

NEWSLETTER 3/2026

Tax Penalties

Following the Cyprus Tax Reform effective since 1 January 2026, the Tax Department has introduced stricter administrative penalties for tax non-compliance.

Summary of the key penalties introduced:

1. Late Filing of Tax Returns

- Administrative fines apply for late submission of tax returns or supporting documents:
Individuals: € 150
Small companies (turnover below € 1 million): € 250
Large companies (turnover above € 1 million): € 500
- If the taxpayer does not comply after receiving a formal notice from the Tax Commissioner, the penalties increase to:
Individuals: € 300
Small companies: € 500
Large companies: € 1,000

2. Late Payment of Taxes

- 5% penalty on unpaid tax after the due date
- Additional 5% surcharge if the tax remains unpaid after two months
- Statutory interest will also apply on the outstanding amount

3. Failure to Maintain Accounting Records or Submit Employer Returns

- Failure to maintain accounting records:
€ 300 for entities with turnover up to € 1 million
€ 1,000 for entities with turnover above € 1 million
- Failure to submit employer returns (TD7):
€ 300 for entities with turnover up to € 1 million
€ 1,000 for entities with turnover above € 1 million

4. Incorrect or Missing Information

Higher penalties may apply for serious violations, including:
€ 5,000 fine for unjustified omission of income in a tax return
€ 5,000 fine for failure to issue proper invoices or receipts
€ 6,000 fine for refusal to accept card payments where required