



CATA 41st Annual Technical Conference

Better Regulation in the Cyprus Tax Department



What initiated this process

- The need to be more competitive as an economy
 - The Ministry of Finance took over as Coordinator of the departments selected
 - As of 9/21 the monitoring was transferred to The Directorate General for European Programs (EPSA)



Administrative Burden

- The cost of compliance to citizens in order to provide the necessary information per law to the relevant Government Department.



How was it implemented

- We follow the European Commission better regulation guidelines which set out the principles we need to follow when preparing new initiatives and proposals and when managing and evaluating existing legislation and procedures. (Guidance on Consultation, Questionnaire impact on environment and socially and economically)



- Adopted by the EU heads of states under the Lisbon strategy (3/2000) the aim of which was to **make Europe "the most competitive and dynamic knowledge-based economy in the world**, capable of sustainable economic growth with more and better jobs and greater social cohesion"



Areas based the needs and targets of Cyprus economy

- Direct Taxes
- Company Registrations
- Indirect Taxes (VAT)
- Social insurance
- Environmental
- Aliens and Migration
- Tourism
- Agriculture

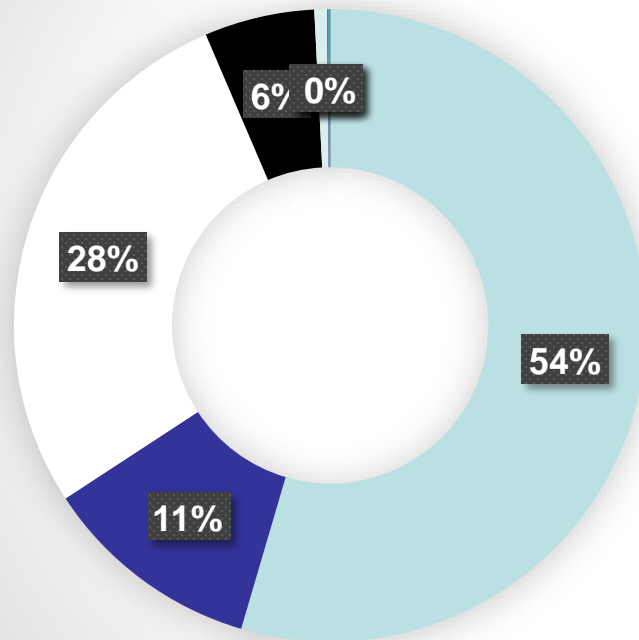


Some figures reminded

- GDP – 2011 aprox. 18 Billion Euros / 23 Billion US\$
- Total Administrative Cost, 1.008.561.085
- Administrative burden 704.604.196 Euros(70%)
 - Administrative burden DT 383.159.511 (54%)
 - Administrative burden VAT 78.935.375 (11%)
- Usual Cost 303.956.889 (30%)

Administrative burden 704.604.196 Euros

Sales



- Taxation Direct
- Taxation VAT
- Registrat of Companies
- Social Insurance
- Environment
- Alien and Migration
- Tourism
- Agriculture



Types of Measures

- Horizontal measures that apply to all the departments selected
- Vertical measures that apply to the specific departments
 - Legal measures
 - Other actions



Horizontal Measures (1)

- Government campaign for the encouragement of on line submission of documents and on line payments.
- Categorization of documents that required
 - proof of identity through login/password ,
 - electronic signature and
 - no proof of identity

Horizontal Measures (2)

- Common government portal for e-payments and e-services- Ariadni
 - i. Access to Tax payer account
 - i. Payments history
 - ii. Amounts due
 - ii. Installments for overdue taxes
 - i. Application for payment by installments of overdue taxes.
 - ii. Collection code for payment available on line



Horizontal Measures (3)

- Government Data Warehouse
 - i. Details of ownership of
 - i. Land
 - ii. cars
 - iii. Shares
 - iv. Business/Trade names
 - ii. Details of payments from other Departments
 - iii. Details of directors and secretaries of legal persons
 - iv. Registered Addresses of Legal persons



Horizontal Measures (4)

- Lodgment of series of FREE trainings on IT skills of any individual by the Cyprus Productivity Centre.
 - Special courses on how to use the Tax Department portal for submission of Returns



Vertical Measures (1) - Legal

- Merge of the Direct Tax Department with VAT department as from 1/7/2014. Single view of tax payer debt.
- Reduced number of payments – As a start reduced temporary Income Tax self assessments from 3 to 2 in a tax year
- Exempted small value contracts (5000 euro) from stamp duty.



