

The Code of Ethics and Conduct of the Tax Department

October 2021

This Code was prepared with the support and cooperation of the Cyprus Academy of Public Administration.



REPUBLIC OF CYPRUS



ΤΜΗΜΑ
ΦΟΡΟΛΟΓΙΑΣ
TAX DEPARTMENT

OUR PRINCIPLES AND VALUES

What is our role?

The collection of taxes and the confirmation that we collect from each one the share that he is due to pay, in accordance with the law.

Where do we want to reach?

To reach the maximum voluntary compliance with the tax legislations.

What is the basis or the values with which we decide?

Fairness

We act without discrimination within the powers conferred to us by the law, before which they are all equal.

Transparency

We do not conceal, we inform and we are accountable for our decisions and actions.

Integrity

We are dedicated to the highest degree of honesty, we do not ignore data and we do not mislead.

Responsibility

We perform our duties with due diligence, timely, with a high sense of responsibility and accountability.

Objectivity

We perform our duties with impartiality, regardless of any interests, without any discrimination or favour.

Respect

We trust our stakeholders, unless there is evidence to the contrary; we cooperate with them and avoid needless nuisance, behaving with politeness, patience and honesty.

Confidentiality

We ensure the confidentiality of information and data that come to our knowledge, using them only for the purposes intended by the law.

Avoidance of conflict of interests

We do not decide and we do not get involved in cases where there is a special relationship. We do not obtain any personal benefit.

“To create and maintain a strong ethical culture, core ethical values need to be identified and integrated into everything the organisation does – from external processes such as buying and selling to internal ones such as governance and accounting. From the first interview to their last day of work, employees should feel that the company’s core values form the basis of every decision it makes.”

Daniel Johnson
of the Institute of
Business Ethics



WELCOME BY THE MANAGEMENT COMMITTEE OF THE TAX DEPARTMENT

It is with great pleasure that we sign the Code of Ethics and Conduct of the Tax Department, which has been prepared by senior staff members of the Tax Department, under the coaching of Dr. Theodore Panayotou, Director and Professor of Ethics at the Cyprus International Institute of Management (CIIM), and with the support of the Cyprus Academy of Public Administration, to whom we express our thanks.

This Code aims to promote uniform principles and rules of conduct governing the actions of the employees of the Tax Department and applies together with all legal acts related to conduct, ethics and behaviour, covering the entire sphere of the public sector, as part of Annex III.

More specifically, this Code

- (a) codifies the fundamental principles governing the activities of the Tax Department employees,
- (b) identifies potential sources of risk, and
- (c) promotes appropriate courses of action, assisting in the adoption of the right decisions.

As a preventive measure, we have appointed Coaches and a Committee of Ethics and Conduct to assist staff handle situations that are likely to arise in the workplace, which may cause perplexity or perhaps their handling may not be clear.

Violation of the Code may cause repercussions with simultaneous violation of laws, and therefore, part of the Code refers to these laws. Knowledge acts as a preventive measure.

Complying with the Code and the provisions emanating from the Constitution or the laws primarily relies on each employee who is requested to protect his department from phenomena which diminish its credibility. Cooperation among the officers for the implementation of the contents of this Code, with the daily application of its principles will promote its true value. In this way, the Tax Department will become a modern and functional service.

Finally, we would like to thank the members of staff of the Tax Department and the external partners who spent many hours in preparing this Code. Without this collective work we would not have at our disposal this necessary tool, through which we aspire to achieve higher deontological standards.

Management Committee
Tax Department

EXECUTIVE SUMMARY OF THE CODE OF ETHICS AND CONDUCT

This Code sets out the most important values for the Tax Department, in accordance with our mission and vision. Values which must become a habit to all staff so as we work in an environment of collective moral conscience, with a high level of professionalism and quality in the provision of services.

Our mission is the consistent application of laws ensuring fair taxation in a way that enhances the confidence of the taxpayer, the minimisation of tax evasion and the effective collection of the tax revenues of the state with the least possible cost.

Our vision is to make the Tax Department a modern tax administration, providing quality service to the taxpayers and achieving the maximum possible voluntary compliance.

The most important values for us, which will form the basis of our decisions, aimed at gaining public trust, are the following:

Fairness

We act without discrimination within the powers conferred to us by the law, before which they are all equal.

Transparency

We do not conceal, we inform and we are accountable for our decisions and actions.

Integrity

We are dedicated to the highest degree of honesty, we do not ignore data and we do not mislead.

Responsibility

We perform our duties with due diligence, timely, with a high sense of responsibility and accountability.

