

**Ordinance 7 of 2015**

**Published in Gazette No. 1776 of 3 July 2015**

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**CROWN EMPLOYEES (PAY AND ALLOWANCES)  
ORDINANCE 2015**

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CROWN EMPLOYEES (PAY AND ALLOWANCES)  
ORDINANCE 2015

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An Ordinance to reduce the pay and allowances of Crown employees

**M. Wigston**  
**ADMINISTRATOR**

*1 July 2015*

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 Crown Employees (Pay and Allowances) Ordinance 2015.

**Commencement**

2. This Ordinance comes into force on 1 September 2015.

**Interpretation**

3. In this Ordinance—

“13th month’s salary” means a payment to an employee, the amount of which is calculated by reference to—

(a) the employee’s basic pay, cost of living allowance and reckonable allowances payable, as the case may be, for—

(i) the month of December; or

(ii) the calendar month of the employee’s final day of employment; and

(b) the employee’s period of employment in the calendar year in which the payment is made;

“allowances” mean cost of living allowance and other taxable allowances;

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

“employee” means a person—

(a) employed under a contract of employment;

(b) employed under a contract of apprenticeship; or

(c) holding an office, and, for the avoidance of doubt, includes service as a police officer;

“pay” means basic pay and payment for overtime;

“pension scheme” means the Sovereign Base Areas’ Pension Schemes;

“provident fund” means the Sovereign Base Areas’ Provident Fund;

“reckonable allowances” means taxable allowances which under a contractual or administrative arrangement or practice are reckonable for 13th month’s salary;

“reduced total gross monthly pay and allowances” means the total gross monthly pay and allowances after the reduction;

“reduction” means the reduction to total gross monthly pay and allowances specified in section 6 and “reduced” is to be construed accordingly;

“taxable allowance” means an allowance on which tax is chargeable under the Income Tax Ordinance 2003(a);

“total gross monthly pay and allowances” has the meaning given in section 5.

### Application

4. This Ordinance applies to an employee of the Crown who—
- (a) was recruited on the island of Cyprus;
  - (b) is employed to carry out duties solely or mainly on the island of Cyprus; and
  - (c) commenced employment before 1 September 2015.

### Total gross monthly pay and allowances

- 5.—(1) An employee’s total gross monthly pay and allowances is determined as follows.
- (2) The amounts of the employee’s allowances, if any, are determined before the reduction.
  - (3) The rate of overtime payable to an employee is determined before the reduction.
  - (4) The amounts of allowances and payment for overtime are added to the amount of the employee’s basic pay to determine the employee’s total gross monthly pay and allowances.

### Reduction in pay and allowances

6.—(1) In spite of the provisions of any other Ordinance or contractual or administrative arrangements or practice, an employee’s total gross monthly pay and allowances are reduced in accordance with subsection (2).

- (2) The rates at which the amount of the reduction is determined are as follows—

<i>Total gross monthly pay and allowances</i>	<i>Rate of the reduction</i>
Proportion of pay and allowances up to and including €1,500	Nil
Proportion of pay and allowances over €1,500 and up to and including €2,000	12.3%
Proportion of pay and allowances over €2,000 and up to and including €3,000	13.5%
Proportion of pay and allowances over €3,000 and up to and including €4,000	16%
Proportion of pay and allowances over €4,000	17.5%

Example 1: total gross monthly pay and allowances is €1,500—  
there is no reduction

Example 2: total gross monthly pay and allowances is €3,000, the reduction is—  
first €1,500—nil  
next €500—12.3%  
next €1,000—13.5%

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(a) Ordinance 29/2003 as amended by Ordinance 19/2011.

### **13th month's salary: employment from 1 January 2016**

7.—(1) This section applies where an employee is paid 13th month's salary under a contractual or administrative arrangement or practice.

(2) The amount of 13th month's salary payable for any period of employment on or after 1 January 2016 is determined by reference to an employee's basic pay, cost of living allowance and reckonable allowances for the month of December, or the calendar month of the last day of employment ("the relevant month"), as the case may be, after the reduction.

