



FAQs #25 – 43 to the New Transfer Pricing Legislation

Transfer Pricing alert

September 2024

The Cyprus Tax Department has released additional **frequently asked questions (FAQs)**, i.e., 25 – 43, aimed at clarifying certain provisions of **Articles 33 and 33C of the Income Tax Law (ITL)**, which relate to the adoption of Transfer Pricing legislation in Cyprus as from 1 January 2022.



Key points clarified in the issued FAQs

The key point clarified in the additional FAQs is addressed in question #25 regarding interest-free payable balances. The question clarifies that taxpayers **should not take these balances into account** when assessing the threshold of Article 33(7) of the ITL and **should not report them** in the Table of Summarised Information (TSI) for the **years 2022 and 2023**.

However, **for 2024 and onwards**, the outstanding interest-free payables **should be taken into account** when assessing the threshold of Article 33(7) of the ITL and **should be reported** in the TSI.

In both cases, if Article 33(5) of the ITL is triggered, the arm's length nature of the allowable deduction will be evaluated by the Cyprus Local File or Minimum Transfer Pricing documentation prepared by the counterparty, i.e. the lender.

Questions #26 – 43 clarify various administrative matters.

How KPMG in Cyprus can assist

Should you like to further discuss the above requirements and potential impact to your business, please contact one of our trusted advisors from the Tax department at KPMG in Cyprus.

George Markides
Board Member
Head of Tax Services
E: gmarkides@kpmg.com

Costas Markides
Board Member
International Tax Services
E: cmarkides@kpmg.com

Michael Halios
Board Member
International Tax Services
E: mhalios@kpmg.com

Michalis Loizides
Board Member
Tax Services
E: mloizides@kpmg.com

Volodymyr Serdechniuk
Senior Manager
Transfer Pricing Services
E: serdechniukv@kpmg.com

Michalis Fiakkou
Senior Manager
Transfer Pricing Services
E: mfiakkou@kpmg.com

kpmg.com.cy



©2024 KPMG Limited, a Cyprus limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.