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GMS Flash Alert

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Cyprus – Extension for 2023 Personal Tax Return Filing and Payment Deadline

An extension until 31 October 2024 was announced in July for the submission of the personal tax declaration, TD1, and payment of the tax due for the 2023 tax year. The announcement came from Cyprus' Council of Ministers via a Decree.[1]

Based on a Decree issued by the Council of Ministers in 2023[2], employees, pensioners, and self-employed individuals (except self-employed with accounts[3]) have an obligation to file a personal tax declaration (TD1) for the tax year 2023 if their annual gross income for the relevant tax year exceeds the tax-free threshold of €19,500.

As per Cyprus' tax legislation, the filing deadline of the annual tax declaration is typically 31 July of the year following the year of assessment. Also, taxpayers are required to pay any taxes due as per the self assessment computation of the tax declaration by the same deadline (31 July of the year following the year of assessment).

Based on the above, the initial personal tax return filing and payment deadline in Cyprus for the 2023 tax year, as per the relevant legislation, was supposed to be 31 July 2024.

However, as noted above, in July, Cyprus' government extended the deadline to 31 October 2024.

WHY THIS MATTERS

Cyprus taxpayers with a Cyprus tax filing obligation for 2023 (both tax residents and non-tax residents), will now have more time to adhere to their Cyprus tax compliance obligations for the relevant tax year. By doing so, they will be able to avoid penalties for late submission of TD1, as well as additional charges on taxes due, which are applicable in the case where taxes are not paid within the relevant deadline.

International HR and global mobility programme managers, as well as tax service providers, may wish to communicate this extension granted to those affected employees with a Cyprus filing obligation for the 2023 tax year, and make them aware of the penalties that will be imposed in case of non-compliance.

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KPMG INSIGHTS

This three-month extension granted for the TD1 filing and payment of taxes due is a positive development, as taxpayers will now have more time to comply with the relevant filing obligations.

In many cases, mainly in cross-border situations, the information required for the completion of the TD1 could not be made available by the initial deadline of the Cyprus tax declaration, and on that basis, delays were often being observed with the filing of the TD1.

Through this extension granted for the 2023 tax year, it should enable all affected parties to timely collect all necessary documents and organise pertinent information to aid in the submission of their TD1 and therefore foster smoother and timely compliance with their Cyprus tax filing obligations, plus avoid penalties and additional charges that could be levied if non-compliant.

It is not expected that a further extension will be granted for the 2023 tax year; therefore, affected parties should make sure that the deadline of 31 October 2024 is respected.

If any further clarifications are required, please contact your usual tax professional or a member of the GMS tax team with KPMG in Cyprus (see the Contacts section).

FOOTNOTES:

1 See the decree (in Greek): "ΠΑΡΑΤΑΣΗ ΗΜΕΡΟΜΗΝΙΑΣ ΥΠΟΒΟΛΗΣ ΤΗΣ ΔΗΛΩΣΗΣ ΕΙΣΟΔΗΜΑΤΟΣ: ΑΤΟΜΟΥ ΓΙΑ ΤΟ ΕΤΟΣ 2023."

2 See (in Greek): "Ε.Ε. Παρ. III(I) Κ.Δ.Π. 184/2023, Αρ. 5805, 9.6.2023, Αριθμός 184, ΟΙ ΠΕΡΙ ΒΕΒΑΙΩΣΕΩΣ ΚΑΙ ΕΙΣΠΡΑΞΕΩΣ ΦΟΡΩΝ ΝΟΜΟΙ ΤΟΥ 1978 ΕΩΣ (ΑΡ. 5) ΤΟΥ 2022."

3 Self-employed individuals with turnover in excess of €70,000 need to prepare audited Financial Statements and hence they have a different filing deadline.

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