Objectivity

We perform our duties with impartiality, regardless of any interests, without any discrimination or favour.

Respect

We trust our stakeholders, unless there is evidence to the contrary; we cooperate and avoid needless nuisance, behaving with politeness, patience and honesty.

Confidentiality

We ensure the confidentiality of information and data that come to our knowledge, using them only for the purposes intended by the law.

Avoidance of conflict of interests

We do not decide and we do not get involved in cases where there is a special relationship. We do not obtain any personal benefit.

The Code includes preventive mechanisms and mechanisms of control for the adoption of our values.

Preventive mechanisms include:

- Training of staff on the Code.
- The introduction and training of new staff on the Code.
- The appointment and training of coaches to whom staff may resort in order to resolve dilemmas and other queries.
- The establishment of the Ethics and Conduct Committee which will help resolve the most difficult dilemmas, revise the Code, decide measures for the dissemination and assimilation of the Code, measure through questionnaires and other means the degree perceived by the public and our colleagues that the Code is adhered to, and examine complaints.
- The active support of the Code by all staff.

The control mechanism is under the responsibility of the Internal Audit Unit of our Department, the Audit Office and the Internal Audit Office of the Republic.

The preventive and control mechanisms include also a specified procedure for the submission and examination of complaints, to which we shall respond within 60 days from the date the Department receives the complaint. The aim of the Department is not only to solve the problem raised by the complainant but also to limit similar complaints in the future, taking decisions that will prevent similar cases.

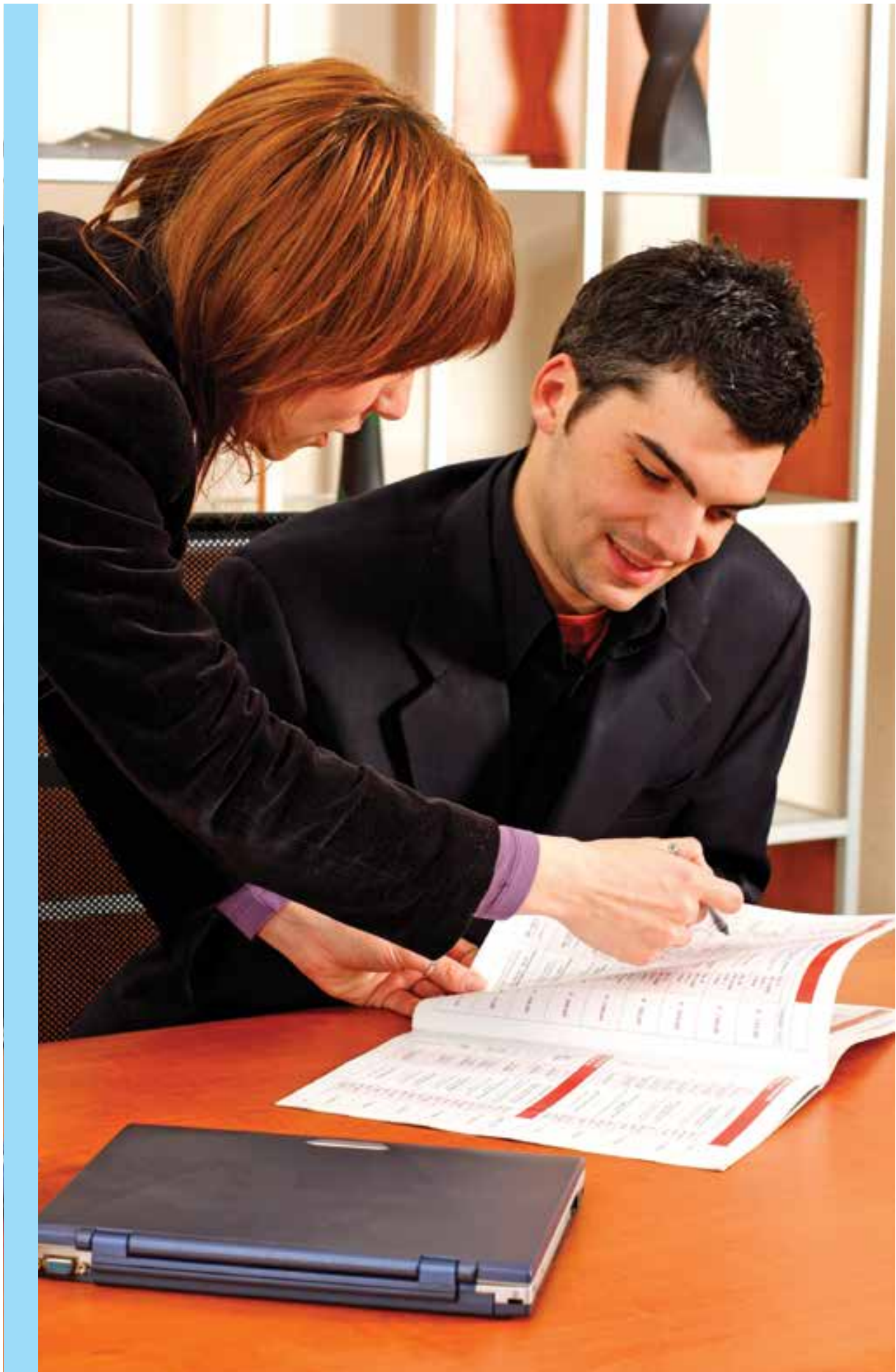
The Code also explains how the non-compliance with the values may have consequences through the activation of laws. The knowledge that there may be repercussions will further help prevent the non-adoption of our values.

