

‘Largely Compliant’ – Cyprus rating by the Global Forum on Tax Transparency

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In brief

Cyprus has been rated ‘Largely Compliant’ by the global body tasked with reviewing how well jurisdictions exchange information on taxpayers with other jurisdictions. The Global Forum on Transparency and Exchange of Information for Tax Purposes had previously rated Cyprus as ‘Non-Compliant’ in its application of the global standards in this space in 2013 and at the same time provided Cyprus with recommendations. This latest up-graded rating officially awarded on 30 October 2015 recognises the progress Cyprus has made in implementing those recommendations in order to comply with the global standards.

In detail

The Global Forum on Transparency and Exchange of Information for Tax Purposes is charged with in-depth monitoring and peer review of the implementation of the global standards of transparency and exchange of information for tax purposes. The standards provide for international exchange of information on request which is ‘foreseeably relevant’ to the administration of the tax laws of the country making the information request. Fishing expeditions are not authorised under the standards.

For Cyprus the main mechanisms for implementing the standards are relevant EU Directives, bi-lateral double tax treaties and the multilateral Convention on Mutual Administrative Assistance in Tax Matters.

On 30 October 2015 the Global Forum rated Cyprus as ‘Largely Compliant’ in its application of the global standards in this space. This is based on a recent supplementary report on Cyprus prepared by the Global Forum following Cyprus’ previous rating of ‘Non-Compliant’. The previous rating had been awarded in a 2013 report following a review of the period of 1 July 2009 – 30 June 2012. The 2013 report included recommendations which have been implemented by Cyprus resulting in the recent upgrading.

A number of other jurisdictions were also upgraded at the same time as Cyprus from ‘Non-Compliant’ to ‘Largely Compliant’. Currently at the same stage as Cyprus there are a total of 86 other jurisdictions; 22 of which are rated as ‘Compliant’, 52

‘Largely Compliant’ (including Cyprus) and 12 ‘Partially Compliant’.

Going forward and as part of the Global Forum’s ongoing monitoring of jurisdictions Cyprus will submit a progress report by 30 October 2016.

The takeaway

This is a positive step for Cyprus in its international tax relations and reflects its commitment to honour its EU and treaty obligations in this space. The rating awarded to Cyprus of ‘Largely Compliant’ puts Cyprus on an equal footing with the majority of its peers in the Global Forum. We expect that the Cyprus authorities will ensure that the country continues to make progress in this space.

Let's talk

For an in-depth discussion of how this issue might affect your business, please contact:

Theo C Parperis

Partner
Head of Tax & Legal
theo.parperis@cy.pwc.com

Marios S Andreou

Partner
In charge of Tax Advisory
marios.andreou@cy.pwc.com

Nicos P Chimarides

Partner
In charge of Corporate Compliance
nicos.chimarides@cy.pwc.com

Eftychios G Eftychiou

Partner
Tax Advisory
eftychios.eftychiou@cy.pwc.com

Antonis C Christodoulides

Partner
Tax Advisory
antonis.christodoulides@cy.pwc.com

Christos S Charalambides

Partner
Tax Advisory
christos.charalambides@cy.pwc.com

PwC Cyprus

PwC Central
43 Demostheni Severi Avenue
CY-1080 Nicosia, Cyprus
P O Box 21612
CY-1591 Nicosia, Cyprus

www.pwc.com.cy