
Cyprus Tax Authorities announcement: Triggering of the secondary filing mechanism for Country by Country reporting

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The Cyprus tax authorities issued on 19 September 2018 an announcement clarifying the triggering of the secondary filing mechanism for Country by Country (“CbC”) reporting.

Specifically, the announcement clarifies that:

- Non Cyprus tax resident constituent entities of multinational enterprise groups generating consolidated annual turnover exceeding €750m (“MNE groups”) with a Cyprus tax resident ultimate parent entity (“UPE”) will not be subject to local filing in their jurisdiction of tax residence under the secondary filing mechanism, provided that the exchange relationship under the Multilateral Competent Authorities Agreement (“MCAA”) is activated between Cyprus and the other jurisdictions;
- Cyprus tax resident constituent entities of MNE groups with a non Cyprus tax resident UPE or surrogate parent will not be subject to local filing in Cyprus under the secondary filing mechanism, provided that the exchange relationship under the MCAA is activated between Cyprus and the UPE/surrogate parent jurisdiction.

MCAA activated exchange relationships are available on the OECD's website and can be accessed [here](#).

It is also clarified that no agreement for the exchange of CbC reports is expected to be concluded between Cyprus and the USA prior to 31 December 2018, thus local filing obligation should arise in Cyprus for Cyprus tax resident constituent entities of MNE groups which will file their CbC report for the reporting year starting on or after 1 January 2017 in the USA.

In the cases where notifications have been filed in Cyprus by the Cyprus tax resident constituent entities of MNE Groups affected by this announcement, such notifications must be revised accordingly. If such notifications are revised by end of December 2018 no penalties will be imposed.

Let's talk

For a deeper discussion of how this development might affect you or your business, please contact:

Theo C Parperis

Partner

Head of Tax & Legal

theo.parperis@pwc.com

Marios S Andreou

Partner

In charge of Tax Advisory

marios.andreou@pwc.com

Nicos P Chimarides

Partner

Tax Advisory & In charge of
International Private Clients

nicos.chimarides@pwc.com

Eftychios G Eftychiou

Partner

Head of Tax Technical Committee

eftychios.eftychiou@pwc.com

Or your usual PwC contact

PwC Cyprus

PwC Central

43 Demostheni Severi Avenue

CY-1080 Nicosia, Cyprus

P O Box 21612

CY-1591 Nicosia, Cyprus

www.pwc.com.cy