



Clarifications on Central Bank Circular of 14 June 2018

22 June 2018 - Additional important clarifications are available concerning our recent [Tax Alert 73](#), which related to the Central Bank of Cyprus Circular to Cyprus banking institutions, issued on 14 June 2018.

In particular, the Circular informs all banking institutions operating in Cyprus of the Central Bank's *intention* to incorporate certain provisions in a forthcoming new Directive. The Circular also requests all banks to assess the impact of the proposed provisions on their client base and inform the Central Bank of the results of this review by 31 July 2018.

It is important to note that the aforementioned provisions, mentioned in detail in our Tax Alert 73, have not entered into force. It is also important to point out that following heavy scrutiny by the island's professional bodies and others, the Central Bank Circular is being reassessed for the purpose of modifying some of the provisions that will be incorporated in the Directive.

In view of the above, it is expected that the forthcoming Directive, whilst addressing cases where the existence of "shell" or "letter-box" entities is not justified, will at the same time protect the interest of all companies with a legitimate existence.

Costas Tsielepis & Co Ltd will be monitoring this matter closely and will continue updating you on its progress.

The Department of Taxation of Costas Tsielepis & Co Ltd is at your disposal should you require any further clarifications at this stage.