We invite you to read the Code in its entirety.



■ CONTENTS

	Page
Introduction	9
Values	11
Preventive and control mechanisms	19
Consequences from the violation of the Code	22
Epilogue	24



■ INTRODUCTION

The Tax Department and its staff, as part of the Public Service, has the responsibility to serve the public interest and to gain the trust of the taxpayers and the society at large by exercising their duties, guided by the public good.

Main principle is the principle of legality which indicates the respect to the rights of the citizen and the respect for the existing legal regime.

A key tool to gain the confidence of the taxpayers is the development, issue and acceptance of a complete Code of Ethics and Conduct that sets out in clear terms and at a practical level the standards of behaviour expected from all staff. Moreover, through the compliance with a Code of Ethics and Conduct on one hand the required culture within the Department is developed and on the other hand the effort to motivate the taxpayers towards voluntary compliance is strengthened.

The Code of Ethics and Conduct of the Tax Department (the “Code”) is the codification of our values and principles, that serve as a compass in the performance of our duties. It is the map that helps us maintain our course in line with these values in order to achieve our vision and mission.

The vision of the Tax Department

The vision of the Tax Department is to become a modern tax administration, providing quality service to the taxpayer and achieving the maximum possible voluntary compliance.

The mission of the Tax Department

The mission of the Tax Department is the consistent application of the laws, ensuring fair taxation in a way that enhances the confidence of the taxpayer, the minimisation of tax evasion and the effective collection of tax revenues of the state with the least possible cost.

The values of the Tax Department

The values of the Tax Department are the following:

- Fairness
- Transparency
- Integrity
- Responsibility
- Objectivity
- Respect
- Confidentiality
- Avoidance of conflict of interests.

Why we have a Code and why we should follow it

In order to operate in an environment of a single culture and maintain a high level of professionalism and quality in the provision of services to the taxpayer, each one of us must learn, understand and comply with our Code.

The trust both in the Department and the credibility and integrity of the staff of the Department are factors that have a decisive impact on our ability to realise our mission. Public trust can be achieved only to the extent that our contact with the taxpayers and the public in general reflects with consistency the highest conduct and ethical standards.

Adherence to our Code helps to create an environment where we can perform our work in the best way possible and be proud of our work, the challenges we overcome and our successes because we perform all these fairly, lawfully and with integrity.

This Code does not replace the Code of Behaviour and Conduct of the civil servants, which was approved by the Council of Ministers and does not replace the European Code of Good Administrative Behaviour. Our decisions should continue to be issued in line with the General Principles of Administrative Law and the Protection of Personal Data (of the individual) Laws, and of course, as public servants, we must comply with the Public Service Laws, in particular article 60. We should also bear in mind the Laws on Equal Treatment of Men and Women in Employment and Vocational Training (Law 205 (I) / 2002). The latter sets the general rule prohibiting gender discrimination, direct or indirect.

Who must comply with the Code

All employees in the Tax Department have an obligation to know and comply with the Code of Conduct, the policies of the Department and the laws that govern our work.

It is the responsibility of every employee, regardless of his/her work duties, position or the field of work, to be familiar with and comply with the Code. Together with the legal framework governing our work, the Code helps us take the right decisions and proceed to the right solutions to the dilemmas we face.

Consequences of non- application of the Code

Non- application of the Code would deprive the Department of the benefits that could be achieved from its uniform and strict application by all staff.

