

Exchange of Information from a Cyprus perspective*December 2008***How Does The Exchange Of Information Work From A Cyprus Perspective**

As per the relevant Cyprus national legislation, the Cyprus Income Tax Commissioner may exchange information with a foreign tax authority only if it is provided so in the double tax treaty between Cyprus and that country. For certain types of such requests (and especially in the cases where the required information is not directly held by the Cyprus tax authorities) the Cyprus Income Tax Commissioner CANNOT comply unless the applicable double tax treaty contains certain paragraphs (i.e. paragraphs 4 and 5 of Section 26 of the OECD model convention).

Provided the above is met, the foreign tax authority requesting certain information must make a formal request to the Cyprus tax authorities. Such request must contain several specific details regarding the required information, like:

- the identity of the person
- description of information that is requested
- the tax reason for which the specific information is needed
- the reasons that the foreign tax authority believes that such information is in the hands of the Income Tax Commissioner or in the hands/control of any other specific person in Cyprus
- a declaration that this request is in accordance with the laws and administrative practice of the national laws of the country requesting the information

Once the Cyprus Income Tax Commissioner is satisfied that the request fulfills all the required criteria as provided in the Cyprus national legislation, he **must first obtain the written approval of the Attorney General in Cyprus** before proceeding to obtain such information and exchange it accordingly.

It is noted that in cases where the Cyprus Income Tax Commissioner requests information to be disclosed he must state which foreign tax authority has officially requested such information.

From the above procedure outline it is clear that a foreign tax authority requesting information from the Cyprus tax authorities can only make very specific requests and not general in context.

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Totalserve Management Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.