

SPECIAL ARRANGEMENT IN SETTling OVERDUE TAXES

According to the new Law voted by the Cyprus Parliament on 24 November 2011 **all interest and additional charges** on pending taxes for **all years up to and including the year 2008**, in excess of 5%, are written off. The Law enters into force upon its publication in the Official Gazette (12/12/2011) and **expires on 30 March 2012**.

For the purpose of the above arrangement, the term **due tax** is considered to be any amount of tax:

- 1) for which an assessment was issued by the I.R.D. up to the 30th of March 2012,
- 2) that was withheld or had to be withheld in source, up to the 30th of March 2012,
- 3) that is derived from any tax return for all years up to the tax year 2008 considering that the related tax return has been submitted to the Tax Authorities on or before the 30th of March 2012 and
- 4) that comes out of a court decision on or before the 30th of March 2012.

AMENDMENTS TO TAX LEGISLATION

On the 14th of December 2011 the Cyprus Parliament has voted a number of amendments to the Tax Laws in one further effort to improve the public finances.

The amendments to the Laws passed are the following:

- Law Amending the Income Tax Law
- Law Amending the Special Contribution for the Defence Law
- Law Providing for Special Contributions by the Employees, Self Employed and Pensioners of the private sector
- Law Amending the Value Added Tax Law

Law Amending the Income Tax Law

1. Loan or other financial assistance provided to individuals who are directors or shareholders

In the case of company director or an individual shareholder, or his/her spouse, or any relative up to second degree, receiving a loan or financial assistance (cash withdrawal) from the company, then that person is deemed to have obtained a monthly benefit in kind in equal to 9% p.a. on the above facility. This amount will be included in the individual's income subject to Income Tax in accordance with Income Tax Law.

The amount of tax on the monthly benefit in kind must be withheld from the individual's monthly salary and paid to Inland Revenue on a monthly basis under the PAYE system.

Continue Reading: <http://globalservenetwork.com/wp-content/uploads/2010/10/Amendments-to-Tax-Legislation.pdf>

News

Globalserve Consultants Ltd will be participating at the Business Forum “*Cyprus: An International Business & Financial Centre*”, *Tel Aviv, 24-26 January 2012*, organized by the Cyprus Chamber of Commerce and Industry in association with The Federation of Israeli Chambers of Commerce.

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Globalserve Profile

Globalserve Consultants Ltd, is engaged in the area of international tax planning. We incorporate companies from a variety of 23 jurisdictions while focusing on the Cyprus Company which its use is very effective as an onshore jurisdictions with an excellent use towards international tax planning.

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