At the same time, the non-application exposes the Department and each member of the staff separately to risks, since most likely at the same time the legal framework that is binding on us as public servants is violated.

■ VALUES

The values of the Tax Department are analysed below. The purpose of the dilemmas that follow each value is to show the expected behaviour and not to answer tax questions.

Fairness

For us, all are equal before the law and are entitled to equal treatment and non-discrimination. Faithful to the principles of good administration and proportionality, we apply the law within the framework of our discretion, application of equality, consistency and impartiality, without ignoring the differences between taxpayers.

Dilemma

A taxpayer owes to the Tax Department the amount of €75.000 which he is unable to settle. George, an Officer of the Collection Office, in order to safeguard the interests of the state decides to place a memo on one of the properties of the taxpayer. The taxpayer owns two pieces of immovable property, one plot of land with a value of €100,000 and an apartment worth €150,000. George is thinking to place a memo on the apartment to better protect the public interest.

Q: Do you consider this fair?

A: Although the legislation allows George to place a memo on the apartment, George has to exercise his discretion and choose the most lenient solution for the taxpayer placing a memo on the plot of land. This action is consistent with the principle of proportionality, since placing a memo on the land is fully adequate to cover the claims of the state from the taxpayer. We have an obligation to protect the public interest, but when we have a choice, we choose the less onerous legal solution for the citizen.

Dilemma

A foreign pensioner opted to have the pension he receives from abroad taxed at the reduced rate, rather than the normal rates, resulting in paying more tax through self- assessment. Andreas, an Officer of the Department, realised the wrong choice made by the retired foreigner and wonders whether he should issue an assessment with normal rates, returning all the tax paid.

Q: How do you think Andreas should behave?

A: Andreas should be fair in the performance of his duties. At the same time, in this case Andreas must inform the taxpayer that he will apply the less onerous solution, so that his action is in agreement with the taxpayer. It is probable that the taxpayer chose this option either due to insufficient information or for a specific reason. Where the law gives an option to the taxpayer in relation to the way he can be taxed, we should explain the various options he has so as he can choose the most favourable for him.

Transparency

We act without concealing or omitting data or information, we justify and we are accountable to the administration and the public for our decisions and our behaviour. We substantiate our decisions before the administration, our colleagues and taxpayers. We are obliged to report cases when we are asked to act illegally, improperly, or in violation of the law or the Code, as well as report illegal actions committed by others which come to our attention.

Dilemma

Mary completes the tax audit and she is thinking, due to the large volume of backlog work, to inform the taxpayer with a brief letter about the estimated amount he should pay in taxes, without actually explaining clearly and precisely how and why she took this specific administrative decision.

Q: Is this procedure Mary is thinking to follow a transparent one?

A: No. Mary's decision must be reasoned, clear and complete, with reference to the legal basis used for the issue of the assessment so that the taxpayer can fully understand the reasoning of the issue of an administrative decision. Our decisions must always be clear, complete and reasoned, so that the taxpayer can identify the reasons for our decision and be facilitated to decide whether to accept our decision or not.

Dilemma

During the examination of the tax liabilities of a taxpayer, Katia, an Officer of the Tax Department, wonders whether she should not include in the report to be submitted to her supervisor some of her conclusions in relation to her findings in order to help the taxpayer pay the resultant taxes.

Q: Is Katia thinking correctly?

A: Katia must act with full transparency and include all relevant findings, in order to ensure equal treatment among taxpayers. The law expressly provides what is included in the taxable income and when interest and fines are imposed. We should always act with full transparency when exercising our discretion.

Integrity

We are dedicated to the highest degree of honesty in all of our actions in order to preserve and enhance the appreciation and trust of the state and the public in our work and the way we perform it. We apply the law without discrimination, we do not ignore data put before us; we do not omit information and we do not mislead.

Dilemma

Pericles is an Officer of the Tax Department and is involved in the examination of capital statements. Pericles has serious economic problems. An accountant proposes to lend him money that could be repaid whenever Pericles is able, on the condition that Pericles will give priority to the examination of the accountant's affairs and be extra lenient in the taxation of the accountant's clients.

Q : What do you think should Pericles' behaviour be?

A: Accepting money in exchange of speed up or tax leniency constitutes bribery and therefore Pericles must not accept it. An honest employee does not give priority with a criterion his own benefit.

Dilemma

Alkiviades, an Officer of the Tax Department, issued a tax assessment amounting to €20,000, as it was not possible to reach an agreement with the taxpayer. The taxpayer did not object, nor appealed to the Supreme Court. At a later stage, Alkiviades detected a serious mistake made in the tax calculations at the expense of the taxpayer. The mistake burdened the taxpayer with an additional amount of tax of €500.

