



Decree regulating the settlement of overdue taxes

5 August 2021 - On 23 July 2021 a [Decree](#) was published in the Cyprus official government gazette, providing details of the process and the years to which the New Settlement of Taxes scheme applies, as well as the reliefs to be provided.

(A) When should the application to enter the scheme be submitted?

The deadline for the submission of applications for the settlement of taxes scheme is 29 April 2022 (within 12 months from the date of entry into force of the amending law). The applications are submitted through the [Ariadne Portal](#).

(B) Which overdue taxes does the scheme cover?

- Taxes due for the years 2016 to 2019, which at the date of the application have been assessed by the Tax Department and appear as payable, irrespective of the way in which they were settled either by agreement with the Tax Department or pursuant to a court order.
- Amounts which become payable as a result of the submission of a self-assessment in respect of tax years up to and including 2019 where the tax returns for the relevant tax year have already been submitted, but no tax payment was made.

The deadline for the submission of tax returns for years up to 2015 was 30 November 2020 and for years 2016 – 2019 is 31 December 2021.

- Persons who are eligible for the settlement scheme for overdue taxes include:
 - Businesses and self-employed individuals subject to VAT, and
 - Businesses and self-employed individuals who are exempt from the obligation to register for VAT (e.g. Approved Private Tutoring Schools, Music Schools and Dance Schools)

that have experienced a decrease in their annual turnover by at least 25% in 2020 compared to 2019, due to business disruption caused by COVID–19.

(C) Instalments and waivers

Relief of interest and penalties will be given on the overdue taxes depending on the number of instalments with a maximum of 60. These are shown in the table below:

Number of Instalments	% Relief
1 (Full settlement)	95%
2 - 8	90%
9 - 15	85%
16 - 21	80%
22 - 28	75%
29 - 35	70%
36 - 42	65%
43 - 49	60%
50 - 56	55%
57 - 60	50%

For overdue taxes which are regulated under the provisions of this law, no additional charges will accrue, which arise from the relevant tax laws.

(D) Termination of a scheme

A settlement scheme is terminated in cases where the taxpayer:

- fails to file tax returns and VAT returns that are due, during the settlement scheme, or
- fails to settle a liability that relates to a period after 31 December 2015, or
- delays to pay cumulatively any 5 instalments.

As always, the Taxation Department of Costas Tsielepis & Co Ltd is at your disposal should you require any further information or clarifications on this or any other tax issue.