



Cyprus Tax News

Notification under the Law Regulating the Settlement of Overdue Taxes

On 23 June 2017, and following the voting of the law on 3 February 2017, the Notification under the law Regulating the Settlement of Overdue Taxes was published in the Official Gazette. The Notification provides details of the process and the years to which the scheme will apply as well as the discounts to be provided.

Which laws are within the scope of the regulated settlement scheme?

The provisions of the scheme apply to tax liabilities arising under the following laws:

- Income Tax Law
- Special Defence Contribution Law
- Immovable Property Tax Law
- Capital Gains Tax Law
- Inheritance Tax Law
- Special Contribution Law
- Stamp Duty Law
- VAT Law

When should the application to enter the scheme be submitted?

Applications should be submitted within 3 months from the date the law enters into force, which is the 3rd of July 2017 except in cases where the tax liability is assessed after the 3rd of July, whereby the application should be submitted within 3 months from the date on which the tax becomes due.

Which taxes does the scheme cover?

The overdue taxes covered are the following:

(a) All taxes due for the years up to and including 2015 which at the date of the application have been assessed by the Tax Department and appear as payable, irrespective of the way in which they were settled either by agreement with the Tax Department or pursuant to a court order.

(b) Amounts which become payable as a result of the submission of a self-assessment in respect of tax years up to and including 2015 where the tax returns for the relevant tax year have already been submitted, but no tax payment was made.

(c) Tax liabilities which are assessed after 3 July 2017 by the Commissioner of Taxation and relate to tax years up to and including 2015. In this case, an application for regulation must be made within three months from the date on which the tax becomes due.

Instalments and waving of interest and additional charges

Relief of interest and penalties will be given on the overdue taxes depending on the number of instalments with a maximum of 60. These are shown in the table below:

Number of instalments	% Relief
1 (Full settlement)	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%

For overdue taxes which are regulated under the provisions of this law, no additional charges will accrue.

Termination of a regulated settlement scheme

A settlement scheme is terminated in cases where the taxpayer:

- fails to file tax returns and VAT returns during the settlement scheme, or
- fails to settle a liability that relates to a period after the 31st December 2015, or
- delays to pay any 3 instalments, or
- delays to pay an instalment for more than 3 consecutive months, including the month the instalment was due.

Other provisions

- A taxpayer not satisfied with the Commissioner's decision has the right to object, giving reasons for the objection and accompanying it with the necessary supporting documents. The Commissioner must respond within 30 days from the receipt of the objection.
- Where the taxpayer is under criminal prosecution and submits an application for the settlement scheme which is approved, the Commissioner informs the Attorney General accordingly in order to suspend the prosecution, if deemed necessary.

Date of entry into force

The law enters into force on 3 July 2017.



Get in touch

Nicosia Offices	infonicosia@deloitte.com	tel: +357 22360300
Limassol Offices	infolimassol@deloitte.com	tel: +357 25868686
Larnaca Offices	infolarnaca@deloitte.com	tel: +357 24819494

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.