



## Provisional tax return due end of July 2022

**4 July 2022 – The provisional tax return for the tax year ending 31 December 2022 is due for submission by 31 July 2022.**

The provisional tax return requires the estimation of the provisional taxable profit for the current year and the payment of the respective provisional tax liability in two equal instalments, i.e. by 31 July 2022 and 31 December 2022. It is noted that the final tax liability for the tax year 2022 should be settled by 1 August 2023.

Cyprus tax resident individuals (domicility is irrelevant) having income other than employment income may also need to file a provisional tax declaration in order to settle the National Health Contributions relating to such income.

A provisional tax return may be revised by a taxpayer at any time before 31 December of the year of assessment to which it relates. In case of revision, the Commissioner of Taxation will need to be notified in writing by completing and submitting a revised provisional tax declaration.

Downward revision of the provisional taxable profit can be done only up to an amount that would create a provisional tax liability equal to the sum of payment already made up to the date of revision. This in effect would create a zero payable installment on the following due date of the year of assessment.

Upward revision of the provisional profit creates an increased provisional tax liability. This in effect results in underpayment relating to the instalment previously paid, up to the date of revision. The underpayment needs to be settled by the following due date and it will carry interest at 1,75% p.a. and a fixed penalty of 5%.

If the provisional taxable profit for 2022 is less than 75% of the final taxable profit computed based on the audited financial statements, then a 10% additional tax is added to the tax liability payable. For this reason, it may be more tax effective to execute payments through the provisional tax assessment system rather than submitting a nil return and pay the final tax together with a 10% additional tax in 2023.

An overpayment of provisional tax resulting from an overestimate of the provisional taxable profit is refundable and carries interest on a completed month basis. This refund will be effected by the Commissioner of Taxation upon submission, examination and agreement of the computation for the relevant year of assessment. It is noted that any refund cannot be netted off with any past or future tax liabilities without the Commissioner's approval.



As always, the Department of Taxation of Costas Tsielepis & Co Ltd is at your disposal should you require any further information, clarifications or assistance with your provisional tax return or any other tax-related matter.