

## Corporate Tax - Cyprus

### Proposed information exchange amendments

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The government has published a draft law<sup>(1)</sup> which amends the Assessment and Collection of Taxes Law 1978<sup>(2)</sup> to facilitate the implementation of agreements for automatic exchange of information with other countries.

When enacted, the amending law will add Subsection 15 and Subsection 16 to Article 6 of the Assessment and Collection of Taxes Law. The new subsections regulate the arrangements under which the commissioner of tax may provide information obtained from any person to implement agreements for automatic exchange of information between Cyprus and other countries, whether EU member states or non-European Economic Area states.

The proposed provisions are similar to existing provisions that relate to information exchange, except in one important regard. Prior approval from the attorney general is required for information exchange under double tax agreements and existing legislation, but there is no requirement for prior approval under the new provisions.

As yet, Cyprus has not entered into any bilateral agreements for automatic exchange of information, but automatic exchange of information already takes place under the laws that implement the EU Savings Tax Directive (2003/48/EC). Further, similar arrangements exist with Switzerland, the Channel Islands and other jurisdictions as well as under EU Directive 2011/16/EC on administrative cooperation in the field of taxation,<sup>(3)</sup> which provides for mandatory automatic exchange of information between EU member states with effect from January 1 2015 regarding:

- income from employment;
- directors' fees;
- life insurance products not covered by other directives;
- pensions; and
- ownership of and income from immovable property.

In addition, under the December 2014 Model 1 inter-governmental agreement between Cyprus and the United States under the US Foreign Account Tax Compliance Act (FACTA), the Cyprus tax authorities are responsible for forwarding information reported to them by Cyprus-based financial institutions that are subject to FACTA to the Internal Revenue Service of the United States.

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#### Endnotes

<sup>(1)</sup> The Assessment and Collection of Taxes Law (Amendment) Law 2015, published in the *Official Gazette* (4159), March 23 2015, VI(41), page 135.

<sup>(2)</sup> Law 4 1978.

<sup>(3)</sup> The Administrative Cooperation in Tax Law 205(I) 2012.

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