



Clarification Bilateral Agreement between Cyprus and the United States

The Cyprus Tax Department informs all legal entities and their representatives that the bilateral Competent Authority Arrangement (CAA) for the exchange of Country-by-Country (CbC Reports) between Cyprus and the United States of America which is currently under negotiation, is expected to be effective for Reporting Fiscal Years starting on or after 1 January 2023. Consequently, in the case where the Ultimate Parent Entity of a Multinational Group of Enterprises (MNE) is tax resident in the United States of America, the secondary filing mechanism should be triggered for Reporting Fiscal Years starting on or after 1 January 2022 and before 1 January 2023.

For example, a local filing obligation should still arise in Cyprus in respect of an MNE Group's CbC report for Reporting Fiscal Year ending on 31 December 2022, even if a CbC Report has or will be submitted in the United States of America.

Additionally, in the cases where notifications for reporting fiscal years starting on or after 1 January 2022 and before 1 January 2023 have been filed in Cyprus by Cypriot Constituent Entities of MNE Groups which are affected by this announcement, such notifications must be revised (if required) in accordance with this announcement. If such notifications are revised by 31 December 2023, no penalties will be imposed for the Reporting Fiscal Year starting on or after 1 January 2022 and before 1 January 2023.

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