



2020 Provisional Tax Return Deadline

17 June 2020 - The provisional tax return for the tax year ending 31 December 2020 is due for submission by 31 July 2020.

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 2020 and 31 December 2020. It is noted that, the final tax liability for the tax year 2020 should be settled by 1 August 2021.

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 2020 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 2021.

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.

Click [here](#) to download a specimen for the calculation of the Provisional Tax Return for 2020.

Costas Tsielepis & Co Ltd

205, 28th October Str., Louloupis Court, 1st Floor, 3035 Limassol, Cyprus | P.O. Box 51631, 3507 Limassol, Cyprus
T: +357 25871000 | F: +357 25373737 | E: info@tsielepis.com.cy | www.tsielepis.com.cy

Registration No. HE195250 | Licensed Statutory Auditors, ICPAC Certificate No. E165/A

George Tsielepis, BSc, FCA, **Alexis Tsielepis**, BSc, FCA, **Antonis Christodoulides**, BSc, FCCA, **Costas Constantinou**
Nicolas Papapanayiotou, BSc, MBA, FCCA



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.