



## Cyprus Tax News

### Reminder of the upcoming submission deadlines for CbC Reporting obligations

We would like to remind you that **31<sup>st</sup> December 2018** is the submission deadline for the following Country-by-Country (“CbC”) Reporting obligations in Cyprus:

- Submission of CbC Reports for the 2017 Reporting Fiscal Year (in respect of MNE groups which have a year end of 31 December 2017).
- Submission of CbC Notifications for the 2018 Reporting Fiscal Year (in respect of MNE groups which have a year end of 31 December 2018).

Furthermore, the Cyprus Tax Department (“CTD”) has [announced on 19th September 2018](#), that any revised notifications that need to be filed for 2017 must be submitted by the end of December 2018 in order for no penalties to be imposed.

#### **What is the CbC Reporting requirement for the 2017 Reporting Fiscal Year?**

CbC Reporting applies to large multinational enterprise (“MNE”) groups with annual consolidated group revenue of €750 million or more in the preceding fiscal year.

MNE groups exceeding the above threshold are required to file a CbC Report that will provide a breakdown of the amount of revenue, profits, taxes and other indicators of economic activities for each tax jurisdiction in which the MNE group does business.

The obligation to file a CbC report on behalf of the MNE group generally lies with the Ultimate Parent Entity (“UPE”) of the MNE group, unless a Surrogate Parent Entity (“SPE”) has been appointed by the group where appropriate. The CbC report must be filed with the CTD if the UPE or SPE is resident in Cyprus.

Furthermore, where an MNE Group has a Cypriot Constituent Entity ("CE"), which is not the UPE or SPE, such CE may under certain circumstances still be required to file a CbC Report in Cyprus under the secondary filing mechanism. This should be considered on a case by case basis, as it will depend on a number of factors. These factors include the jurisdiction in which the UPE is resident, and whether a CbC exchange relationship, between Cyprus and the jurisdiction where the CbC Report will be filed on behalf of the group (by the UPE or any SPE), has been activated by the deadline for filing the CbC Report.

It is of relevance to note, in connection with the above, that the CTD has announced on 19<sup>th</sup> September 2018 that no CbC exchange information agreement is expected to be signed, between Cyprus and the US prior to 31<sup>st</sup> December 2018.

CbC reports in Cyprus are due 12 months following the end of the relevant fiscal year of the MNE group (i.e. assuming a 31 December year-end for an MNE group, the 2017 Fiscal Year CbC Report is due by 31<sup>st</sup> December 2018).

### **What is the notification requirement for the 2018 Reporting Fiscal Year?**

According to the Administrative Cooperation in the field of Taxation Law, each CE of an MNE Group has an obligation to file a CbC notification in Cyprus.

The notification requirement exists irrespective of the jurisdiction of residency of the UPE of the MNE Group or the jurisdiction(s) where a CbC report will be filed.

The CbC Reporting notifications in Cyprus are due on the last day of the reporting fiscal year (i.e. assuming a 31 December year-end for an MNE group, the 2018 Fiscal Year CbC Reporting notification is due by the 31<sup>st</sup> December 2018).

In cases where a notification has been filed in Cyprus by a CE of an MNE Group, based on a preliminary assessment which is no longer valid due to a continued absence of an activated exchange mechanism between Cyprus and the relevant jurisdiction (e.g. the US), such notification should be revised by the end of December 2018 in order not to incur any penalties for 2017.

### **What is the mechanism to submit the CbC report and notifications?**

CbC reports and notifications are filed through the [Ariadni Government portal](#). Each CE that makes a filing needs to be registered with this portal for CbC purposes.

### **What are the penalties for non-compliance?**

A penalty of up to **€10.000** and **€5.000**, in respect of each CbC Report and notification respectively, may be imposed on a Cypriot CE for late filing. Under certain circumstances each penalty may increase up to **€20.000**.

Taxpayers falling within scope of the above rules are advised to act promptly in order to ensure that they meet their CbC Reporting obligations on time.

We are at your disposal to assist you with the above.



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