

*Taxation
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Arrangement for payment of overdue taxes

We would like to inform you that the House of Representatives has introduced a new law which will allow taxpayers to arrange payment of overdue taxes by installments.

Application Framework

The provisions of the Law will apply on tax liabilities that relate to periods which precede the date that the Law will come into force and which will be defined in a notification that will be published in the official gazette. The law will allow taxpayers to arrange payment of any overdue taxes by equal monthly installments, the number of which cannot exceed:

- (a) Fifty four (54) installments for tax liabilities **up to Euro 100.000**, provided that each installment cannot be lower than Euro 50
- (b) Sixty (60) installments for tax liabilities **over Euro 100.000**, provided that each installment cannot be lower than Euro 1.852

Taxpayers will be exempted from the payment of penalties on any overdue taxes that benefit from such arrangement depending on the number of installments that will be elected for the settlement of the overdue taxes, as will be defined in a notification that will be published in the official gazette. It is also noted that no additional penalties will be

imposed during the period of the arrangement.

It is further noted that the provisions of the Law shall not apply for cases that relate to undeclared funds, deposits or transfers, that were made or traced in Cyprus or overseas, for the benefit of the taxpayers.

Taxes covered by the Framework

The Framework will apply to overdue taxes arising under the following laws:

- The Cyprus Income Tax Laws
- The Special Contribution for the Defence of the Republic Laws
- The Capital Gains Tax Laws
- The Inheritance Tax Laws
- The Immovable Property Tax Laws
- The Special Contribution Laws for employees of the private and public sector
- The Stamp Duty Laws
- The VAT Laws

How to apply for the arrangement

The taxpayer must submit an application within 3 months from the date that the Law is entered into force. The application should be made in accordance with the instructions that will be published in a notification in the official gazette. It is noted that the Commissioner has the right to allow a taxpayer to benefit from an arrangement in relation to overdue taxes arising after the date that the Law came into force and which relate to periods that fall within the provisions of the Law within 3 months from the date that the taxpayer is notified of such taxes.

The Commissioner should respond to the application of the taxpayer **within 15 days**. In case the Commissioner fails to respond within this timeframe, this will be viewed as an approval of the taxpayer's application. Once the taxpayer receives a positive response (or receives no response within 15 days), he should submit an acceptance declaration within 15 days from the date of receipt of the Commissioner's decision.

In case a taxpayer is not satisfied with the decision issued by the Commissioner, the taxpayer has the right to submit an objection within 15 days from the date that the decision was notified to him. The Commissioner has 30 days from the date of receipt of the

objection to decide on the objection.

It is noted that the arrangement shall be cancelled in case the taxpayer:

- (a) Delays to pay a specific installment over 3 consecutive months, including the month in which the installment should have been paid, or
- (b) Delays to pay cumulatively any 3 installments, or
- (c) Fails to submit a declaration or / and pay a current tax liability within the prescribed from each relevant law deadline.

Entry into force

The date that the Law will come into force will be defined in a notification that will be published by the Commissioner at a later stage.

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