



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

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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 [Michael Michaelides](#), 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 [2022 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 cross-border transactions between associated enterprises, for income tax purposes.

Local tax developments

Latest material issued by the [Cyprus Tax Department](#)

- [Circular 57 – Treatment of financial statements accounts with closing date other than 31 December](#)
- [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.



Click here



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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.



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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.



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Mark your calendar!

31 JANUARY 2022

- 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



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