



## Temporary Tax Assessment for 2014

Dear Clients,

Every year a Cyprus tax resident company is required to complete its temporary tax assessment form. This is the method by which the company pays its tax for the same year based on expected profits. This is paid in two equal installments. Thus for the current year 2014 the company will pay temporary tax in two equal installments during the year 2014. The final tax payment will be made in 2015, once the financial statements have been audited.

The tax form needs to be completed and submitted to the tax authorities together with the first payment of the temporary tax by 31<sup>st</sup> July 2014. The second and final payment is due 31 December 2014. There is the possibility to change the initial declaration and reduce or increase the taxable income, and therefore the tax to be paid, but only until 31.12.2014.

If the expected profit for 2014 declared in the temporary tax assessment is less than 75% of the final profit of the company based on the audited accounts, then a 10% 'extra tax' penalty is added to the tax that is still payable. For this reason it is more tax effective to make payments through the temporary tax assessment system rather than submit a €Nil return now and pay the final tax together with a 10% 'extra tax' penalty in 2015.

For any clients who do not respond before the 31<sup>st</sup> July we will declare a €nil temporary tax assessment return. However we have the opportunity to amend any temporary return by 31 December 2014, as stated above.

*For the purpose of the above, we require you to send us via email your estimated profits for 2014. We will then calculate the amount required for the 1<sup>st</sup> temporary tax assessment and will communicate with you requesting funds. Once the funds have arrived we will arrange for payment.*

Please do not hesitate to contact me should you require any further clarifications.

Yours sincerely,

Alexis Tsielepis  
Director, Head of Taxation