



OVERVIEW

On 20th August 2020, the Cyprus Government published in the Official Government Gazette an amendment to the Assessment and Collection of Taxes Law that comprises a number of amendments to the mechanisms for implementing the direct tax laws.

The new amendments are summarized as follows, the most important being the Commissioner's ability to link obligations of indirect to direct taxes:

SUMMARY OF KEY AMENDMENTS

1. Article 5 – Tax returns

- With effect from the fiscal year 2020 all individuals must file a tax return irrespective of the level of their chargeable income unless exempt by regulations to be published in the future.
- The Tax Commissioner may request a capital statement of a taxpayer's worldwide assets and liabilities to cover the last 6 years. *The previous requirement was to cover 5 years and it was compulsory for all; in practice it had never been implemented.*

2. Article 5A – Obligation for registration with the Tax Register

- Under Articles 5 and 5A - Taxpayers registered with the Cyprus Tax Department must inform the Department of any changes in their data within 60 days from the date of change.
- The 60-day limit also applies to companies incorporated under the Cyprus Companies law but being tax resident outside of Cyprus.

3. Article 5B Revised tax returns

- Revised returns may be submitted within 3 years from their due date and the additional tax deriving therefrom must be paid within 30 days from the revised submission date.
- A revised return may be submitted only on account of a deduction not claimed, an error or by virtue of another tax law. Grandfathering provisions for older years expire on 20/2/2021.

4. Article 6 – Employer returns

The employer PAYE tax returns must now be submitted by the last day of February following the tax year and must also disclose the benefit calculated under article 5(1)(ζ) or 5(2)(ζ) of the Cyprus Income Tax law- this is the benefit of 9% deemed interest on shareholder and director debit balances.

5. Article 30 – Books and records

- The Tax Commissioner can inspect a person's books and records without any prior notice.
- The Tax Commissioner may exempt a person from keeping books and records and prepare audited financial statements and supplement that with other evidence.

6. Article 30A and 50 ΣΤ – Credit and debit cards

- Businesses when dealing with consumers must accept payment by credit or debit card.
- Failure to do so could result in an administrative fine of a maximum of €2000 unless the person can prove that such a system could not be approved by the card companies. Such fines are being implemented as from 20/2/2021.

7. Article 35 – Refund of taxes

Refunding of direct taxes will only occur where the person has submitted all its due VAT tax returns.

HOW WE CAN HELP

If you are a business affected by the above mentioned amendments please contact us to arrange a meeting.

Our expert tax team is at your disposal to discuss your needs and to provide advice on the most appropriate tax structure for your business.

KEY CONTACTS

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