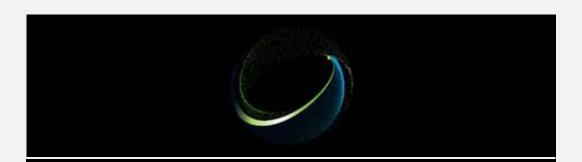
Deloitte.



Cyprus | Tax & Legal Services | 31 January 2022



T&L D-briefs series January 2022

Stay on top of tax and legal (T&L) issues that impact your business through our bi-monthly T&L D-briefs.

In this issue, we:

- cover the latest international tax developments around the "un-shell initiative", global minimum tax, and transfer pricing;
- share the latest circulars and announcements issued by the Cyprus Tax Authorities;
- discuss "Why Cyprus" and analyse the key benefits on offer to attract new business to the island;
- offer a legal update on VCICs; and
- analyse the tax treatment of rental income for Cyprus tax residents.

T&L D-briefs January 2022 Issue 3

Our Tax Services

Our Tax publications & Tax Alerts

Direct Tax

International Tax developments

EU aims to attack the misuse of shell companies

Late last year, the EU Commission published the **draft** text for a new EU Directive, aiming to attack the misuse of shell companies.

Watch our partner <u>Michael Michaelides</u>, briefly explain the main provisions of the "un-shell initiative".



Read a **detailed analysis** of the provisions of the draft directive in our recent Tax Alert, **here**.

Global Minimum Tax developments

On 20 December 2021, the OECD published the Model Rules for the domestic implementation of Pillar Two. The rules define the scope and set out the mechanism that will ensure Multinational Enterprises (MNEs) will be subject to a minimum 15% tax rate as of 2023.

A few days later, the European Commission published a Proposal for a council directive on ensuring a global minimum level of taxation for multinational groups in the EU. The draft directive is based on the global minimum tax model rules published by the OECD and will implement in the EU.

Transfer Pricing

On 20 January 2022, the OECD released the <u>2022</u> edition of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

The Guidelines provide guidance on the application of the "arm's length principle", which represents the international consensus on the valuation of crossborder transactions between associated enterprises, for income tax purposes.

Local tax developments

Latest material issued by the **Cyprus Tax Department**

- <u>Circular 57 Treatment of financial statements</u> accounts with closing date other than 31 <u>December</u>
- FAQs with respect to Interpretative Circular 3 on intra-group back-to-back financing activities

Business and other corporate matters

Cyprus, your home away from home

An insight to the components that make Cyprus an ideal location for businesses and entrepreneurs to set up their corporate base or enhance their existing business.

Click on the link below to find out more.





Andreas Yiouselli
Director
+357 25 868 664

Legal

Recent law amendments impacting Variable Capital Investment Companies

Read our short update on the new provisions of the Companies Law, which variable capital investment companies (**VICICs**) are obliged to comply with by 4 November 2022.





Natalie Kyprianou Director +357 22 360 736

What's hot?

What are your tax obligations when renting out property in Cyprus?

With interest rates being at historically low levels, taxpayers in search of higher yields, are considering investing their cash into the property market.

In this article, we outline the main tax and VAT considerations that a Cyprus tax resident individual should be aware of when renting out property in Cyprus.



Download 🕙



Kyriakis Pattihis
Manager
+357 22 360 317



Zoe Mina
Assistant Manager
+357 22 360 487

Mark your calendar!



- Payment of SDC on deemed dividend distribution for the profits of tax year 2019
- DAC6 Reporting deadline for Reportable Cross Border Arrangements (RCBAs) with triggering events between 25/6/2018 and 31/12/2021

31 MARCH 2022

- Electronic submission of the income tax return for tax year 2020 for individuals preparing audited financial statements and companies
- Electronic submission of the declarations for SDC and GHS contributions withheld on interest (T.D. 602) and dividend (T.D. 603) payments



USEFUL DELOITTE RESOURCES

Deloitte World Tax Advisor

Deloitte Global Business Tax

Deloitte International Tax Source

Join Deloitte Global Dbriefs webcasts

Get in touch











© 2022 Deloitte Limited

This communication contains information, which is confidential. It is exclusively to the intended recipient(s). If you are not the intended recipient(s), please: (1) notify the sender by forwarding this email and delete all copies from your system and (2) note that disclosure, distribution, copying or use of this communication is strictly prohibited. Any erroneous disclosure, distribution or copying of this email communications cannot be guaranteed to be secure or free from error or viruses.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte & Touche (M.E.) LLP (DME) is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP ("NSE"), a UK limited liability partnership and member firm of DTTL.

Deloitte Limited, a private limited liability company registered in Cyprus (Reg. No. 162812) is the sub-licensed affiliate of Deloitte NSE for Cyprus. Deloitte Limited is among the leading professional services firms in Cyprus, providing audit & assurance, consulting, financial advisory, risk advisory, tax and related services as well as a complete range of services to international business through over 750 people in Nicosia and Limassol. For more information, please visit www.deloitte.com/cy.

Offices: Nicosia, Limassol

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