



29 June 2017

Dear Colleague,

It is our firm's policy to inform our clients immediately of any changes in rules and laws, and we are contacting you this time regarding taxes matters.

On the 3rd July, the implement of the installment plan for repayment of arrears to the Department of Taxation will take place. Below, we have provided you with the most important information regarding the matter.

With a notification issued by the Commissioner of Taxation, the legislation on the settlement of tax debts in installments, will come into effect from July 3<sup>rd</sup> 2017.

Amounts of interest and charges will be staggered per the installments that will be agreed between the taxpayer and the Tax Department.

Under the law, tax deductions include: interest and charges for Income Tax, VAT, Special Defense Fee, Property Tax, Capital Gains Tax, and Inheritance Tax.

The legislation covers all outstanding debts up until the 31<sup>st</sup> December 2015.

These debts must be certified and recorded in the books of the Department of Taxes, even if they have been legally settled with payment deferrals or are in the form of a facility or arrangement for payment of debts by law or by a court order.

When a new arrangement is made, there is a loss of facilitation or legislative arrangements for part-payment of debts.

The amounts that are due from the submission of the Self-Taxes Form, and are related to the tax years up to the 31<sup>st</sup> December 2015; the taxpayers that have already submitted their income statements without paying the taxes due, may use the new plan of installments.

Taxpayers who have, and will be certified after the application of the relevant law by the Tax Officer, which relate to tax years and periods until 31 December 2015, and are recorded in the books of the Department as receivables, can be included in the new installment plan.

Taxpayers interested in implementing the installment plan will have to submit their application within the three-month period from the day of implementation of the legislation on July 3<sup>rd</sup> 2017 to September 2017 via the Ariadne Internet Security Dial.

The decision of the Commissioner and the declaration of acceptance by the debtor of the repayment agreement of the arrears due, will happen through the computerized system.

The taxpayer can pay his tax installments through the Tax Department's computerized system, as well as through various Banking Institutions.

The amount of interest and charges will be written off per the installments agreed with the Department of Taxation, per the Legislation on the Procedure for the Settlement of Deferred Taxation Taxes as follows:



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|    | Monthly installments | Rate of interest and charges exemption (%) |
|----|----------------------|--|
| 1  | 1                    | 95%  |
| 2  | 2-8                  | 90%  |
| 3  | 9-15                 | 85%  |
| 4  | 16-21                | 80%  |
| 5  | 22-28                | 75%  |
| 6  | 29-35                | 70%  |
| 7  | 36-42                | 65%  |
| 8  | 43-49                | 60%  |
| 9  | 50-56                | 55%  |
| 10 | 57-60                | 50%  |

When the taxpayer joins the plan, their debts will not incur additional interest and other charges.

Also, someone is out of the plan if they do not submit the tax returns and VAT during the project and do not create new debts from 2015 onwards.

In order not to set aside for the plan of tax arrears, the taxpayer must not delay three cumulative installments and not to delay paying installments including the month for which the installment should be paid.

Thank you again for our good cooperation.

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