Q: How should Alkiviades act? Should he ignore the error considering it negligible?

A: He should immediately correct the error. This act will strengthen the appreciation and public trust in the work of the Tax Department. When we find mistakes at the expense of the taxpayer, we must immediately take corrective measures, taking into account the hierarchy which was involved in the decision.

Responsibility

We perform our duties conscientiously, timely, with due diligence and with a high sense of responsibility. We take personal liability for our decisions. We continue to be liable and accountable, even when we are in consultation during the exercise of our discretion or appraisal of special cases.

Dilemma

During the examination of an objection, Andreas, an Officer of the Tax Department, without requesting any data and/or without investigating the facts, wrote on a note that he had a telephone conversation with the taxpayer during which he informed him that the gratuity he received is taxable under the law. Andreas did not explain to the taxpayer the reasons why he considered that the amount was taxable. He thinks of imposing a final assessment for the settlement of the objection with agreement, considering that the taxpayer had agreed.

Q: In your view, did Andreas act responsibly before formulating his opinion?

A. Andreas did not act responsibly since he didn't carry out a proper investigation of all the facts relevant to the case that would help him form a correct judgment on the matter under examination. Under the law, Andreas has the power to request any person to appear before him and to provide such data and information he deems necessary for the purpose of verifying the amount of the object of tax of the person who made the objection. Our decisions must be accompanied with the necessary evidence. We have a responsibility towards the taxpayer and the state.

Dilemma

Takis, an Officer of the Department, during the examination of the tax affairs of an insurance agent, decided to increase the income of the taxpayer on the basis of a statement secured from an insurance company. The taxpayer requested Takis to accept some additional expenses which he did not declare and which he failed to substantiate, as they concerned commissions paid in order to secure that income. The taxpayer, being under psychological pressure, said that if his request is not accepted he will find himself in a very difficult economic situation and most likely he will interrupt the studies of his two children. Takis is thinking to accept a large part of the expenses claimed by the insurance agent, although there is no documentation.

Q: Is Takis thinking correctly?

A: Takis has a duty to apply the law uniformly and not to deviate from it on the basis of claims and for subjective reasons. But Takis could, where a payment was legally made, ask the taxpayer to produce written confirmations from the recipients in relation to the amount, date and the reason for taking the commission. Of course, Takis should assess whether the recipient could provide the service for which he got the commission. Our discretion should not go beyond the scope of the requirements of the law, otherwise it will lead to uneven results and irresponsible decisions.

Objectivity

We perform our duties impartially and regardless of any interests in accordance with the law. We do not discriminate and do not give special favours or privileges to anybody. We avoid all forms of discrimination based on gender, age, social status, religion, national origin or other criteria. We apply the law without exceeding the powers granted to us.

Dilemma

Helen, an Officer of the Tax Department, based on rumours that certain taxpayers evade taxes, has shown excessive zeal in some cases when carrying out the tax audit, asking for data which were not needed or giving excessive weight to data that she should not have taken into account for the calculation of their undeclared income. She informs the taxpayers about the recommendation she will make to her superior in relation to their tax obligations. The taxpayers feel aggrieved because they will have to pay disproportionate amounts for their errors and omissions. This causes concern to Helen.

Q: Is Helen's decision with regard to her recommendation ethically and deontologically correct?

A: Helen has not acted fairly and on the basis of objective criteria. Excessive zeal, based on rumours, in some cases leads to uneven results in breach of equal treatment and to decisions going beyond the discretion of the officer, which may be considered arbitrary. Every one of us has an obligation to judge and decide on the basis of data before us and not based on rumours or suspicions, giving due weight to each data.

Dilemma

Kyriaki's father, Kyriaki works in the Tax Department, has been selected for a tax audit because his tax returns are not considered to be credible. Anna, a colleague of Kyriaki, is concerned because she believes that if either she or another of her colleagues start examining Kyriaki's father, this will affect the relationship between the colleagues.

Q: Is Anna thinking correctly?

A: The colleague's father must be audited without any favourable treatment. The selection of the tax audits is done with transparent and objective criteria that make up the risk analysis system and we do not have any right to violate these criteria in favour of some people.

Respect

We see our profession as a vocation based on our credibility and on the confidence of the taxpayers, the state and the society. We behave with politeness, patience and honesty, providing correct, timely and full information. We do not waste the taxpayer's time unnecessarily. We display mutual respect, and co-operation between us as colleagues and support the efforts of our colleagues to achieve our vision. We trust the taxpayers to be acting in good faith unless there is evidence to the contrary.

