



Clarification for CbCR obligations

The Cyprus Tax Department informs all legal entities and their representatives that, constituent entities of Multinational Enterprise (MNE) Group with a Cypriot Ultimate Parent Entity (UPE) will not be subject to local filing in their jurisdiction of tax residence, provided that the CbC Multilateral Competent Authority Agreement (MCAA) in respect to the automatic exchange of information is activated between Cyprus and the other jurisdiction.

In regards to Cypriot Constituent Entities of an MNE Group where the UPE or the Surrogate Parent (SPE) is not tax resident in Cyprus and is tax resident in a jurisdiction referred in the above paragraph or in other EU Member State, a secondary filing obligation should not be triggered in Cyprus.

In case the exchange relationship is not activated for the respective fiscal year (e.g. 31 December 2017) by the CbCR reporting deadline (e.g. 31 December 2018), secondary filing obligation should arise for Cypriot constituent entities.

CbC Activated Exchange Relationships are available on OECD website on the following link:

<http://www.oecd.org/ctp/beps/country-by-country-exchange-relationships.htm>

Moreover, no exchange information agreement is expected to be signed with the US prior to 31 December 2018, thus secondary filing should arise in Cyprus for cases where the Group's CbCR will be submitted in the US.

In the cases where notifications have been filed in Cyprus by Cypriot constituent entities of MNE Groups affected by this announcements, such notifications must be revised in accordance with this announcement. If such notifications are revised by end of December 2018 no penalties will be imposed for 2017.

Our website will be updated on a regular basis with the latest information (<http://www.mof.gov.cy/tax>).