



T.P. Alfa Services

**Transfer Pricing Developments: Termination of Interpretative Circular 3 and
Procedural Circular 5**

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A. INTRODUCTION

On the 5th of January 2023, the Tax Department issued the Circular 1/2023 which terminates:

- i) Interpretative Circular 3, dated 30 June 2017, with respect to the rules for the taxation of back-to-back intra-group financing transactions.
- ii) Procedural Circular 5, dated 2 January 2019, for the contents of a transfer pricing documentation file.

B. BRIEF POINTS TO NOTE

On the 30th of June 2017, the Cyprus Tax Authorities (the "CTA") issued a tax circular with respect to the Transfer Pricing rules that applied on back-to-back intra-group financing transactions.

On the 2nd of January 2019, the CTA issued a circular explaining the practice that CTA will apply in relation to the documentation of a transfer pricing study as well as an example of a summary table.

The issuance of Circular 1/2023, terminated the effect of the above-mentioned circulars as from the 1st of January 2022.

Therefore, as from the 1st of January 2022 the applicable laws and rules on Transfer Pricing are those passed by Cyprus Parliament in 2022 with effective date the 1st of January 2022.

Please refer to our brochure "[Cyprus Transfer Pricing legislation](#)", for the effective laws and rules which remain applicable.

C. HOW CAN TP ALFA SERVICES LIMITED ASSIST

TP ALFA SERVICES LIMITED can assist you to:

- Understand the impact of the information included in this publication on your intragroup financing transactions;
- Perform and submit a transfer pricing study for your intragroup financing transactions;
- Prepare an APA and liaise with tax authorities to enable the client to secure a pricing in advance;
- Assist in the formation of the internal transfer pricing policy;
- Represent you in a transfer pricing dispute with the tax authorities.



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