



Gramaro Accounting Services Ltd

Member of Andreas Sofocleous Group of Companies

New transfer pricing requirements in Cyprus

On 30 June 2022 the Cyprus parliament has passed new transfer pricing (TP) requirements. The new law and regulations are in line with the TP guidelines for Multinational Enterprises and Tax Administrations published by the OECD.

The transfer pricing requirements apply to Cypriot resident persons (Entities and individuals) and Permanent Establishments (PE's) of non-tax resident entities for transactions undertaken with related parties.

The aim of new Transfer Pricing rules is to ensure that revenue generated within the same group and related companies, is taxed in the same place where economic value is created.

The amended law and regulations are effective as from 1 January 2022.

Transactions covered:

The transfer pricing law and regulations cover all types of transactions between related parties in excess of €750,000 per category of transactions. Such transactions include:

- Goods
- Services
- Intellectual Properties (licensing, disposal etc)
- Financial services
- Any other types of transactions

Reporting and requirements:

The related parties that meet the threshold have obligation to prepare a Master File, Local File and the Table of Summarized Information (TSI).

- **TSI:** Includes high-level information with regards to annual intercompany transactions. TSI should be prepared and submitted annually to the Tax Authorities along with the Tax Return of the taxpayer (no threshold applies).
- **Local File:** The file is prepared by taxpayers involved in controlled transactions exceeded the threshold as described above and includes a transfer pricing study to justify compliance with the arm's length principle. The local file should be prepared by all taxpayers involved in controlled transactions before the tax return filing deadline. TP documentation file is submitted to tax department within 60 days upon request.
- **Master File:** Master file should be prepared by all taxpayers involved in controlled transactions before the tax return filing deadline. It applies only to companies that are ultimate or surrogate parent entities of multinational group which has consolidated revenues above €750M (with CbCR obligations). The file is submitted to tax department within 60 days upon request.

"Penalties

Penalties varies between €500 - €20.000 depending on the delay in filing.

How we can assist

We are at your disposal to discuss the potential impact of the new legislation and regulations to your company.

Limassol Office

Proteas House ,155 Makariou III Avenue
Limassol 3026 ,Cyprus
P.O. Box: 58159 Limassol 3731

Phone:+357 25 849000
Fax: +357 25 849100
E-mail: info@sofocleous.com.cy
Website: www.sofocleous.com.cy

Kiev Office

36-D Saksagavskgov Str.
Office2 ,Kiev 01033
Ukraine

Tel: +380-444902003/4/5
Fax: +380-444902006
Email: kiev@sofocleous.com.cy