



Cyprus Tax News

Amendments to the Assessment and Collection of Taxes Law

On 20 August 2020, a law amending the [Assessment and Collection of Taxes Law](#) was published in the [Gazette](#). The amending law introduces provisions which among others aim to improve tax compliance and offer additional powers to the Commissioner of Taxation with regards to tax collection.

Following its publication, on 28 August, the Tax Department issued a clarifying Circular ([Circular 46](#)) with regards to the practical application of the law. Nevertheless, certain details are still pending and will be communicated to taxpayers in the form of Decrees.

Below we provide a summary of the main provisions of the amending law:

Obligation to submit personal income tax returns from 2020 onwards

From tax year 2020 onwards, all* individuals with gross income that falls under the provisions of [Article 5 of the Income Tax Law](#) are obliged to submit a personal income tax return. Such income includes, amongst others, dividends and interest.

Up until tax year 2019, individuals with gross income not exceeding €19.500 (tax-free threshold) were not obliged to submit a personal income tax return, unless they received a notice/request for submission.

*From 2020, individuals with gross income not exceeding €19.500 will need to meet certain conditions in order to be exempt from the obligation to submit a personal income tax return. The Council of Ministers will communicate such conditions through a Decree.

Deadlines for the submission of income tax returns and the payment of income tax for tax years 2020 onwards

The deadlines for the submission of income tax returns and the payment of income tax for tax years 2020 onwards are shown in the table below:

Taxpayer	Tax return	Submission deadline for tax return	Payment of tax
Individuals who don't have an obligation to prepare audited FS	TD1	31 July of the year following the relevant tax year	31 July of the year following the relevant tax year
Companies and individuals with an obligation to prepare audited FS	TD1 (self-employed) / TD4	15 months from the end of the relevant tax year	1 August of the year following the relevant tax year

Submission of revised income tax returns

Taxpayers can submit a revised tax return within 3 years from the submission deadline of the relevant tax return and only if the revision arises:

- as a result of claiming a relief, deduction or tax credit; or
- as a result of correcting an error; or
- for the purposes of being consistent with the provisions of the tax laws.

Irrespective of the above, a revised tax return cannot be submitted during a tax examination or a tax audit of the relevant tax return.

A taxpayer must settle any tax liability arising from the revision, within 30 days from the submission of the revised return.

Revised tax returns for which the submission deadline for a revised return has already passed, will need to be submitted the latest by **20 February 2021** (i.e. within 6 months from the date of entry into force of the amending law).

Change of taxpayer's data

Taxpayers must notify the Tax Department of any changes to the information they have submitted upon tax registration, within 60 days from the date of change.

Employer's returns

The deadline for the electronic submission of the Employer's return (TD7) is amended from the 31st of July of the year following the relevant tax year, to the **31st of May of the year following the relevant tax year**.

In addition, it is clarified that the **deemed benefit** arising on a financing arrangement provided by a company to an individual shareholder/director and his related individuals is considered as "remuneration" and should be included in the Employer's return.

Obligations of Cyprus incorporated but non-Cyprus tax resident companies

A Cyprus incorporated company that is not a tax resident of Cyprus, must inform the Tax Department of its intended activities in Cyprus within 60 days from its incorporation date.

In addition, such companies have an obligation to submit an annual tax return, 15 months following the end of the tax year.

Powers of the Commissioner of Taxation

The Commissioner of Taxation has the power to request the submission of:

- tax returns and any supporting documentation as well as
- a detailed statement of assets and liabilities (capital statement) of a taxpayer, his/her spouse and of any dependants, covering a period not exceeding 6 years. The period under review can be extended to 12 years in case of fraud or wilful default.

Tax inspections

The Commissioner of Taxation has the authority to enter and inspect business premises at a reasonable time, without providing a notice to the relevant person.

Accepting payments through credit cards

Certain businesses that will be determined in a Decree to be issued by the Council of Ministers, will not be allowed to refuse payment by credit card. In order to meet this requirement, they would need to have the appropriate equipment, made available from licenced credit card payment providers. From **21 February 2021**, in case of non-compliance, an administrative fine of up to €2.000 will be imposed.

No refund in case of non-compliance with VAT obligations

The refund of any tax will be suspended in cases where the taxpayer has not submitted any VAT return due by the end of the tax year in which the examination for the refund began, until the taxpayer complies with this obligation.

How can we help?

We are at your disposal to discuss the above developments with you.



Get in touch

Nicosia Offices

infonicosia@deloitte.com

tel: +357 22 360300

Limassol Offices

infolimassol@deloitte.com

tel: +357 25 868686



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2020 Deloitte Limited

To no longer receive emails about this topic please send a return email to the sender with the word “Unsubscribe” in the subject line.