



**K. TREPPIDES
& CO LTD**

Direct Taxation

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Amendments to the Assessment and Collection of Taxes Law

The Cyprus Parliament has proceeded with the amendment of a number of provisions in the **Assessment and Collection of Taxes Law 4/78**. The amendments have been published in the Government Gazette on the 20 August 2020 and relevant circular has been issued by the Cyprus Tax Department on 28 August 2020.

The amended provisions are briefly summarized below.

Submission of individual tax return

From the tax year 2020, any individual earning income that falls within the provisions of Article 5 of the Income Tax Law shall file a personal income tax return, irrespective of whether the gross income is less than the tax free threshold or whether they have received a notice for filing.

It should be noted that Article 5 includes dividend income, interest income, benefits from employment etc.

It is expected that additional guidelines will be published through a Decree that will include specific taxpayer's categories that will not be obliged to prepare and submit personal income tax returns for the tax year 2020 onwards and relevant criteria that should be met in order for non-submission of a tax return in case the total gross income does not exceed €19.500.

Filing & Payment dates

Individual taxpayers shall file their personal income tax return not later than the 31st of July of the year following the tax year (i.e. the due filing date of the tax return 2020 is the 31st of July 2021).

Individuals and companies that have an obligation to file tax returns based on audited financial statements, are given a period of 15 months from the tax year to file the relevant tax return (i.e. the due filing date of the tax return 2020 is the 31st of March 2022).

Authorities of the Commissioner of Taxation

The Commissioner of Taxation has the authority to request:

- a tax return with any additional information that he deems necessary,
- Capital statement, listing the assets and liabilities of the taxpayer under assessment (in and out of the Republic of Cyprus), as well as for their spouse and their dependents.

The Commissioner of Taxation can proceed with such request, in a period that shall not exceed 6 years from the assessment year, unless in the case of established fraud or willful default the period is extended in line with the provisions of article 23(2).

Non-Cyprus tax resident companies

Companies that are incorporated in Cyprus but are non-Cyprus tax residents, shall inform the Commissioner of Taxation of the status of their business activities within 60 days of their incorporation.

Revised tax returns

A person may file a revised tax return within three years from the due filing date of the tax return provided that the revision is necessary in order to claim relief, deduction or tax credit; or to make correction of errors on the tax return; or a revision is necessary so as for the tax return to be in consistence with the tax legislation. The aforementioned three-year-rule may be overlooked for tax returns that are filed within 6 months of the enactment of the current legislation (by the 20th of February 2021 the latest).

In case of filing a revised tax return, the person shall settle any additional tax liability that arises within 30 days.

It should be noted that a revised tax return cannot be submitted during a tax examination by the Tax Department.

The procedure to submit a revised tax return will be communicated at a later stage.

Employer's return filing due date

The filing due date for the electronic submission of employer's return is the 31 May of the year following the relevant tax year.

In addition it is clarified that the deemed benefit arising on financing provided to directors and shareholders of a company per article 5(1)/(2) (g) of the Income Tax Law, is considered as emolument that should be included in the employer's return.

Acceptance of Credit Cards as Payment method

Certain businesses that will be defined in a Decree to be issued, must accept credit cards as a payment method therefore, they should proceed with the installment of the necessary set-up with registered

credit card payment providers. Individuals or organizations that do not comply with the aforementioned provision, are subject to a €2.000 fine.

Public lottery program

Transactions that occur with the use of credit cards or other electronic means of payment will participate in public lotteries. Rewards include cash or prizes in kind.

Tax inspection

The Commissioner of Taxation has the right to enter and inspect business premises, without prior notice.

Tax Refund – VAT

For the return of a tax refund, the tax payer shall be in compliance with the filing of its VAT returns for periods up to the end of the tax year of the refund, otherwise no refund can be claimed.

We are at your disposal to discuss any inquiry you may have.



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