(3) For the purpose of subsection (2), the rate of the reduction is determined as if the employee's basic pay, cost of living allowance and reckonable allowances were the employee's total gross monthly pay and allowances for the month of December, or the relevant month, as the case may be.

### **Paid absence: sick leave, maternity leave etc.**

8.—(1) The amount an employee is paid for authorised paid absence is subject to the contractual or administrative arrangements or practice applicable to the employee, and is determined by reference to the employee's reduced total gross monthly pay and allowances.

(2) Without limiting subsection (1), authorised paid absence includes—

- (a) annual leave;
- (b) sick leave;
- (c) maternity leave; and
- (d) special paid leave.

### **Promotion**

9.—(1) An employee's reduced total gross monthly pay and allowances on promotion are determined as follows.

(2) The employee's basic pay on promotion is determined by reference to the contractual or administrative arrangements or practice applicable to the employee before the reduction.

(3) The employee's total gross monthly pay and allowances are determined in accordance with section 5(2) to 5(4) and then reduced.

### **Social insurance, income tax and extraordinary contribution**

10.—(1) The amount of extraordinary contribution, income tax and social insurance to be paid by an employee, and in the case of social insurance by the employer, is determined by reference to the employee's reduced total gross monthly pay and allowances.

(2) In this section—

- (a) "extraordinary contribution" is the contribution payable under the Extraordinary Contribution Ordinance 2012(a);
- (b) "income tax" is the tax payable under the Income Tax Ordinance 2003;
- (c) "social insurance" is the contribution payable under the Social Insurance (Facilitation of Republican Social Insurance Scheme) Ordinance 2013(b).

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(a) Ordinance 720/12 as amended by Ordinance 21/2013.

(b) Ordinance 9/2013.

## **Other deductions and employer contributions**

**11.**—(1) For the purpose of determining the amount of a deduction which is calculated by reference to an employee's pay or allowances, or both, (the "relevant pay or allowances") the amount of the relevant pay or allowances is the amount after the reduction.

(2) Without limiting subsection (1), the deductions include contributions to the following—

- (a) a pension scheme;
- (b) the provident fund;
- (c) the medical treatment card scheme or the medical fund.

(3) The amount of the employer's contribution to the provident fund is determined by reference to an employee's relevant pay or allowances, after the reduction.

(4) For the purpose of this section, the rate of the reduction is determined as if the employee's relevant pay or allowances were the employee's total gross monthly pay and allowances.

(5) In this section, "medical treatment card scheme" and "medical fund" have the meaning given in section 2(1) of the Medical Contributions (Administration Employees and Pensioners) Ordinance 2014<sup>(a)</sup>.

## **Transitory provision: 13th month's salary payable in 2015**

**12.**—(1) This section applies where an employee is paid 13th month's salary under a contractual or administrative arrangement or practice.

(2) For the purpose of this section, the amount of an employee's 13th month's salary payable in December 2015, or the final day of employment, if that day is before 16 December 2015, is determined as if no reduction had been applied.

## **Transitory provision: pension, provident fund and UK dependent's gratuity**

**13.**—(1) The section applies where both conditions A and B are satisfied.

(2) Condition A is that an employee is—

- (a) a member of a pension scheme;
- (b) a member of the provident fund; or
- (c) entitled on termination of employment to a UK dependent's gratuity.

(3) Condition B is that the employee's employment is terminated on or before 31 August 2016 by reason of—

- (a) retirement on or after reaching retirement age;
- (b) termination on medical grounds;
- (c) in the case of a UK dependent, loss of dependency status; or
- (d) death in service.

(4) The reduction does not apply to the determination of any of the following—

- (a) a pension payable by the Crown;
- (b) a death in service benefit payable by the Crown;
- (c) a terminal benefit payable by the Crown.

