

Corporate Tax - Cyprus

Assessment and Collection of Taxes Law

Law 163(I)/2012, makes a number of amendments to the Assessment and Collection of Taxes Law. The amendments, which came into force on January 1 2013, are summarized below.

1. Provisional income tax

Companies and individuals must submit their provisional income tax return for the tax year in progress and pay the first instalment of provisional tax on or before July 31. (Before the amendment, the due date was August 1).

Provisional tax is now payable in two equal instalments, no later than July 31 and December 31.

Penalties for non submission or late submission

In accordance with article 50A(e) of the Assessment and Collection of Taxes Law, as amended, "Persons who pay their tax after the dates stipulated in the law, are subject to a 5% fine.

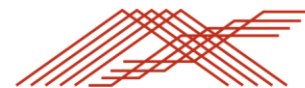
Effects of low estimation of chargeable income and of overpayment

Section 26 of the Assessment and Collection of Taxes Law stipulates:

- (a) the imposition of a surcharge amounting to one - tenth of the difference between the tax as finally determined and the temporary tax assessed where the temporary chargeable income assessed is less than three - fourths of the chargeable income as finally determined.
- (b) The refund of any overpayment of temporary tax together with interest, computed in accordance with the applicable public interest rate, per annum based on the completed months from the 1st January of the year following the assessment year for which the provisional tax is concerned.

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Revised computation

Revised computations can only be submitted at the Inland Revenue Collection Offices by the 31st December of the tax year. If a revised computation is submitted, the amount of tax must be divided into equal instalments and interest is chargeable on the difference of each instalment from their respective due date.

2. Employers' returns

Employers must submit their annual return of employees' pay and deductions in the preceding tax year (Form IR 7) online. The deadline for submission has been extended from April 30 to July 31.

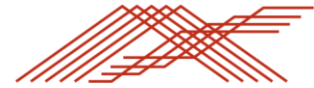
3. Retention of books and records (Amendment in Articles 5(4), 5(5) and 30(2) of the Law 163(I)2012)

Any documentation that supports either directly or indirectly information declared on tax returns submitted, which, however, has not been submitted or is not required to be submitted to the Inland Revenue Department along with the tax returns, should be kept for a period of 6 years (instead of 7 years) from the end of the tax year to which this documentation relates to.

All the relevant books and records should be kept for a period of 6 years (instead of 7 years as it was before 1/1/2013) from the end of the tax year to which they relate to.

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Law 197(I)2012, makes the following amendments to the Assessment and Collection of Taxes Law.

1. Tax returns of non-Cypriot tax resident companies

Companies incorporated in Cyprus but not considered to be tax resident of Cyprus are now obliged to submit yearly to the Income Tax Office a tax return.

2. Amendment to Article 6(9) – exchange of information

As from December 2012, the law allows the exchange of information with both foreign jurisdictions with which DTTs exist and also with foreign jurisdictions with which there are agreements for the exchange of tax information.

The Income Tax Office has the right to opt not to disclose to the foreign tax authority which had requested information, if it is considered that such disclosure could compromise the ongoing examination.

Due date for the submission of the Income Tax Return of a legal person (company)

The due date is at 31 of December, following the tax year to which the Income Tax Return relates. An extension of 3 months is given when the return is submitted electronically via the TAXISnet system.

July 2013