12th March 2025

(1) Honourable Minister of Finance of the Republic of Cyprus Mr. Makis Keravnos

(2) Honourable Deputy Minister to the President of the Republic of Cyprus Mrs. Irene Piki

Copying:

1. **Honourable Chairwoman, Mrs. Christiana Erotokritou, and Honourable Members of the Parliamentary Committee on Finance and Budget**

2. **Team Reform Team responsible for project 'Cyprus Tax Reform: Recommendations for a Modern Tax System'**

Honourable Minister, Honourable Deputy Minister,

Subject Matter: Queries of the Cyprus International Businesses' Association (CIBA) concerning the content of the presentation dated 26/02/2025 of the project "Cyprus Tax Reform: Recommendations for a Modern Tax System" and associated material thereof

On behalf of the **Cyprus International Businesses' Association (CIBA)**, we would like to bring to your attention, concerning the above subject matter, the following:

1. As also noted via the CIBA Announcement dated 27/02/2025, CIBA always supported the effective overhaul of the Republic of Cyprus' Tax Framework in order to increase competitiveness of the Economy, always in line with European Union (EU) Law and the procedural as well as substantive pre - requisites under the obligations towards EU. Of course, we will have, not only to bear in mind, but also to seriously take into consideration, the global scenery, including the United States of America (USA) related legal and economical developments within the ambit of the Strategic Co-Operation Agreement.

2. To that effect, CIBA, after having the opportunity to study the content of the presentation dated 26/02/2025 of the project **'Cyprus Tax Reform: Recommendations for a Modern Tax System'**, and the associated Power Point Presentations' related material published online[1], considers certain provisions and recommendations of the Tax Reform Project Team could have an added value, whilst others raise concerns. CIBA, *prior to submitting its final evaluation*, would like to pose specific queries and to seek clarifications on a number of issues.

[1] Accessible at https://www.ucy.ac.cy/erc/third-meeting-with-agencies/?lang=en

3. **Thus, the relevant Queries' Table is annexed to this Letter together with the Attachment 1 thereof, for your kind attention and consideration.**

4. **Considering the timeframe for submission of positions regarding the Tax Reform, we would kindly like to suggest the organisation of a meeting, so as to discuss, and exchange views, on the basis of the below CIBA queries.**

5. Conclusively, as also noted at the CIBA Announcement dated 27/02/2025, the present Letter including the Annex and Attachment 1 thereof, will be circulated to the CIBA Members and published, thereafter, for access by the wider public, for reasons of transparency.

Awaiting your response as to the above – mentioned queries, and to our request for a meeting, we remain at your disposal.

Yours faithfully,

Mrs. Doxia Nikia Hadjivassiliou
President of the **Board** of the **Cyprus International Businesses' Association (CIBA)**
for and on behalf of CIBA

ANNEX

Queries' Table
1. Which are the ultimate goals of the envisaged Tax Reform? *Do these aims relate, for example, to:* **1.1** increase of GDP? **1.2** increase of Foreign Direct Investment (FDI)? *If so, which are the relevant incentives to that effect, and which is their envisaged impact on the basis of a relevant Study?* **1.3** increase of Investment from Local Financial Operators or Undertakings? *If so, which are the relevant incentives to that effect, and which is their envisaged impact on the basis of a relevant Study?*
2. *Associated with Query no. 1*, regarding the Republic of Cyprus' GDP Growth Rate which was used as premise for the Tax Reform Model Equation: **2.1** Had this been the current GDP growth rate of 2,6% for the 4th Quarter of year 2024, as estimated by the Statistical Service and published by the Press and Information Office on 14/02/2025 (PIO)[2]? **2.2** If the projection rate of 2,6% had been utilised how that Republic of Cyprus' Tax Rates will be adjusted in the event that the GDP growth rate: **2.2.1** is reduced by 1% due to geopolitical or financial uncertainties? Will the Corporate Tax Rate increase above 15%? *If so, in the event of further increase, which will be the ceiling?* ***2.2.2*** is increased by 1% due to potential (subject to the below mentioned uncertainties) influx of inbound investments? *Will the Corporate Tax Rate decrease below 15%? If so, which will be the envisaged lower rate?*
3. As a part of the Tax Reform related Presentation by Messrs. Marios Andreou and Costas Markides, Tax Experts, entitled **'Tax Reform for Legal Persons: Suggestions – Framework for Businesses' (in Greek: 'Φορολογική Μεταρρύθμιση για Νομικά Πρόσωπα: Εισηγήσεις – Πλαίσιο για**