(5) In this section—

- (a) "retirement age" means—
  - (i) in the case of a person eligible for a pension or benefit under a pension scheme, the age of compulsory retirement applicable to that person;

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(a) Ordinance 10/2014.

- (ii) in the case of a person eligible for a benefit under the provident fund, the normal retirement age applicable to that person;
  - (iii) in case of an UK dependent, age 64;
- (b) “terminal benefit” means an amount payable to a person on termination of an employee’s employment or on the death of an employee as—
  - (i) a lump sum under a pension scheme or the provident fund; or
  - (ii) a UK dependent’s gratuity;
- (c) “UK dependent” means a dependent, as defined in paragraph 1(d) of section 1 of Annex C to the Treaty of Establishment, as if the reference to the Republic of Cyprus in paragraph 1(a) of section 1 of Annex C was a reference to the Areas, and “dependency status” is to be construed accordingly.

**Amendment to Increments of Pay and Cost of Living Allowance (Crown Employees and Pensioners) Ordinance 2012**

14. In Section 9 (freezing of cost of living allowance) of the Increments of Pay and Cost of Living Allowance (Crown Employees and Pensioners) Ordinance 2012(a) for “amount of the cost of living allowance” substitute “rate at which the amount of the cost of living allowance is determined”.

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(a) Ordinance 9/2012 as amended by Ordinance 20/2013.

## EXPLANATORY NOTE

*(This note is not part of the Ordinance)*

1. This explanatory note relates to the Crown Employees (Pay and Allowances) Ordinance 2015 (the “Ordinance”). It has been prepared by the Office of the Attorney General and Legal Adviser in order to assist the reader of the Ordinance. It does not form part of the Ordinance.
2. This note should be read in conjunction with the Ordinance. It is not, and is not meant to be, a comprehensive description of the Ordinance. So, when a section or part of a section does not seem to require any explanation or comment, none is given.
3. The Ordinance reflects provisions in the Republic’s Law 168(I)/2012, as amended by section 2 of Law 31(I)/2013. It applies to all employees of the Crown (including police officers) who were recruited on the island of Cyprus to carry out duties solely or mainly on the island of Cyprus, and who commenced employment before 1 September 2015 (section 4).
4. Section 5 sets out how an employee’s total gross monthly pay and allowances are determined for the purpose of this Ordinance.
5. Section 6 provides that the total gross monthly pay and allowances of the employees to which the Ordinance applies will be reduced by the percentages specified in the table at subsection (2). Pay and allowances are defined in section 3 as basic pay, cost of living allowance, other taxable allowances and payment for overtime.
6. Sections 7 to 9 set out the rules for determination of total gross monthly pay and allowances, 13th month’s salary, payment for authorised paid absence including annual leave, sick absence and maternity leave, and basic pay and allowances on promotion.
7. Sections 10 and 11 set out the rules for the determination of deductions for extraordinary contribution, income tax, social insurance and other deductions.
8. Section 12 is a transitory provision. The amount of 13th month’s salary payable in 2015 is determined as if no reduction had been applied.
9. Section 13 is another transitory provision and has effect until 31 August 2016. Where a person’s employment terminates by reason of retirement on or after retirement age, on medical grounds, loss of dependency status or due to death in service, the reduction will not apply to the determination of pension or terminal benefits. Retirement age is defined in subsection (5). For members of the Sovereign Base Areas’ Pension Schemes it is the age of compulsory retirement, which is age 63 for most employees, but lower for police officers. For members of the Sovereign Base Areas’ Provident Fund it is normal retirement age, which for most employees is age 64. It is also age 64 for persons employed as UK dependents.
10. Section 14 makes a minor consequential amendment to the Increments of Pay and Cost of Living Allowance (Crown Employees and Pensioners) Ordinance 2012.

SBA/AG/2/EM/620

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Published by the Sovereign Base Areas Administration  
The Sovereign Base Areas Gazette may be viewed on the official Sovereign Base Areas Administration  
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