

Tax Department announces clarification on country-by-country reporting



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Corporate Tax, Cyprus

The Tax Department announced on 22 November 2018 that constituent entities of Cyprus ultimate parent entities (UPEs) will not be subject to local filing in their jurisdiction of tax residence, provided that the tax information exchange arrangement under the Common Reporting Standard Multilateral Competent Authority Agreement has been activated. In addition, local filing will not be applicable for Cyprus-resident constituent entities which have no Cyprus tax resident UPEs.⁽¹⁾

The Tax Department does not expect a tax information exchange agreement with the United States to be in place by the reporting deadline of 31 December 2018, which means that local filing obligations will arise in Cyprus for constituent entities of groups which submit their country-by-country report in the United States.

Any notifications submitted in error by Cyprus-resident constituent entities affected by the announcement should be revised in accordance with the announcement. No penalties will be imposed in respect of notifications for 2017 if they are corrected by 31 December 2018.

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Endnotes

(1) See a list of currently activated exchange relationships [here](#).

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