Dilemma

Kyriakos, an Officer of the Tax Department, had a meeting with a taxpayer whose tax declarations he had been auditing. He asked him a lot of questions for the purpose of evaluating the correctness of his tax declarations. The taxpayer needed a tax settlement certificate for public procurement purposes. At some point, Kyriakos' wife came into the office and started talking to him on personal matters, ignoring the taxpayer. Although the taxpayer was in great need to get the certificate and despite the fact that the conversation between Kyriakos and his wife lasted quite a while, the taxpayer nevertheless considered it appropriate not to interrupt their conversation. At some point, however, the taxpayer interrupts Kyriakos and tells him that his in a hurry.

Q: Did Kyriakos act with respect? What should he have done?

A: Kyriakos shouldn't have interrupted the tax declaration audit for his personal affairs. Serving the taxpayer's is our main pursuit and concern. The taxpayer's time is valuable and the taxpayer should not have been subjected to any inconvenience. Kyriakos must solve his personal matter outside the working hours or after the completion of the taxpayer's audit. Kyriakos should apologise to the taxpayer and ask his wife to wait outside until the audit is completed. We have to be really careful on how we act when we are serving taxpayers so that our actions do not discredit our position and the Public Service.

Dilemma

A taxpayer, who is not a resident of the Republic, sold an immovable property in Ayia Napa. As there was a delay of the debt settlement of the property, the amount he received included interest for which the taxpayer paid Special Contribution for Defence, as advised by Christos, an Officer of the Tax Department. The taxpayer after being informed by a friend that he was entitled to be refunded the Defence Contribution submitted an application to the Tax Department. Christos, in view of forthcoming promotions, faced a dilemma on whether he should hide his mistake and he was prepared to request from the taxpayer a series of data, many of which were unnecessary.

Q. How do you think Christos should act?

A: Christos has to show respect towards the taxpayer. He should admit his possible mistake and ask only for data needed to make sure that the taxpayer is not a resident of the Republic. We request only the data needed to substantiate the case under examination. The demand for unnecessary data causes needless nuisance to the taxpayer and shows lack of respect on the part of the Officer. This kind of behaviour undermines public trust in the public service.

Confidentiality

We safeguard the information, data and property entrusted to us either by the taxpayers or the Department or brought to our attention during the performance of our duties. We protect the private data of the taxpayers, using them only for the purpose for which they were provided to us.

Dilemma

Elpiniki and Antronikos are colleagues and they have a discussion, in a common area of the Tax Department, about the details of a case which is under examination. In the same area, there are taxpayers and accountants waiting to be served by officers of the Department. Giorgos hears them and he is thinking of interrupting them and telling them to stop discussing the case in front of third-parties.

Q: Is Giorgos thinking correctly?

A: Of course. We should avoid discussing taxpayers' cases in common areas of the Department or outside of the Department because confidentiality is breached. Very correctly Giorgos is thinking to advise his colleagues. We should always advise our colleagues first, before we resort to measures of informing the Ethics and Conduct Coaches and supervisors.

Generally, we have a duty to uphold the confidentiality of information that was obtained as a result of the performance of our duties and, consequently, we should not reveal any such information to third-parties, who do not have the proper and special authority. If there is no legal or professional right or obligation to communicate the information, we do not use the information for personal benefit or third-party benefit.

In this context we should specifically:

- show consistency in the use and protection of information we acquire during the exercise of our duties,
- protect the personal data of citizens and respect everyone's right to confidentiality and personal privacy,
- not use information for personal gain or in a way contrary to the legislation or harmful to the legal, ethical and objective goals of the Department,
- take care and safeguard the confidentiality of information we handle in each case and especially when we use information- and communication technologies,
- not publicise information related to the private and family life of citizens which we possess because of our position in the department,
- explain the reasons why the provision of information is not allowed, when a citizen requests information that falls within the sphere of professional secrecy.

Avoidance of conflict of interests

In no case shall we be involved personally and substantially in any "special issue", knowingly in danger of attribution to us a personal "financial gain". If such a conflict, we have the obligation to report it immediately to our immediate supervisor, and he in turn has the obligation, if he considers that there is a case of conflict of interests, to exclude our participation in this specific issue.

Dilemma

Popi is an Officer at the Tax Department, and her husband runs an accounting office. Popi audits the tax obligations of the clients of her husband's office, without being certain if this is right.

