

## COLLECTION AND RECOVERY OF TAX.

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## THE STATUTE LAWS OF CYPRUS

## No. 6 OF 1941.

A LAW TO IMPOSE A TAX UPON INCOMES AND TO REGULATE  
THE COLLECTION THEREOF.

W. D. BATTERSHILL,]  
Governor.

[18th April, 1941.]

**B**E it enacted by His Excellency the Governor and  
Commander-in-Chief of the Colony of Cyprus as  
follows :—

1. This Law may be cited as the Income Tax Law, **Short title.**  
1941, and shall be deemed to have come into operation  
on the 1st day of January, 1941.

Interpre-  
tation.

2. In this Law, unless the context otherwise requires,—

“body of persons” means any body politic, corporate, or collegiate and any company, fraternity, fellowship, or society of persons whether corporate or unincorporate;

“chargeable income” means the aggregate amount of the income of any person from the sources specified in section 5 of this Law remaining after allowing the appropriate deductions and exemptions under this Law;

“Commissioner” means the Commissioner of Income Tax charged with the administration of this Law;

“company” means any company incorporated or registered under any law in force in the Colony, and any company which, though incorporated or registered outside the Colony, carries on business or has an office or place of business therein;

“guardian”, in relation to an infant, includes parent;

“incapacitated person” means any married woman, infant, lunatic, idiot or insane person;

“Judge” means a Judge of the Supreme Court;

“person” includes a body of persons;

“tax” means the income tax imposed by this Law;

“year of assessment” means the period of twelve months commencing on the first day of January in each year.

#### ADMINISTRATION.

Appoint-  
ment of  
adminis-  
trative  
authority.

3. For the due administration of this Law the Governor may appoint a Commissioner and such other officers and persons as may be necessary and shall furnish such Commissioner with a warrant of appointment under his hand.

Official  
secrecy.

4.—(1) Every person having any official duty or being employed in the administration of this Law shall regard and deal with all documents, information, returns, assessment lists, and copies of such lists relating to the income or items of the income of any person, as secret and confidential, and shall make and subscribe a declaration in the form prescribed to that effect before a Judge of a District Court.

(2) Every person having possession of or control over any document, information, returns, or assessment lists or copies of such lists relating to the income or items of income of any person, who at any time communicates or attempts to communicate such information or anything contained in such documents, returns, lists, or copies to any person—

(a) other than a person to whom he is authorized by the Governor to communicate it; or

(b) otherwise than for the purposes of this Law, shall be guilty of an offence against this Law.

(3) Where under any law in force in any part of His Majesty's Dominions or in any place under His Majesty's protection, provision is made for the allowance of relief from income tax in respect of the payment of income tax in the Colony, the obligation as to secrecy imposed by this section shall not prevent the disclosure to the authorized officers of the Government in that part of His Majesty's Dominions or in that place under His Majesty's protection of such facts as may be necessary to enable the proper relief to be given in cases where relief is claimed from income tax in the Colony or from income tax in that part or place aforesaid.

#### IMPOSITION OF INCOME TAX.

5. Income tax shall, subject to the provisions of this Law, be payable at the rate or rates specified hereafter for the year of assessment commencing on the 1st day of January, 1941, and for each subsequent year of assessment upon the income of any person accruing in, derived from, or received in, the Colony in respect of:—

Charge of  
income tax.

- (a) gains or profits from any trade, business, profession or vocation, for whatever period of time such trade, business, profession or vocation may have been carried on or exercised;
- (b) gains or profits from any employment, including the estimated annual value of any quarters or board or residence or of any other allowance granted in respect of employment whether in money or otherwise;
- (c) the annual value of immovable property and improvements thereon used by or on behalf of the owner or used rent free by the occupier, for the purpose of residence or enjoyment, and not for the purpose of gain or profit, such annual value being deemed to be five per centum of the value of such immovable property as assessed for Immovable Property tax under the Immovable Property Tax Laws, 1932 to 1934;
- (d) dividends, interest or discounts;
- (e) any pension, charge or annuity;
- (f) rents, royalties, premiums and any other profits arising from property;
- (g) the value of any produce receivable in respect of the use of capital, property, seed or stock for the purpose of husbandry or any share of profits receivable in respect of such use.

