.—(1) An employer must deduct an employed person’s contributions from that person’s pay for each pay period.

(2) An employer must pay its own contributions and contributions deducted under subsection (1) in the same way as the contributions payable by the employer under the Social Insurance (Facilitation of Republican Social Insurance Scheme) Ordinance 2013.

(3) Contributions deducted under subsection (1) and paid by an employer are deemed to be paid by an employed person.

(4) Unless subsection (5) applies, a self-employed person must pay contributions on earnings in the same way as the contributions payable by that person under the Social Insurance (Facilitation of Republican Social Insurance Scheme) Ordinance 2013.

(5) This subsection applies where a self-employed person must pay General Health System contributions on earnings other than insurable earnings as defined by section 2 of the Social Insurance (Facilitation of Republican Social Insurance Scheme) Ordinance 2013.

(6) If subsection (5) applies, a self-employed person must pay contributions in the same way as taxes payable by that person under the Assessment and Collection of Taxes Ordinance 2003(a).

(7) Contributions payable by a person liable by virtue of section 5(2)(c) must be paid in the same way as taxes payable by that person under the Assessment and Collection of Taxes Ordinance 2003.

Persons employed in private households

11.—(1) This section applies to persons employed within the same pay period by 2 or more employers to carry out domestic work in a private household.

(2) Despite section 10, a person (P) to whom this section applies must pay both the employer's and P's contributions in the same way as the contributions payable by P under the Social Insurance (Facilitation of Republican Social Insurance Scheme) Ordinance 2013.

Administrative penalty

12.—(1) The Chief Officer may by notice impose an administrative penalty on a person (P) if satisfied on the balance of probabilities that P breached any provision of this Ordinance.

(2) Before serving the notice under subsection (1), the Chief Officer must give P the opportunity to make representations.

(3) The amount of penalty that may be imposed under this section is €30,000.

(4) The Chief Officer may impose an additional penalty of between €340 and €3,400 for each day or part of a day on which the breach continues after the service on P of the notice under subsection (1).

(5) An administrative penalty imposed under this section may be recovered as a civil debt.

Contents of administrative penalty notice

13. The administrative penalty notice under section 12 must specify—

- (a) the amount of penalty;
- (b) the grounds for imposing the penalty;
- (c) how the penalty may be paid;
- (d) the consequences of non-payment.

Offences

14.—(1) An employer who fails to pay General Health System contributions deducted from an employed person's earnings commits an offence and is liable on conviction to imprisonment for 2 years or a fine of €5,400, or both.

(2) A liable person or an employer who fails to pay General Health System contributions commits an offence and is liable on conviction to imprisonment for 1 year or a fine of €3,400, or both.

(3) In case of a second or subsequent conviction for an offence under subsection (2), the maximum penalty is increased to imprisonment for 2 years or a fine of €5,400, or both.

(4) The court may order a person convicted under subsection (2) to pay the unpaid contributions and an additional amount not exceeding 50% of the contributions owed.

(5) A person who fails to pay the additional amount ordered under subsection (4) commits an offence and is liable on conviction to imprisonment for 1 year or a fine of €3,400, or both.

(a) Ordinance 30/2003, as amended by Ordinances 25/2012, 5/2015 and 4/2018.

(6) In case of a second or subsequent conviction for an offence under subsection (5), the maximum penalty is increased to imprisonment for 2 years or a fine of €5,400, or both.

(7) Any amount the court orders to pay under subsection (4) may be collected as if it were a fine.

(8) A person (P) commits an offence if, for the purpose of obtaining any benefit under the corresponding Republican law, whether for P or another person, P—

(a) makes a statement or representation which P knows to be false, or

(b) produces or knowingly causes or allows to be produced any document or information which P knows to be false as to a material fact.

(9) A person guilty of offence under subsection (8) is liable on conviction to imprisonment for 3 years or a fine of €8,000, or both.

(10) A person, who contravenes or fails to comply with any provision of this Ordinance for which no penalty is expressly provided, is liable on conviction to imprisonment for 2 years or a fine of €5,000, or both.

(11) If an offence committed by a body corporate is committed with the consent of, or is attributable to the negligence of, an officer of that body corporate, the officer also commits an offence and is liable on conviction to the penalty for that offence.

Fines and penalties due to the Fund

15. The Chief Officer is to pay fines, penalties and any other monies recovered under this Ordinance to the Fund.

Power to make regulations

16.—(1) The Administrator may make regulations about any matter connected with the implementation and functioning of this Ordinance.

(2) Regulations made under subsection (1) may include provisions relating to—

(a) payment and collection of contributions;

(b) voluntary contributions;

(c) administrative penalties.

Delegation of functions to the Republic

17. The functions of the Chief Officer under sections 12 (administrative penalty) and 15 (fines and penalties due to the Fund) are general delegated functions for the purpose of the Delegation of Functions to the Republic Ordinance 2007(a).

SCHEDULE

(sections 5(3) and 6(2))

Rates of General Health System contributions

1. The rates of General Health System contributions payable under section 5 are—

(a) Ordinance 17/2007, as amended by Ordinance 8/2012.

Categories	From 1 March 2019	From 1 March 2020 1 June 2020 (a)
Employed person's earnings	1.70% of earnings in a single pay period	2.65% of earnings in a single pay period
Self-employed person's earnings	2.55% of earnings in a single pay period	4.00% of earnings in a single pay period
Other income	1.70% of income in a single pay period	2.65% of income in a single pay period

2. The rates of General Health System contributions payable under section 6 are—

Categories	From 1 March 2019	From 1 March 2020 1 June 2020
Employers	1.85% of earnings of each employed person in a single pay period	2.90% of earnings of each employed person in a single pay period

(a) Both tables amended by Ordinance 15/2020 – came into force on 01 June 2020