

## Increased Local File thresholds

On 1 February 2024, the Cyprus Tax Department (“CTD”) published a letter updating the thresholds for preparing a Local File for the tax year 2022.

In accordance with the letter published by the CTD, the local file thresholds are increased as follows (applicable from tax year 2022):

- The threshold for **financing transactions** increases to **EUR 5m in aggregate**. It should be noted that for loans the principal amount and accrued interest should be considered when examining whether the financial category exceeds the threshold
- The threshold for **all other type of transactions** increases to **EUR 1m in aggregate**.

In the letter, CTD highlights that persons exempt from the requirement to prepare a Cyprus Local File must comply to the guidelines outlined in Circular 6/2023. Moreover, they are obligated to maintain minimum Transfer Pricing documentation for their controlled transactions that do not exceed the annual threshold in aggregate per category of transactions.

Our team of experts remains at your disposal for assistance for the above. For any tax matters, please contact [tax@hlb.com.cy](mailto:tax@hlb.com.cy).



### GET IN TOUCH

## Tax Department

**Marios Hadjihannas**

Board Member – Head of Tax & Legal

**Nikos Kontozis**

Tax Senior Manager

[www.hlb.com.cy](http://www.hlb.com.cy)

Tel: (+357) 22002700

---

TOGETHER WE MAKE IT HAPPEN