



## Cyprus Tax News

# Decree under the Law Regulating the Settlement of Overdue taxes

On 23 July 2021 and following the [amending law Regulating the Settlement of Overdue taxes](#) published on 29 April 2021, a [Decree](#) was published in the Official Gazette, providing details of the process and the years to which the scheme will apply, as well as the reliefs to be provided.

### When should the application to enter the scheme be submitted?

The deadline for the submission of applications for relief from interest and penalties is **29 April 2022** (within 12 months from the date of entry into force of the amending law). The applications are submitted via the [Ariadne Government Portal](#).

### Which overdue taxes does the scheme cover?

- (a) Taxes due for the years 2016 to 2019, which at the date of the application have been assessed by the Tax Department and appear as payable, irrespective of the way in which they were settled either by agreement with the Tax Department or pursuant to a court order.
- (b) Amounts which become payable as a result of the submission of a self-assessment in respect of tax years up to and including 2019 where the tax returns for the relevant tax year have already been submitted, but no tax payment was made.

The deadline for the submission of tax returns for years up to 2015 was 30 November 2020 and for years 2016 – 2019 is 31 December 2021.

- (c) Persons who are eligible for the settlement scheme for overdue taxes referred to in paragraphs (a) and (b) above include:
  - Businesses and self-employed individuals subject to VAT, and

- Businesses and self-employed individuals who are exempt from the obligation to register for VAT (e.g. Approved Private Tutoring Schools, Music Schools and Dance Schools)

that have experienced a decrease in their annual turnover by at least 25% in 2020 compared to 2019, due to business disruption caused by COVID-19.

### **Instalments and waving of interest and additional charges**

Relief of interest and penalties will be given on the overdue taxes depending on the number of instalments with a maximum of 60. These are shown in the table below:

<b>Number of instalments</b>	<b>% Relief</b>
1 (Full settlement)	95%
2 - 8	90%
9 - 15	85%
16 - 21	80%
22 - 28	75%
29 - 35	70%
36 - 42	65%
43 - 49	60%
50 - 56	55%
57 - 60	50%

For overdue taxes which are regulated under the provisions of this law, no additional charges will accrue, which arise from the relevant tax laws.

### **Payment of the instalments**

The payment of instalments is made via online banking, using a unique reference number (URN) obtained from Ariadne Portal, or as the case may be, to the Tax Department.

### **Termination of a regulated settlement scheme**

A settlement scheme is terminated in cases where the taxpayer:

- fails to file tax returns and VAT returns that are due, during the settlement scheme, or
- fails to settle a liability that relates to a period after 31 December 2015, or
- delays to pay cumulatively any 5 instalments.

### **Other provisions**

- A taxpayer not satisfied with the Commissioner's decision has the right to object, giving reasons for the objection and accompanying it with the necessary supporting documents. The Commissioner must respond within 30 days from the receipt of the objection.
- Where the taxpayer is under criminal prosecution and submits an application for the settlement scheme which is approved, the Commissioner informs the Attorney General accordingly in order to suspend the prosecution, if deemed necessary.

### **How can we help?**

We are at your disposal to provide clarifications for the above developments.

**Get in touch**



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