



TO ALL MEMBERS OF THE INSTITUTE

This circular is issued in consultation with all the Supervising Authorities of the Administrative Service Providers (ASP), namely the Securities and Exchange Commission, the Cyprus Bar Association and the Institute of Certified Public Accountants of Cyprus, and the Inland Revenue Department ("IRD")

1. As you know from recent press articles and the press release issued by the Ministry of Finance, Cyprus (along with a small number of other countries) has been rated by **the Global Forum on Tax Transparency and Exchange of Information for Tax Purposes**, after a review of the legislation and practices followed on the exchange of information between tax authorities which apply in Cyprus, that it does not conform to the practices of tax information exchange within the time limits specified for such matters. The findings of the report and the actions taken by Cyprus to resolve the problem within the next year are discussed in the relevant press release by the Ministry of Finance, which is attached.
2. As indicated in the press release, the matter was discussed by the Competent Authorities of the Republic of Cyprus and the Supervisory Authorities and it has been decided to take concrete measures.
3. In order to create a system of coordination between the IRD and the companies which are managed by the ASP regarding receiving and responding to queries from foreign tax authorities, as a first immediate step, it has been decided that each ASP indicates to the IRD a specific person who will act as the " Liaison " between the ASP and the IRD for issues relating to responding and receiving information in connection with such requests.
4. Although this task does not necessarily fall within the legal duties of the compliance officer for the ASP, it has been decided that the IRD, unless otherwise indicated by the ASP, would consider that the relevant "liaison" for each ASP for the above purposes is the same person as the compliance officer of the ASP. In case that any ASP wishes to designate someone else as the relevant liaison between the IRD and the ASP, the ASP should notify the respective Supervising Authority and the IRD, accordingly, no later than 31/12/2013 at the following addresses:



striftaridou@ird.mof.gov.cy

info@icpac.org.cy

apetrou@cysec.gov.cy

5. In order to definitively resolve the problem that has been created, the IRD will take actions in order to update correctly the tax register of taxpayers. The IRD early next year will write to the companies asking relevant information for this purpose and it is expected that all ASPs will assist actively and promptly in this endeavor.
6. At the same time, the efforts will be intensified to respond immediately by the taxpayers on requests for exchange of information and the effective contribution of ASPs is necessary. The Supervising Authorities will play a key role in this effort of IRD, by taking measures against those ASPs which will not ensure that the taxpayers, to whom they provide administrative services, do not respond promptly to such requests and thus contribute to creating a negative impression of Cyprus internationally.
7. It is understood that in case this effort does not produce the desired results for early compliance, the Government will proceed immediately with the introduction of legislation which will significantly increase administrative penalties on non-compliant companies and their directors, which are currently provided in the relevant legislation for such failure, an action that will have the full and effective support of all Supervising Authorities.
8. In an effort to educate the regulated persons, the three Supervising Authorities shall stage in the next two months seminars for a full update of their members on this important issue and answer any relevant questions.

We are certain that everybody aspires to maintain Cyprus as an international financial services center and much more to reverse the negative climate that exists today on the name and reputation of Cyprus as an international financial services center. Compliance of ASPs on the issue of timely response to requests for exchange of information is an essential and indispensable contribution to this effort and therefore we are certain that all of you will properly address the issue.