

Corporate Tax - Cyprus

Recent changes to corporate tax laws

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Towards the end of 2012 the Parliament enacted a number of amendments to the tax and company laws. These aimed to streamline administrative procedures and to meet the government's combined commitments to the European Commission, the European Central Bank and the International Monetary Fund, arising from its application for financial support.

The main changes from a corporate tax perspective are as follows:

- The retention period for documents supporting tax returns filed electronically has been reduced from seven years to six years.
- Employers' returns (Form IR7) must now be filed electronically. The deadline for submission has been extended by three months to July 31.
- Self-assessment tax returns must be submitted by July 31 (previously August 1). The estimated tax is payable in two equal instalments payable by July 31 and December 31 (previously three instalments payable by August 1, September 30 and December 31).
- Companies established in Cyprus that are not tax resident must submit a tax return for each year by no later than the end of the following year.
- Trading losses may no longer be carried forward indefinitely; un-utilised losses will be extinguished after five years.
- The Assessment and Collection of Taxes Law has been amended to allow Cyprus to enter into agreements for the exchange of tax information with countries for which there is no double taxation agreement. The tax authorities may keep their investigation secret from the taxpayer, so as not to hamper it. In addition, Council Directive 2011/16/EU on administrative cooperation in the field of taxation (dated February 15 2011), which requires member states to respond to exchange of information requests from other member states within specified time limits from the time the enquiry is received, has been transposed into national law.

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