Vertical Measures (2) - Legal

- Reduced by one year the maintenance of books of account and other documents from 7 years to 6. (IT&VAT).
- Abolished immovable property tax law as tax payers already paid immovable property fees to Municipalities for the same properties.
- Reduce number of VAT returns for special categories from quarterly to annual.



Vertical Measures (3) - Legal

- Compulsory on line submission of
 - Corporate tax return (2011)
 - PAYE (2011)
 - Individual Income tax (2017)
 - VAT tax returns (2/5/2017) except for special regimes
 - farmers and
 - urban taxi drivers



Vertical Measures (1) - procedural

- Electronic submission (Taxisnet)
 - Compulsory online registration
 - html and xml upload options
 - Prefilling of returns using
 - previous returns submitted
 - Other Government Departments' information
 - Assistance for Compulsory electronic returns
 - Teams of assessors to assist
 - U-tube videos and Guides
 - Agents
 - Upgrade of Tax Departments existing platforms



Measures to introduce on line returns

- encourage on-line submission prior introducing it as compulsory
 - i. Extended deadline of submission
 - ii. No supporting documentation needed
 - iii. Quicker clearance of tax return received on-line – Quicker refunds etc.



Vertical Measures (2) - procedural

- Simultaneous on-line submission and payment of monthly PAYE by businesses
- Introduced a tool (excel spreadsheet) on our website for the self estimation of stamp duty for contracts
 - on line payment of stamp duty for certain businesses and
 - Purchase and cancellation by the taxpayer himself



Vertical Measures (3) - procedural

- Improved website
 - i. Guides for return submission
 - ii. Uploaded consolidated laws
 - iii. Circulars issued and to third parties
 - iv. Electronic library including tax cases issued by courts and tax tribunal. WIP - expected by end of 2022



Vertical Measures (4) - procedural

- Introduction of tax portal where tax payer can
 - view his debts
 - create self assessments for amounts owed, e.g. PAYE
 - Get payment reference for bank transfers or pay the amount by visa
 - receive resident certificates.



Vertical Measures (5) - procedural

- On–line payment of taxes either by
 - visa cards
 - internet banking
 - at banks (IT illiterate people can use the services of a bank for the on line payment of their taxes)
- **Compulsory payment on line.**

Due to COVID as from 1/9/2020 no payments at the tax department tills except in urgent cases of transfer of immovable property. Very limited.

Vertical Measures (6) - procedural

- Creation of an electronic parametric risk assessment and rating system to target the right taxpayers
- Refunds deposited in Tax payers bank account
- Audits
 - Promotion of single VAT & IT audits
 - Promotion of electronic audits



Vertical Measures (7) - procedural

- Due to COVID 19 we have extensive use of email for submission of documents, E.g.
 - revision of tax returns by tax payers within 3 years of due date.
 - Registration Documents
- Purchased a new IT system (expected 2023) to facilitate the
 - taxpayer by further cutting red tape
 - tax department to work more efficiently and effectively.



Vertical Measures (8) - procedural

- Ensuring that staff is well trained, with a high sense of responsibility, will further reduce the administrative burden of taxpayers. Therefore
 - Invest in training and
 - Establish the right culture through a Code of Ethics and Conduct
 - Regular communication and questionnaires to all staff
 - Organise seminars at regular intervals



Summary for Actions

1. Reduction of number of
 - payments of a tax
 - years of keeping information
 - tax returns submitted
2. Abolishment of Laws
3. Increase of non-tax threshold (small contracts)



4. On line submission of tax returns/payments
5. Pre-filling of tax returns
6. Access to information already held by other government departments
7. Improve and expand information available
8. Use of electronic tools for
 - Audits
 - Stamp Duty
9. Training – Code of Ethics and Conduct



Thank you!

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