



***Taxation  
June Newsletter  
Issue 08 /2017***

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***Arrangement for payment of overdue taxes***

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Further to our Newsletter Issue 03/2017, we would like to inform you that the Cyprus Tax Department has issued a notification which implements the provisions of the law which will allow taxpayers to arrange payment of any overdue taxes by installments. The new law for arrangement for payment of overdue taxes will come into force from 3 July 2017, with taxpayers having 3 months from this date to submit their application for this scheme.

Details of the law for arrangement of payment of overdue taxes can be found below.

**Application to enter into an arrangement**

The application to enter into an arrangement for the payment of overdue taxes must be submitted electronically through the government gateway "Ariadni" within 3 months from the date that the Law entered into force. The taxpayer will be notified as to whether the application has been accepted by the Tax Department through the gateway. It is noted that a prerequisite for claiming this scheme, is for taxpayers to be fully up to date with the submission of their tax and VAT returns as applicable.

**Taxes covered by the Law**

Taxpayers will be able to benefit from an arrangement in respect of the below overdue taxes:

(a) All taxes which were due until the 31 December 2015 and which at the time of the

application were confirmed and recorded by the Cyprus Tax Department.

(b) All taxes which become due through the submission of a self-assessment and which relate to tax years until the 31 December 2015, provided that the taxpayer has submitted the relevant tax return without payment of the taxes due.

(c) All taxes which are confirmed by the Cyprus Tax Department after the Law has entered into force and relate to liabilities of tax years until the 31 December 2015. It is noted that in such cases, the application to enter into an arrangement must be submitted within 3 months from the date that the taxes become due.

### **Installments and benefits of an arrangement**

Any overdue taxes under paragraphs (a) and (b) above, can enter into an arrangement and be exempted from the payment of penalties depending on the number of installments that will be elected for the settlement of the overdue taxes as follows:

<b>Number of monthly installments</b>	<b>Exemption %</b>
1	95%
2 - 8	90%
9 - 15	85%
16 - 21	80%
22 - 28	75%
29 - 35	70%
36 - 42	65%
43 - 49	60%
50 - 56	55%
57 - 60	50%

It is noted that no additional penalties will be imposed during the period of the arrangement.

### **Termination of the arrangement**

The arrangement will be terminated and the taxpayer will have the obligation to immediately proceed with payment of any remaining taxes together with all applicable penalties in case the taxpayer:

- (a) During the period of the arrangement, fails to submit any income tax and VAT declarations within the prescribed from each relevant law deadline
- (b) Fails to settle any obligation relating to a period after the 31 December 2015
- (c) Delays to pay cumulatively any 3 installments

(d) Delays to pay a specific installment over 3 months, including the month in which the installment should have been paid

**Entry into force**

The law will come into force on the **3rd of July 2017**.

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