



TALIADOROS AUDIT FIRM

CHARTERED CERTIFIED ACCOUNTANTS

TAX Newsletter | July 2017

Payment of taxes by installments

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Payment of taxes by monthly installments

Further to the Tax Newsletters of January and March 2017 in relation to the payment of overdue tax according to the Regulatory Procedure on Overdue Taxes Law of 2017 (N.4(I)/2017), the Tax Department notified through a regulation on 23 June 2017 the procedure to be followed. Based on this regulation, (Κ.Δ.Π. 200/2017), the following are applicable:

Submission of application for inclusion in a regulatory plan:

The application for inclusion in the regulatory plan must be submitted within 3 months, starting from the 3rd day of July 2017, via the electronic platform Ariadne. The decision of the Tax Commissioner and the statement of acceptance of the taxpayer are made through the website application.

Exceptionally and only in case of technical problems of the website and/or in cases where a relevant announcement is released for this purpose from the Tax Department, the application can be submitted to the Tax Department's offices or wherever it is explicitly mentioned. In this case, the relevant application will be reviewed by an authorized officer of the Tax Department and it will be approved or rejected accordingly.

Tax liabilities subject to regulation:

The following tax liabilities are subject to regulation:

- a. All overdue taxes up to and including 31st of December 2015 which at the date of the application have been assessed by the Tax Department and appear as payable, irrespective if such taxes are already included in other regulatory plan or other arrangement.
- b. Amounts which become payable as a result of the submission of a self-assessment form in respect of tax years up to 31st December 2015, where the tax returns for the relevant tax year have already been submitted, but without payment of the tax due.
- c. Tax liabilities which are assessed by the Tax Commissioner after the date of effect of the relevant Law and which concern tax years or period until 31st December 2015 and are recorded as receivables in the records of the Tax Department. In such a case, the application for inclusion in the regulatory plan shall be made within 3 months from the date on which the tax becomes payable.

Instalments and exemptions given:

Overdue tax liabilities mentioned above in paragraphs a. and b. may be included into a regulatory plan with an exemption of a percentage over the total amount of interests and penalties as follows:

- a. One-off payment with an exemption of 95%
- b. 2-8 monthly installments with an exemption of 90%
- c. 9-15 monthly installments with an exemption of 85%
- d. 16-21 monthly installments with an exemption of 80%
- e. 22-28 monthly installments with an exemption of 75%
- f. 29-35 monthly installments with an exemption of 70%
- g. 36-42 monthly installments with an exemption of 65%
- h. 43-49 monthly installments with an exemption of 60%
- i. 50-56 monthly installments with an exemption of 55%
- j. 57-60 monthly installments with an exemption of 50%

It is clarified that:

- *The applications for inclusion in the regulatory plan will be accepted provided that all tax declaration forms for all periods included in the regulatory plan are submitted, and that all tax liabilities concerning the period after 31st December 2015 are settled.*
- *The regulatory plan covers the overall taxes due (capital, interest and penalties) for the years up to and including 31st December 2015.*

One-off payment

According to the announcement of the Tax Department:

- Taxpayers that wish to settle their liabilities with a one-off payment can do so within the first two weeks from the date of effect of the relevant Law, which is the 3rd of July 2017. Within this two-week period no other application for inclusion on the regulatory plan for payment by installments will be acceptable.
- For the one-off payment, there is no need for registration to the electronic platform Ariadne. However, the TD2005E/2017 form must be submitted to the Tax Department.
- The one-off payment can be done to the Tax Department's cash desks, or with any other way as indicated to the taxpayer by the tax officers.
- The one-off payment for the tax liability will be made with bank guarantee/bankers draft.
- The application form TD2005E/2017 for the one-off payment will be reviewed by an authorized Tax Department officer and will be approved or rejected accordingly.
- In case of rejection of the application and disagreement of the taxpayer in relation with the rejection, the objection form TD2006/2017 must be submitted.

Payment by installments:

The payment of the monthly installments can be done to the financial institutions or to the Tax Department using a unique payment code, or depending on the situation to any other division of the Tax Department.

Tax liabilities that are under the regulatory plan, from then on will not be subject to penalties or interest for late payment according to the current tax laws in effect.

Submission of objections:

In case the taxpayer disagrees with the decision of the Tax Commissioner to reject the application for inclusion in the regulatory plan, the taxpayer can submit a specific objection form and will be notified about the Tax Commissioner's decision within 30 days from the date of the submission of the objection.

Termination of the regulatory plan:

The regulatory plan will be terminated if the taxpayer:

- a. during the regulatory plan does not submit their income tax forms and/or VAT forms which has the obligation to submit within their deadline
- b. creates any other tax liability after the 31st December 2015 and which has not been settled in any way
- c. delays to pay any 3 installments cumulatively
- d. delays to pay a specific installment for more than 3 months, including the month for which the installment was initially due.

Generally, in case of non-compliance by the taxpayers with their obligations at any stage of the regulatory plan, the plan is terminated, and the taxpayer will have to settle the whole outstanding balance of the tax liabilities including the penalties.

Criminal Prosecutions:

In case of any pending criminal proceedings against a taxpayer, the taxpayer maintains the right for inclusion to the regulatory plan and in such case the Tax Commissioner requests from the Attorney General of the Republic to suspend the criminal proceedings against the taxpayer.