

CYPRUS PROVISIONAL TAX 2011

According to the Cyprus Income Tax Law the dates of submission and payment of the provisional tax for the year 2011 are as follows:

01/ 08 -	Submission of return and payment of 1st installment
30/ 09 -	Payment of 2nd installment
31/ 12 -	Payment of 3rd installment

The provisional tax is calculated on the profits that are **expected to arise** in the year 2011 for companies and self employed.

The late submission of the return and the late payment of the installments are liable to 5% interest on the payable amount plus penalty for no submission.

Legal entities and self employed who are expected to have profits in the year 2011 and do not pay provisional tax will be liable to 10% additional tax on the tax payable for the specific year. The same applies for provisional tax payments that will not cover at least the 75% of the final tax for the year 2011.

You are therefore advised to estimate your company's and/or personal taxable profits (if self-employed) for the year 2011 and the relevant tax thereon and inform the auditors as soon as possible of your expectations. In case of estimated losses for the year 2011, please also inform the auditors, as soon as possible in order to complete and submit the return with nil profits.

CYPRUS ADMINISTRATIVE PENALTIES

Please be reminded that as from **1st of July 2011**, the new tax rules which have been voted by the Cyprus Parliament on 14 December 2010 will begin to apply.

Below you can find a list with the administrative penalties that will apply with the new tax measures. The penalties will be charged in cases of non-compliance with the tax requirements after the 30th of September 2011, taking into consideration that an extension of period was granted by the Tax Authorities with an announcement issued on 30 June 2011.

ADMINISTRATIVE PENALTIES The administrative penalties apply to all the Laws mentioned above as well as to the Capital Gains Tax Law and the Immovable Property Tax Law and they **will apply from 1 July 2011** onwards as follows:

Delay in the submission of tax returns in accordance with the tax deadlines will be subject to €100 penalty.

Failure or delay in submission of returns to the Inland Revenue Department in accordance with the tax deadlines and failure to comply within the specified period with the written notice for compliance issued afterwards by the Commissioner of the Inland Revenue will be subject to €200 penalty.

Failure or delay in submission of information requested by the Commissioner of the Inland Revenue Department within the specified period will be subject to €200 penalty (no Tax deadline exists in this case).

Third party failing to comply with the tax deadline set by the Commissioner of the Inland Revenue in respect of the provision of information will be charged with €100 penalty.

Failure to pay the due or withheld taxes in accordance with the tax deadlines as set by the Inland Revenue Department will result in **additional tax** equal to the 5% of the tax due.

Explosion on Naval Base

On Monday 11th of July, an explosion at a Cyprus military depot of weapons confiscated from Iran reportedly killed at least 12 people, including two top naval commanders. Sixty injuries were reported. All the victims were Cypriots.

The blast almost levelled the nearby Vassilikos power plant, which produces nearly 60 per cent of the island's energy, damaged buildings in nearby villages and rained metal on a motorway.

News

Globalserve Consultants Ltd organized the Conference on "**International Taxation & Asset Management in Turbulent Times**" in Moscow on 2nd June 2011, with Bank of Cyprus as the main sponsor.

On the day of the conference, 50 participants attended the conference, mainly lawyers, accountants and other professionals engaged in tax and wealth asset management

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GIN Profile

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