



Cyprus Business Process Solutions and Business Tax news

Amendments to certain obligations of companies and individuals

We would like to inform you that during June 2022, the House of Representatives voted into law important amendments in order to ease certain obligations of Cyprus companies and individuals. Below we provide a summary of these amendments.

Introduction of limited assurance review

On 9 June 2022, the House of Representatives approved amendments to the Companies Law and to the Assessment and Collection of taxes law ("the laws"). The purpose of the amendments is to simplify the procedure of auditing the Financial Statements of small and medium-sized enterprises ("SMEs").

Enterprises that satisfy the thresholds mentioned below will be allowed to submit their Financial Statements to a limited assurance review as opposed to a full audit, by a statutory auditor or audit firm as per the Auditors Law of 2017. The amendments were considered necessary for reducing the administrative burden and unnecessary costs on SMEs and audit firms alike.

The laws apply to the following persons:

- Companies whose net turnover and total balance sheet does not exceed €200.000 and €500.000 respectively, for at least two consecutive years. The amendment enters into force on 1 January 2023 and its provisions apply to the Financial Statements of companies ending on 31 December 2022 or any other later date.
- Individuals whose turnover and any other income from sources defined in articles [5\(1\)\(c\)](#), [5\(1\)\(f\)](#) and [5\(1\)\(g\) of the Income Tax law](#) exceed €70.000 but do not exceed €200.000, and whose total balance sheet does not exceed €500.000, for at least two consecutive years.

- For individuals whose turnover is less than €70.000 there is no obligation to prepare Financial Statements. For individuals whose turnover and total balance sheet exceed the above limits, they are still required to have their Financial Statements **subjected to a full audit**.

The above amendments do not apply to parent companies that are required to prepare consolidated Financial Statements and companies which are regulated and supervised by the Central Bank of Cyprus, the Cyprus Securities and Exchange Commission and the Commissioner of Insurance, as well as companies which acquire or hold a qualifying participation in such companies.

Reduction to the financial penalty for late submission of annual returns (Form HE32) relating to 2021 and 2022

On 9 June 2022, the Cyprus Companies Law was amended to reduce the maximum amount of the total financial penalty for late submission of annual returns relating to the years 2021 and 2022 from five hundred euros (€500) to one hundred and fifty euros (€150) for the period between 9 June 2022 and 31 December 2024.

The amendment stipulates that the Registrar of Companies and Intellectual Property shall refund the monetary difference to companies that have already paid a financial penalty exceeding one hundred and fifty euros (€150).

Extension to the deadline for the payment of the 2022 annual company levy

On 30 June 2022, the deadline for the payment of the 2022 annual company levy was extended from 30 June 2022 to 31 December 2022.

Should the annual company levy be paid after 31 December 2022, the standard penalties will apply.

It should be noted that non-payment of the annual company levy may result in the deregistration of a company from the Register of the Cyprus Registrar of Companies and Intellectual Property.

How can we help?

We are at your disposal to provide clarifications to any of the above.

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