Q: Is it right for Popi to audit the tax obligations of her husband's clients?

A: It's not deontologically correct. Popi must notify her supervisor that her husband runs an accounting office and request to be excluded from the tax audits of the clients of this office. We always make known the family or special relationships that we have so as to be excluded from the examination and decision-making on matters that concern them.

Generally, a conflict of interest arises when our actions (carrying out a tax audit, issuing a decision, taking measures, any work or action taking place within the framework of the authority of the department) are influenced or are likely to be seen by others as influenced by private interests (usually of economic nature) of ourselves personally or of a relative or a person close to us.

The names that are mentioned are coincidental and have nothing to do with any real people.

In Annex I, which will be available only to the staff of the Tax Department, there is a list of extra dilemmas which we may face with the respective suggested solution.



MECHANISMS FOR PREVENTION AND CONTROL

The application of the Code will be ensured through the following mechanisms:

Training and coaching of employees

At the start of our employment we receive the Code of Ethics and Conduct of our Department, we study it thoroughly and try to understand it fully from the training. Our continuous training on the matters of the Code is our priority.

For coaching, so as to act within the framework of the Code, we seek help from the properly trained Coachers on Ethics and Conduct who were appointed at the central offices or at each district office.

Appointment of Coachers on Ethics and Conduct for the Department

Coachers are appointed by the Commissioner of Taxation with the following roles:

- Set an example by showing ethical and deontological behavior while performing their duties.
- Train, assist and provide the necessary support to the employees so they can comprehend and apply the Code of the Department.
- Advise on matters relating to the application of the Code if something comes to their attention.
- Solve questions or coach in relation to the laws that may be activated.
- Create an environment where employees feel comfortable to express themselves without fear of retaliation.
- Examine seriously any dilemma raised by an employee. They resolve it, if they can, or spend the time to find out if the dilemma has to be referred to the Ethics and Conduct Committee. In the second case, they refer the dilemma to the Committee as soon as possible.
- Examine oral complaints from the public which are referred to them by the officer. They resolve them if they can or give advice as to whether a complaint must be submitted through the official channels.
- Assist the Committee of Ethics and Conduct in its work.

Establishment of a Committee on Ethics and Conduct

A Committee on Ethics and Conduct is established by the Tax Commissioner that:

- Examines the most difficult dilemmas.
- Revises the Code

- Determines the measures for the dissemination and assimilation of the Code.
- Measures through questionnaires and other methods, the degree to which citizens and the staff of the Department consider that the Code is adhered to.
- Examines on behalf of the Commissioner complaints that are submitted according to the established procedure.
- Suggests improvements after examination of complaints.

The Assistant Commissioner who is appointed by the Commissioner chairs the Committee. The Committee will seek instructions from the Commissioner whenever considered necessary.

Dissemination to the public

We disseminate to the public that we adopt the values of our Department through our behaviour towards the taxpayers during their visits, telephone calls and written communications. Furthermore, we disseminate to the public that our decisions and actions are in full harmonisation with our Code. Our Code is displayed at all offices and on the website of the Department. Also, it is disseminated through newsletters and with continuous references to the Code by the Management and the senior officers at their public appearances and speeches.

Internal and external supervision

The Internal Audit Unit of the Department through the audits it carries out can identify the cases where our Code was not applied. These cases shall be set out in its report to the Commissioner, with corresponding suggestions. Keeping down to the minimum the cases of violation of the Code will send a message both inside the Department and outside that the values for our Department are the core of our operations.

Moreover, the audits made by the Office of the Auditor General and the Internal Audit Office of the Republic will bring to light any questionable cases.

Definition of the procedure for submitting and handling complaints

Every citizen and every colleague may submit in writing to the Commissioner any complaint he may have. The complaints will be examined by the Ethics and Conduct Committee on behalf of the Commissioner. When the Committee receives the complaint, the complainant is informed that his complaint has been received and is being examined.

The complaint must be specific and explain clearly why there is a need to initiate the complaints' procedure and what the complainant expects for the solution of his issue.

In addition, the complaints must bear the name and contact details of the complainant, date and signature. Any evidence that may substantiate the complaint must be enclosed.

During the examination procedure, the confidentiality will be respected and the examination will be carried out on the basis of the values of our organisation.

The relevant reply will be given to the complainant within 60 days from the date of receipt of the complaint by the Tax Department. The letter will request from the complainant to reply whether he is satisfied with the response of the Department.

The target of the Department is not only to solve the problem that gave rise to the complaint but also to limit similar complaints in the future, by taking decisions that will prevent similar cases.