[2] See Statistical Service and PIO Press Release dated 14/02/2025 accessible at https://www.gov.cy/en/economy-and-finance/gdp-growth-rate-4th-quarter-2024-flash-estimate/#:~:text=Based%20on%20seasonally%20and%20working,and%20%E2%80%9CInformation%20and%20Communication%E2%80%9D.

Επιχειρήσεις') dated 26/02/2025[3], the following are stated at **Slide no. 6** (*a copy being attached as **Attachment 1** to the present Table*), as per our own unofficial translation in English:

'Suggestion 2

- Increase of corporate tax from 12,5% to 15%
- Close – Structured Companies related anti – avoidance measures
- ➢ Possibility of lifting the corporate vail and taxing the shareholder as a natural person who carries on business
- ➢ Possibility of Adjusting Salaries on free market rates'

In the original Greek text of Slide no. 6:

'Εισήγηση 2

• Αύξηση εταιρικού φόρου από 12,5% σε 15%
• Αντικαταχρηστικά μέτρα για «εταιρείες κλειστής δομής» (close-structured companies)
➢Δυνατότητα άρσης του εταιρικού πέπλου και φορολόγηση μετόχου ως φυσικό πρόσωπο που ασκεί επιχείρηση
➢Δυνατότητα προσαρμογής μισθών σε τιμές ελεύθερης αγοράς (market rate)'

3.1 Do the above statements effectively mean that the Tax Commissioner's Department, *pursuant to the suggested – envisaged Tax Reform parameters when implemented*, will have jurisdiction to:

3.1.1 lift the corporate veil,

3.1.2 look through the sums of the salaries that the Shareholders of the Company, or the Partners of a Partnership, *whether being Cypriot or non – Cypriots*, receive in their respective additional capacities as Employees of the Company,

3.1.3 assess that their respective salaries are too low in comparison with '*free market rates*',

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3 Accessible at https://www.ucy.ac.cy/erc/wp-content/uploads/sites/125/2025/02/%CE%95%CE%B9%CF%83%CE%B7%CE%B3%CE%AE%CF%83%CE%B5%CE%B9%CF%82-%CE%A0%CE%BB%CE%B1%CE%AF%CF%83%CE%B9%CE%BF-%CE%B3%CE%B9%CE%B1-%CE%95%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%AE%CF%83%CE%B5%CE%B9%CF%82_Website.pdf

3.1.4 assess effectively that the dividends received in comparison with the salaries received are too high,

3.1.5 unilaterally take into account an artificial notional higher salary sum,

3.1.6 and, effectively, impose higher taxation than today on such individuals?

3.2 Has the Government of the Republic of Cyprus sought, and was furnished with, a Legal Opinion that the above Suggestion no. 2 is compatible with the applicable, in the Republic of Cyprus, Legal Framework, including, but not restricted to:

3.2.1 the Constitution of the Republic of Cyprus?
3.2.2 the Charter of Fundamental Rights of the European Union?
3.2.3 the European Convention of Human Rights?
3.2.4 the existing Bilateral Investment Treaties as between the Republic of Cyprus with other States?
3.2.5 the existing Tax Treaties as between the Republic of Cyprus and other States?

3.3 How does the above Suggestion no. 2 enhance the Competitiveness of the Economy of the Republic of Cyprus?

4. Whether the procedure followed by the Government of the Republic of Cyprus concerning the Tax Reform Process, and the work undertaken by the Tax Reform Project Team, considered the impact of the Green Taxation Measures which will be introduced within year 2025?

