



Tax update

The Assessment and Collection of Taxes Law has been recently being amended introducing some important changes which main points are outlined below:

- From the tax year 2020 and onwards all physical persons earning income that falls under the provisions of Article 5 of the Income Tax Law are required to prepare and submit personal tax returns irrespective of the level of their annual income (i.e. up to the year 2019 physical persons earning gross income below the amount of €19.500 were not obligated to prepare tax returns).
- With a relevant decree issued in the official gazette of the Republic of Cyprus the Council of Ministers will inform and outline the criteria under which physical persons may be exempted from the obligation to prepare tax returns.
- The Commissioner of Taxation with a relevant written notice can request from any physical person to present a Capital Statement for a period of only 6 years except in cases where there are suspicions of tax evasion.
- Companies incorporated within the Republic of Cyprus but are tax resident abroad have 60 days from their incorporation date to inform the Cypriot Tax Authorities (CTA).
- Taxpayers (legal and physical persons) will have the right to submit a revised tax return within 3 years from the end of the relevant year's tax return submission deadline. There are transitional rules covering tax years where this 3-year period has ended before the date where the amendments under discussion have been incorporated within the Tax Law which is the 20th of August 2020. Based on these transitional rules a time frame of 6 months starting from 20/8/2020 is given for the submission of a revised tax return.
- The Employers tax return (T.D.7) submission deadline is by 31/5 of the following year.
- The CTA has the right of tax investigating a taxpayer without any prior notice given.
- Businesses have the obligation to accept card payments. Noncompliance may lead to monetary fines of up to €2.000.
- The CTA may restrict/stall the return of an income tax refund in cases where the taxpayer has failed to comply with his VAT tax return submission obligations.