

# Provisional tax declaration 2023 and final tax payment 2022

## Provisional tax declaration for tax year 2023

For the calendar year 2023, a company or self-employed individual (the “Entity”) is obliged to estimate their income tax liability for the year and pay such income tax liability in two equal instalments, the first one by 31<sup>st</sup> July 2023, and the second and final one by 31<sup>st</sup> December 2023.

Entities with no estimated taxable income are not obliged to pay any provisional tax.

The statutory deadlines as per the law are 31<sup>st</sup> July 2023 and 31<sup>st</sup> December 2023, but the relevant instalment payments can be made by 31<sup>st</sup> August 2023 and 31<sup>st</sup> January 2024, respectively, without any interest and/or penalty charges. Following the payment of the 1<sup>st</sup> instalment, the Entity can revise its estimated taxable profits, either upwards or downwards, at any time until 31<sup>st</sup> December 2023 depending on its anticipated results for the year.

## Information on the final tax liability of tax year 2022

With respect to the final tax liability of year 2022, any difference between the actual income tax liability of year 2022 and the provisional tax paid during that year, is payable by 31<sup>st</sup> August 2023 without any interest and/or penalty charges.

## Interest and penalties

### Additional tax of 10%

If the provisional tax declared for year 2023 is proven to be less than 75% of the actual tax payable to be derived from the actual 2023 income tax return to be submitted to the Cyprus tax authorities, a 10% additional tax will be imposed on the net tax payable.

### Delay on Payment interest and penalty

- If an Entity fails to make the relevant instalment payment by the dates indicated above, there is interest on the tax instalment due at 2,25% per annum which is calculated on a monthly basis (e.g., if the 1<sup>st</sup> instalment payment is not made by the 31<sup>st</sup> August 2023, there is interest of 2,25% times 1/12 if the payment is, say, delayed for one month). If the delay relates to the payment of the 2nd instalment, then in addition to the above interest charge there will be a one-off penalty of 5%.
- Likewise for the final tax payment of year 2022, failure to pay this by the 31<sup>st</sup> of August 2023 will result to the imposition of a one-off penalty of 5%, and an interest charge of 2,25% per annum, calculated as explained above.

## How do you pay?

The aforementioned payments can only be done via the online Tax Portal of the Tax Department (<https://taxportal.mof.gov.cy>). For any payments that are subject to interest and penalties or relating to revised provisional tax, these can also be made at any District Tax Office or through the Tax Portal.

If you have any questions or need any assistance with the calculation of your 2023 provisional tax and the administration of the provisional tax payments as well as the final payment of the year 2022 tax, feel free to contact one of our officers at Prudens Ltd at **+35722020500** or send us an email at [accounting@prudensgroup.com](mailto:accounting@prudensgroup.com).