The Committee of Ethics and Conduct will suggest to the Commissioner the measures that need to be taken and the respective persons in charge will be responsible to implement them.

Active support to the Code by all members of staff

To fulfil our obligations we have the responsibility to report an action or behaviour that may lead to the violation of the provisions of the Code.

We have an obligation to advise a colleague who faces a dilemma. In the case where the colleague refuses to accept our advice, we must notify the Ethics and Conduct Coacher and the colleague's supervisor in order to advise him.

We must not participate and under no circumstances we facilitate the violation of the Code by any member of the staff. In the case we become aware of a violation of the Code we have to inform the Commissioner, with a copy to the supervisor of the colleague who violated the Code.

Any notice that is made in bad faith will be considered a violation of the accepted rules of behaviour and will be treated as such.



CONSEQUENCES FROM THE VIOLATION OF THE CODE

It is important to know the consequences from the non- adoption of a value because a behaviour that does not comply with the value may activate the application of an article of a relevant law and we may find ourselves unwillingly exposed. By knowing the consequences, we protect ourselves from potential unpleasant situations.

As it is mentioned in the section Mechanisms for Prevention and Control, the Tax Department in its effort to prevent potential violations of the Code has appointed Coaches and a Committee of Ethics and Conduct, from whom we can seek guidance. However, the consolidation of prevention will be greater if we are familiar with the existence of laws, which in accordance with article 60(1) of the Public Service Law, we have to know and abide by.

The laws that we have to know are the following:

- The Assessment and Collection of Taxes Laws (to be replaced by the Tax Procedure Law), especially articles 4(1), 4(2), 4(3), 49(2).
- The Income Tax Laws, especially article 4.
- The Capital Gains Laws, especially article 23(c)
- The Immovable Property Laws, especially article 20(2).
- The VAT Laws, especially articles 46(1), 47(3).
- The General Principles of Administrative Law, especially articles 10, 13, 14(1), 17(7), 17(8), 26(1), 26(2), 27, 28, 35, 38, 39, 40, 42(1), 42(2), 44, 45, 47, 48, 50, 51, 52.
- The Processing of Personal Data (Protection of the Individual) Laws, especially articles 4, 5, 6(1), 6(2)(a), 6(2)(b), 6(2)(c), 6(2)(e), 6(2)(h), 9, 10, 11, 12.
- The Public Service Laws, especially articles 44, 60, 62, 65, 66(1), 67, 68(1), 68(2), 69, 69 A, 70.
- The Equal Treatment of Men and Women in Employment and Vocational Training Laws of 2002 (L.205 (I)/2002), especially articles 3, 5, 12.

Annex III of the Code shows the articles of the laws mentioned above. All the laws referred to are uploaded on the intranet; the tax laws are also uploaded on our website at **www.mof.gov.cy/mof/taxdep.nsf** and the remaining laws are on the website of the relevant Departments. Furthermore, all laws can be found on the website of the Cyprus Bar Association at **www.cylaw.org**.

Annex II shows possible violations, which after examination may activate the application of laws, that have been included for better understanding and hence a more effective prevention. The names that are mentioned are coincidental and have nothing to do with any real people.

The Annexes are available only to the staff of the Tax Department.



■ EPILOGUE

Every one of us has a personal and professional responsibility to apply the Code of Ethics and Conduct. By applying the Code we gain the trust of the public and facilitate our work. We lay the foundations for social change into a new culture of compliance with the tax laws and a society based on principles and ethical values.

We have the responsibility to promote a better society, an honest one, free from scandals, in which the young generation will live and create.

By applying the Code we protect ourselves from any potential violation of the law, which will diminish our status, the status of our Department and the status of the Public Service in general with subsequent consequences.

We, all the employees of the Tax Department, are invited to strictly apply the Code of Ethics and Conduct of our Department.





**Ministry of Finance
Tax Department**

1471 Nicosia, Cyprus
www.mof.gov.cy/mof/taxdep.nsf

**Cyprus Academy of Public
Administration**

1473 Nicosia, Cyprus
www.mof.gov.cy/mof/capa/cyacademy.nsf

Text editing

Tax Department and Cyprus Academy of Public Administration, under the coaching of Dr. Theodore Panayotou, Director and Professor of Ethics at the Cyprus International Institute of Management (CIIM).

Language editing

Press and Information Office

Publisher

Press and Information Office



PIO 241/2021-250

ISBN 978-9963-50-431-2

Printed by the Government Printing Office