



**K. TREPPIDES
& CO LTD**

Direct Taxation

January Newsletter - Issue 02/2023



***Termination of Circulars for back-to-back financing
arrangements***

We would like to inform you that the Commissioner of Taxation has issued Circular 1/2023 clarifying that, as from 1 January 2022, Circular No. 3, dated 30.06.2017, and Circular No. 5, dated 2.1.2019, in relation to intra-group “back-to-back” financing transactions, are terminated and their provisions will no longer apply.

As a result, the application of the simplification measures (2% after tax margin) on such transactions, is applicable only up to the 31st of December 2021.

As from the 1st of January 2022, all related party transactions, including back-to-back financing arrangements, should comply with the arm’s length principle, and under certain circumstances, taxpayers may have the obligation to prepare a transfer pricing study and local file in relation to such transactions. Please refer to our

Newsletter Issue [05/2022](#) regarding the transfer pricing rules and documentation requirements.

For transactions with related parties that do not fall under the new transfer pricing rules, as these were introduced into the Income Tax Law on the 30th of June 2022, it is recommended to perform a benchmarking analysis to confirm that such transactions are carried out at arm's length.

For any further information and/or clarifications required please do not hesitate to contact us.



Nicosia

Treppides Tower
9 Kafkasou Street
Aglantzia, Nicosia, CY 2112
Cyprus
P.O.Box 27142, CY1642

Tel: +357 22 678944
Fax: +357 22 681887
Web: www.treppides.com

Limassol

38 Andrea Kariolou Street
Ayios Athanasios
Limassol, CY 4102
Cyprus

Tel: +357 25 822722
Fax: +357 25 822723
Web: www.treppides.com

London

Malta

Treppides Advisers Ltd

Knightsbridge
7 Milner Street
London, SW3 2QA
United Kingdom

Tel: +44 20 584 9136

Web: www.treppidesadvisers.co.uk

Email: info@treppidesadvisers.co.uk

Finanz Audit Ltd

Level 1, Somnium
Tower Road, Swatar
Birkirkara, BKR 4012
Malta

Tel: +356 2010 8061

Web: www.finanz-audit.com

Email: info@finanz-audit.com

Preferences

[Archive](#)
[Unsubscribe](#)

About Us

[Facebook](#)
[Linkedin](#)

For more information about how we process your personal data please click [here](#).

[Email Us](#)

Copyright © [K. Treppides & Co Ltd](#), All rights reserved.

Copyright © 2021 K.Treppides & Co Ltd, All rights reserved.

K. Treppides & Co Limited - Client List

Our mailing address is:

K.Treppides & Co Ltd

Treppides Tower 9 Kafkasou Aglatzia

Nicosia 2112

Cyprus

[Add us to your address book](#)

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).

