



Transfer Pricing required in 2018 Corporate Income Tax Declaration

10 October 2019 - The Cyprus Tax Department has issued the 2018 Corporate Income Tax Declaration, requiring to confirm if a Transfer Pricing study for intra-group financing arrangements has been prepared.

The 2018 Corporation Income Tax Declaration includes a Transfer Pricing section in Part 3 which applies to intra-group financing arrangements (i.e. loans financed out of debt) through which it is requested to confirm whether a Transfer Pricing study has been prepared to establish that the taxpayer has followed the safe harbour rules.

It is noted that in case the taxpayer applies the safe harbour rules, the back-to-back financing arrangement could still be reportable to foreign tax authorities under the exchange of information rules.

If a group/company is involved in intra-group back-to-back financing arrangements and has not yet prepared a transfer pricing study to support its tax position, it is highly advised that our Tax Department is contacted for available options.

It is further noted that the 2018 income tax declaration needs to be submitted electronically through the TaxisNet electronic portal by 31 March 2020 at the latest.

Failure to submit the return by 31 March 2020 carries a fixed penalty of either €100 or €200 (depending on the circumstances).

Once again, the Taxation Department of Costas Tsielepis & Co Ltd is at your disposal should you require any further information or clarifications.