To that effect, reference is made to the EU Commission's Directorate-General for Structural Reform Support publication dated 04/06/2024 entitled 'CYPRUS GREEN TAXATION REFORM DELIVERABLE 2: BEST PRACTICES REPORT'[4].

5. Whether the procedure followed by the Government of the Republic of Cyprus concerning the Tax Reform Process, and the work undertaken by the Tax Reform Project Team, considered the positions of the Cyprus Fiscal Council (Δημοσιονομικό Συμβούλιο), ***the mission of which is inextricably linked with the efficiency of a Tax Reform*****?**

The said query is posed on the following grounds:

a. as noted in statements published in the Cyprus Fiscal Council website[5]:

[4] Accessible at https://reform-support.ec.europa.eu/publications-0/preparation-and-implementation-green-taxation-reform-cyprus_en
[5] See https://www.fiscalcouncil.gov.cy/en/fiscal-council

i. the mission of the said Council is '***the timely and effective public intervention aimed at the avoidance of a fiscal derailment that will entail the adoption of socially painful measures, and that could be avoided by effective fiscal management that includes counter-cyclical and macro-prudential policies***';

ii. the Council consists of 3 members, appointed by the Council of Ministers after consultation the Parliamentary Committee on the Finances and the Budget of the House of Representatives, 1 of which acts as full-time Chairman, remunerated as determined by the Council of Ministers; and

b. in statements made by the President of the Cyprus Fiscal Council to Kathimerini Newspaper, which had been published in consecutive dates' articles in Greek, and thereafter, in English, the following had been, amongst other, had been stressed and noted, respectively:

i. Kathimerini article, *in Greek*, dated 26/02/2025 entitled '20.500 tax free amount, tax benefits and questions'[6]:

> 'Ο Πρόεδρος του Δημοσιονομικού Συμβουλίου Κύπρου (ΔΣΚ), κ. Μιχάλης Περσιάνης κληθείς να σχολιάσει τα όσα άκουσε από την παρουσίαση των σημείων του φορολογικού μετασχηματισμού, τόνισε πως, το ΔΣΚ δεν έχει την παραμικρή ενημέρωση, περιλαμβανομένης και της συνολικής επίδρασης στο διαθέσιμο εισόδημα των νοικοκυριών και κυρίως σε σχέση με την ανακατανομή του πλούτου που προκύπτει από τον συνδυασμό μείωσης των φόρων και της αύξησης άλλων φόρων.'
>
> In English:
>
> 'The President of the Cyprus Fiscal Council (CFC) Mr. Michalis Persianis, called to comment on what he had heard during the presentation of the Tax Reform points, ***stressed that the CFC did not receive the slightest piece of information, including the total available income of households and, mainly, in relation to the wealth reallocation which results from the combination of reduction of taxes and the increase regarding other taxes***.'

[6] See Kathimerini article, in Greek, dated 26/02/2025 entitled '20.500 tax free amount, tax benefits and questions' accessible at https://www.kathimerini.com.cy/gr/oikonomiki/oikonomia/20-500-aforologito-foroelafrynseis-kai-erotimatika

ii. Kathimerini article, *in English*, dated 27/02/2025, entitled '*Cyprus tax reform: A win for families, a challenge for businesses - More money in middle-class pockets, higher business taxes — but questions linger over economic impact*[7]:   'Michalis Persianis, President of the Cyprus Fiscal Council (CFC), ***highlighted a lack of data on the full economic impact of the tax changes, particularly regarding wealth redistribution and its effect on household disposable income. He warned that shifting tax burdens could significantly influence consumption and investment behavior, ultimately affecting overall economic performance***.'
6. Why the increase of the Corporate Tax Rate from 12.5% to 15% is perceived by the Government of the Republic of Cyprus as: **6.1'*bringing Cyprus into line with European Union requirements*', as per the relevant comment by His Excellency the President of the Republic of Cyprus within the ambit of the address thereof of the Tax Reform Project Presentation dated 26/02/2025[8]?**   The said query is posed in view of the fact that the EU Pillar II Directive[9]:   **a.** **does not seek to impose a 15% minimum effective tax rate *to all Companies***, but only for Multi – National Enterprises and Large-Scale Domestic Groups with consolidated annual revenues exceeding €750m; and   **b.** has already been transposed in the Legal Order of the Republic of Cyprus via Law number 151(I)/2024[10], which was published in the Official Gazette of the Republic of Cyprus on 18/12/2024, thereby fulfilling the legal duty of the Republic of Cyprus towards the European Union.

