



Cyprus Tax News

Relief from interest and penalties on overdue taxes for tax years 2016 - 2019

We would like to inform you that an [amending law](#) was published in the Government Gazette which extends the provisions of the [Law Regulating the Settlement of Overdue Taxes \(the Law\)](#), offering part relief from interest and penalties. The provisions of the amending law are effective from **29 April 2021**, the date of its publication.

RECAP OF THE EXISTING TAX LAW PROVISIONS*

The Law gives the opportunity to companies and individuals that have overdue taxes, to settle them through a regulated instalment scheme (via the [Ariadne Government Portal](#)) benefitting from part relief of interest and penalties due, but not of the tax due.

Up to now, the Law allowed eligible taxpayers to enter a scheme for the settlement of overdue taxes for tax years up to 2015 as follows:

Tax liability up to and including 2015	Application for relief scheme
Assessed and payable up until 3 July 2017	Deadline has already lapsed
Assessed and payable after 3 July 2017	Within 6 months from the date the tax becomes overdue

*Our latest tax alert covering the previous tax law provisions is available [here](#).

AMENDING LAW

The amending law provides that “eligible taxpayers” may enter the scheme for part relief of the interest and penalties due on overdue taxes relating to **tax years 2016 – 2019** (both years inclusive) subject to conditions.

“Eligible taxpayers” are:

- i. Businesses and self-employed individuals subject to VAT, and
- ii. Businesses and self-employed individuals who are exempt from the obligation to register for VAT (e.g. Approved Private Tutoring Schools, Music Schools and Dance Schools)

that have experienced a decrease in their annual turnover by at least 25% in 2020 compared to 2019, due to business disruption caused by COVID-19.

An application to enter the relief scheme must be submitted within 12 months from the entry into force of the amending law (i.e. **up until 29 April 2022**) **provided that all tax returns due, are submitted before the application date and not later than 31 December 2021.**

Termination of a regulated settlement scheme

In accordance with the law, a settlement scheme is terminated in cases where the taxpayer delays to pay 5 instalments.

Due to the effects of the COVID-19 outbreak, instalments that have not been paid during the 10-month period, March - December 2020, will not be taken into consideration when assessing the 5 delayed instalments.

How can we help?

We are at your disposal to provide clarifications for the above developments.

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