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Law Regulating the Settlement of Overdue Taxes



The law regulating the settlement of overdue taxes entered into force on 3rd of July 2017 and provides details of the process and the years to which the scheme will apply as well as discount to be provided.

1. Laws which are within the scope of the regulated settlement scheme

The provisions of the scheme apply to tax liabilities arising under the following laws:

- Income Tax Law
- Special Defence Contribution Law
- Immovable Property Tax Law
- Capital Gains Tax Law
- Inheritance Tax Law
- Special Contribution Law
- Stamp Duty Law
- VAT Law

2. Date for the submission of the application in order to enter into the scheme

Applications relating to existing obligations should be submitted within 3 months from the date the law enters into force, which is the 3rd of July 2017. In cases where the tax liability is assessed after the 3rd of July, the application should be submitted within 3 months from the date on which the tax becomes due.

3. The scheme covers the below overdue taxes

(a) All taxes due for the years up to and including 2015 which at the date of the application have been assessed by the Tax Department and appear as payable, whether these arise by way of agreement with the Tax Department or pursuant to a court order.

(b) Amounts which become payable following the submission of a self-assessment in respect of tax years up to and including 2015 and the tax returns for the relevant tax year have already been submitted, but no tax payment was made.

(c) Tax liabilities which are assessed after 3 July 2017 by the Commissioner of Taxation and relate to tax years up to and including 2015. In this case, an application for regulation must be made within three months from the date on which the tax becomes due.

4. Instalments waving of interest and additional charges

Relief of interest and penalties will be given on the overdue taxes depending on the number of instalments which cannot exceed 60 as shown in the table below:

Number of monthly Instalments	% relief
1 (Full settlement)	95%
2 - 8	90%
9 - 15	85%
16 - 21	80%
22 - 28	75%
29 - 35	70%
36 - 42	65%
43 - 49	60%
50 - 56	55%
57 - 60	50%

For overdue taxes which are being regulated under the provisions of this law, no additional charges will accrue.

5. Termination of a regulated settlement scheme

A settlement scheme is terminated in cases where the taxpayer:

- fails to file tax returns and VAT returns during the settlement scheme, or
- fails to settle a liability that relates to a period after the 31st December 2015, or
- delays to pay any 3 instalments, or
- delays to pay an instalment for more than 3 consecutive months, including the month the instalment was due.

For any further enquiries please contact us. Our tax specialists will be happy to assist you.

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