

NEWSLETTER: Tax amendments in Cyprus Legislation

Nicosia 10 December 2012

According to **Law 167 (I) of 2012 amending the Value Added Tax Laws of 2000 to (No. 4) of 2012**, published in the Official Gazette on 6.12.2012, the following provisions will be enforced:

From 14th January 2013 until 12th January 2014:

The rate of value added tax is increased to 18% from 17%. Other rates will remain unchanged.

From 13th January 2014:

The rate of value added tax is increased to 19% from 18%, and the rate of value added tax is increased to 9% from 8%. Other rates will remain unchanged.

According to **Law 163 (I) of 2012 amending the Assessment and Collection of Taxes Laws of 1978 to 2010**, published in the Official Gazette on 30.11.2012, **from January 1st, 2013** the following provisions will be enforced:

1. Reduction in the retention period of documents and bookkeeping from seven to six years

In case the fiscal declarations are made using a computerized, electronic or other method, and the Director of the Department of Inland Revenue allows non-submission of certain documents, the documents must be kept for at least six years (instead of seven) from the end of tax year to which they relate.

Furthermore, documents that are not listed in the declaration, but are supporting directly or indirectly any figures or information contained in the declaration, shall be retained by the person who is obliged to submit the declaration or by a duly authorized person for at least six years (instead of seven) from the end of the tax year to which they relate.

Amendment was made regarding the keeping of books and records that must be kept for at least six years from the end of the tax year to which they relate (instead of seven years after the completion of records or transactions to which they relate).

2. Statements of Employers

A provision is introduced, providing for the submission by the employers by computerized, electronic or other means approved by the Director of the Department of Inland Revenue from time to time, the return regarding their employees. In such a case, the deadline for submission of the employer's return by the employer shall be extended by three calendar months.

3. Temporary Taxation

The due date for the submission of the temporary tax will be July 31st (instead of August 1st). Furthermore, the payment will be due in two instalments (instead of three), the first on July 31st and the second on December 31st.