

Tax Alert

Cyprus Expands Enforcement Powers: Tax Commissioner May Suspend Business Operations and Seal Premises

CYPRUS TAX ALERT

Executive Summary

Cyprus has introduced a significant expansion of the Tax Commissioner's enforcement powers through Law 243(I)/2025, including the authority, in prescribed circumstances, to order the suspension of business activities and the sealing of business premises in cases of serious or repeated tax non-compliance.

This development represents a notable shift in the tax enforcement landscape, elevating tax compliance risk beyond financial penalties and into the realm of operational disruption and business continuity.

Scope of New Powers

Subject to statutory conditions and procedural safeguards, the Tax Commissioner may impose temporary suspension measures where a taxpayer is found to have engaged in specified acts of non-compliance, including circumstances involving:

- Persistent failures to submit required tax returns;
- Material unpaid tax liabilities exceeding statutory thresholds;
- Failures relating to invoicing or issuance of tax documentation;
- Obstruction or hindrance of tax audit procedures.

Depending on the circumstances, suspension measures may involve:

- Temporary closure of business operations;
- Sealing of business premises;
- Extensions of suspension periods where non-compliance continues.

Thresholds and Trigger Events

The law introduces objective triggers, including, among others:

- Failure to submit:
 - two tax returns;
 - twelve monthly withholding tax or contribution returns; or
 - three VAT returns (with certain filing-related provisions applicable from 1 January 2027);
- Unpaid tax liabilities exceeding €20,000 (including interest and surcharges, where final and enforceable).

Given the technical nature of these thresholds, affected businesses should monitor not only substantive tax liabilities, but also procedural filing obligations.

Contact us for any further information, clarification, or assistance in relation to the above or any other tax matters.



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