

Wednesday, 03 July 2013

Temporary Tax Returns 2013

Taxpayers must submit a temporary tax return (IR6 form) prior to 31st of July each year based on the estimated current year's taxable profit and pay the equivalent temporary tax. Temporary tax payments must be made on the estimated current year taxable profit in two equal instalments, on 31st of July and 31st of December.

If the taxable profit declared for temporary tax purposes is less than three quarters (3/4) of the taxable profit as finally determined, the taxpayer must pay, in addition to the normal tax, an amount equal to one-tenth (10%) of the difference between the final and the temporary tax. Estimated taxable income can be revised (upwards/downwards) any time prior to December 31st, the date the last temporary payment is due.

Any late payments of temporary tax attract interest at 4,75% p.a. on every completed month of delay, irrespective of when paid. In addition to the interest, a penalty of 5% (flat rate), on each instalment, will be charged in case that the company fails to settle its instalment on time.

In the event where it appears from your computation that you have no taxable income, you are not required to submit the temporary tax return. A final payment must be made on August 1st of the following year of assessment (for tax year 2013 the final payment must be made by August 1st, 2014), so as to bring the total instalment payments to the level of the actual liability due (as per the actual tax liability determined).

Please bear in mind that taxable losses brought forward from previous years can no longer be carried forward indefinitely. As per the recent amendments to the Income Tax Law, the company can only utilize the losses brought forward for the last five years (i.e. for tax year 2013, it can only utilize losses from 2008 onwards).

We would be happy to assist you in calculating your temporary tax. For that reason kindly provide us with an estimation of your profit for 2013.

We remain at your disposal for any queries you may have in relation to the above.