## BASIS OF ASSESSMENT.

Basis of  
assessment.

6. Tax shall be charged, levied and collected for each year of assessment upon the chargeable income of any person for the year immediately preceding the year of assessment.

Special  
periods of  
assessment.

7. Where the Commissioner is satisfied that any person usually makes up the accounts of his trade or business on some day other than that immediately preceding any year of assessment, the Commissioner may permit the gains or profits of that trade or business to be computed for the purpose of this Law upon the income of the year terminating on that day in the year immediately preceding the year of assessment on which the accounts of the said trade or business have been usually made up:

Provided that, where permission has been given for any year of assessment, tax shall be charged, levied and collected for each subsequent year upon the gains or profits for the full year terminating on the like date in the year immediately preceding the year of assessment, subject to any such adjustment as, in the opinion of the Commissioner, may be just and reasonable.

## EXEMPTIONS.

Exemptions.

8. There shall be exempt from the tax :—

- (a) the official emoluments received by the Officer administering the Government during the period in which he is administering the Government, and the official emoluments drawn by the Governor while on leave;
- (b) the income of any local authority in so far as such income is not derived from a trade or business carried on by the local authority;
- (c) the income of any statutory or registered building, friendly or co-operative society;
- (d) the income of any religious, charitable or educational institution of a public character not derived from a trade or business carried on by such institution, in so far as such income was, during the year immediately preceding the year of assessment, applied to charitable purposes;
- (e) the emoluments payable to members of the permanent consular services of foreign countries in respect of their offices or in respect of services rendered by them in their official capacity or to permanent official agents of such countries who are not British subjects and who are not employed in any trade, business or other undertaking carried on for the purpose of profit;

- (f) the emoluments payable from Imperial funds to members of His Majesty's Forces and to persons in the permanent service of the Imperial Government in the Colony in respect of their offices under the Imperial Government ;
- (g) wound and disability pensions granted to members of His Majesty's Forces ;
- (h) gratuities granted to members of His Majesty's Forces in respect of services rendered during any war ;
- (i) any lump sum received by way of retiring gratuity, commutation of pension, death gratuity or as consolidated compensation for death or injuries ;
- (j) the income arising from a scholarship, exhibition, bursary or any other similar educational endowment held by a person receiving full-time instruction at a university, college, school or other educational establishment ;
- (k) the income of any co-operative savings bank :

Provided that nothing in this section shall be construed to exempt in the hands of the recipients any dividends, interests, bonuses, salaries, or wages paid or credited to any person wholly or in part out of the income so exempted.

9. The Governor may by proclamation published in the *Gazette* provide that the interest payable on any loan charged on the public revenue of the Colony shall be exempted from the tax, either generally or only in respect of interest payable to persons not resident in the Colony ; and such interest shall, as from the date and to the extent specified in the proclamation, be exempt accordingly.

Government  
loans.

#### ASCERTAINMENT OF CHARGEABLE INCOME.

10.—(1) For the purpose of ascertaining the chargeable income of any person, there shall be deducted all outgoing and expenses wholly and exclusively incurred during the year immediately preceding the year of assessment by such person in the production of the income, including—

Deductions  
allowed.

- (a) any sum expended for repair of premises, plant and machinery employed in acquiring the income or for the renewal, repair, or alteration of any implement, utensil or article so employed ;
- (b) where any person engaged in any trade, business, profession or vocation has expended any sum in replacing any plant or machinery which was used or employed in such trade, business, profession or vocation, and which has become obsolete, an amount equivalent to the cost of the machinery replaced, after deducting from that cost such sum as shall represent the total depreciation which has occurred by reason of exhaustion or wear and tear since the date of