

| <b>COMPLIANCE CIRCULAR</b> | 17/2024 [CC 17_2024]   |  |
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| То:                        | ALL FIRMS OF THE INTITUTE<br>ALL COMPLIANCE OFFICERS OF THE<br>INSTITUTE   |  |
| Date:                      | 9 May 2024   |  |
| Subject:                   | Update of Question 7 of FAQs in<br>relation to reporting requirements of<br>Article 5r or Regulation EU 833/2014 |  |

ICPAC would like with this circular to inform all firms and compliance officers of an update in relation to **Question** 7 of the **FAQs regarding the reporting obligation of Article 5r of Regulation 833/2014** issued by the Ministry of Finance.

Updated guidance provided by the European Commission notes the following:

- <u>Reporting is based on the understanding that reportable transfers are those that leave the EU jurisdiction</u>. Thus, funds that the EU reporting entity holds in a third country bank account (where the bank is not a branch of an EU bank) would not be subject to the reporting requirement if transferred, <u>because such funds are already outside EU jurisdiction</u>.
- Conversely, funds transferred by the reporting entity (including its EU and non-EU branches) from an EU bank account to a non-EU bank account of the recipient are reportable, even if the recipient is an EU person or company.

## ΣΥΝΔΕΣΜΟΣ ΕΓΚΕΚΡΙΜΕΝΩΝ ΛΟΓΙΣΤΩΝ ΚΥΠΡΟΥ

Λεωφόρος Βύρωνος 11, 1096 Λευκωσία Τ.Θ. 24935, 1355 Λευκωσία, Κύπρος Τ.: +357 22870030, Φ.: +357 22766360

## THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF CYPRUS

11 Byron Avenue, 1096 Nicosia P.O. Box 24935, 1355 Nicosia, Cyprus T.: +357 22870030, F.: +357 22766360

info@icpac.org.cy www.icpac.org.cy



A summary table is provided below for easy review:

| Transferring<br>Entity | Bank Account<br>Transferor | Receiving<br>Entity | Bank<br>Account | Reportable |
|------------------------|----------------------------|---------------------|-----------------|------------|
| Lintry                 | 11 unsier of               | Lincity             | Recipient       |            |
| EU Person              | EU Bank                    | EU Person           | Non-EU Bank     | Yes        |
|                        | Account                    |                     | Account         |            |
| EU Person              | EU Bank                    | Non-EU              | EU Bank         | No         |
|                        | Account                    | Person              | Account         |            |
| EU Person              | EU Bank                    | Non-EU              | Non-EU Bank     | Yes        |
|                        | Account                    | Person              | Account         |            |
| EU Person              | Non-EU Bank                | Non-EU              | Non-EU Bank     | No         |
|                        | Account                    | Person              | Account         |            |

The FAQ's will be updated in due time and uploaded to the Ministry's <u>website</u>.