



Cyprus Tax News

Records and supporting documentation that should be kept by employers in relation to Benefits in Kind

Tax Treatment of the Benefits in Kind (BIK)

Further to our previous tax alert dated 11 December 2018, (issue [16/2018](#)), we would like to inform you that the Tax Department has issued Interpretative Circular 32, which clarifies the forms and supporting documentation that should be kept by the employers for each tax year and be available to be provided to the Tax Department in case requested or in case of an examination.

Form T.D.286 F – Benefits in Kind-Details for the individuals receiving BIK

Form T.D.286 F should be prepared by the employer for each individual who receives BIK.

The forms should include the details of each individual who receives BIK in the particular tax year as well as details and relevant supporting documentation for each Benefit in Kind that is provided.

The Form comprises of the following 3 categories:

- Category 1: Cars
- Category 2: Assets and Accommodation
- Category 3: Other Benefits in Kind

Value of the car

For second hand cars or cars acquired before 2018, the value of which is difficult to be determined then, the value of the car can be determined based on information from the Customs and Excise Department in case the car was purchased from abroad or based on a valuation from a registered car valuer.

The Circular clarifies that in cases where the value of the car is difficult or impossible to be determined, **only** then the value of the car should be determined by the Commissioner of Taxation.

Form T.D. 286 A – Benefits in Kind- Form for reduced rate (20%) on the value of the private use of the car for travelling between two locations only

The value of the private use of the car can be reduced to 20% in cases where the car is used mainly or exclusively for travelling between two locations. In this form, the employer should present all the saloon cars of the company relating to the reduced rate, along with the corresponding recipients of the Benefit in Kind.

The employers can claim the reduced rate of 20%, following an application to the relevant Tax Department for review and approval by the Commissioner of Taxation.

How can we help?

We are at your disposal to perform a diagnostic review of the benefits in kind offered by your company and assist with the preparation and the maintenance of the relevant forms and supporting documentation required in order to comply with the provisions of the Informative Leaflet and Interpretative Circular 32 issued by the Tax Department.

 **Get in touch**

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