



Cyprus Tax News

Cyprus Ministry of Finance announcement with respect to Country by Country Reporting

On 27 April 2016 the Ministry of Finance of Cyprus announced its intention to amend the legislative framework in Cyprus in relation to Country-by-Country Reporting following the draft European Union Directive amending Directive 2011/16/EU, which is expected to be approved at the EU Finance Ministers Council meeting on 26 May 2016. The amendments are expected to be in line with the recommendations of Action 13 of the OECD Reports on Base Erosion and Profit Shifting ('BEPS').

At the same time, the Ministry of Finance announced its support to the provisions of Action 13 in relation to the automatic exchange of Country-by-Country reports and that all necessary procedures will be followed to adopt relevant provisions in the national tax legislation.

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Contacts:

Nicosia offices
infonicosia@deloitte.com
tel: +357 22 360300

Limassol offices
infoLimassol@deloitte.com
tel: +357 25 868686

Larnaca offices
infoLarnaca@deloitte.com
tel: +357 24 819494

The amending Directive provides for the automatic exchange of Country-by-Country Reports and requires, among other things, the following:

- The Country-by-Country Report will be submitted by the parent company of a multinational group to the tax authority of the jurisdiction where it is resident for tax purposes and will be required in case of multinational entities with consolidated turnover in excess of €750m in the preceding year.
- The information to be included in the Country-by-Country Report will provide an overview of income, taxes and business activities by tax jurisdiction.
- In case the country in which the parent company is tax resident has not introduced rules for the submission of Country-by-Country Reports, a secondary mechanism is prescribed. In such a case, the Report may be submitted either by group companies in the jurisdiction of their tax residence (“constituent entity”) or by a group company appointed by the parent company for this purpose (“surrogate parent entity”) in the jurisdiction of its tax residence.
- The exchange of the reports shall take place within 15 months from the last day of the tax year to which the Report relates. For the first exchange, the Directive allows the exchange of the Reports within 18 months from the last day of the tax year the Report relates to.

In accordance with the draft EU Directive, Member States must amend their legislation by 31 December 2016 and they shall apply the relevant provisions from 1 January 2017.



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