[7] See Kathimerini article in English, dated 27/02/2025, entitled 'Cyprus tax reform: A win for families, a challenge for businesses - More money in middle-class pockets, higher business taxes — but questions linger over economic impact', accessible at https://knews.kathimerini.com.cy/en/news/cyprus-tax-reform-a-win-for-families-a-challenge-for-businesses

[8] See Cyprus Mail article dated 26/02/2025 entitled '*Plans for tax-free income threshold to rise to €20,500*', accessible at https://cyprus-mail.com/2025/02/26/christodoulides-announces-sweeping-tax-reform-plans

[9] Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, colloquially mentioned as the EU Pillar II Directive. A copy thereof is accessible at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2523

[10] A copy thereof is accessible at https://www.cylaw.org/nomoi/arith/2024_1_151.pdf

6.2'*maintaining Cyprus' competitiveness*', as per the comments dated 28/02/2025 by the Invest Cyprus' Board Chairman[11]?

The said query is posed in view of:

a. the non – publication of an Independent Impact Assessment Study which would substantiate the validity of such a position;

b. the non – publication of incentives regarding the companies, which are not subject to the EU Pillar II Directive regime, but they will be facing the increase from 12.5% to 15%;

c. the non – publication of a Study, mentioning the Economy Sectors and Contribution to the Republic of Cyprus' GDP of the Companies, the CEOs or the Board of Directors of which had been interviewed by the Tax Reform Project Team and provided assurances that an increase from 12.5% to 15% will not entail, in the short term or in the long term, either reduction in investment in the Republic of Cyprus or relocation to another destination;

d. the statement by His Excellency the President of the Republic of Cyprus on 04/12/2024, within the ambit of the Opening Speech thereof at the Ernst & Young (EY) Cyprus Attractiveness Forum 2024[12], to the effect that:

'*Cyprus has been experiencing a steady and significant increase in Foreign Direct Investment. In 2023 alone, more than €3.5 billion were invested in the country. Key sectors such as ICT, professional services, renewable energy, agritech, tourism, light manufacturing, and education are presenting exciting opportunities for investors.*';

e. the statement by the Chairman of the Invest Cyprus' Board addressing the 11th Invest Cyprus International Investment Awards in Nicosia on 04/07/2023[13], to the effect that:

i. 'Invest Cyprus took pride in the fact that Cyprus ranks third globally in post pandemic recovery in FDI,

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[11] See Invest Cyprus Announcement dated 28/02/2025 entitled '*Invest Cyprus: Supporting Tax Reform for a Competitive and Modern Business Environment*', accessible at https://www.investcyprus.org.cy/invest-cyprus-supporting-tax-reform-for-a-competitive-and-modern-business-environment/

[12] See Presidency of the Republic and PIO Press Release dated 04/12/2024 entitled '*Opening Speech by the President of the Republic of Cyprus, Mr Nikos Christodoulides, at the EY Cyprus Attractiveness Forum 2024*', accessible at https://www.gov.cy/en/speeches/opening-speech-by-the-president-of-the-republic-of-cyprus-mr-nikos-christodoulides-at-the-ey-cyprus-attractiveness-forum-2024/

[13] See Invest Cyprus Announcement dated 25/07/2023 entitled 'Invest Cyprus Chairman: "*Cyprus ranks third globally in post pandemic recovery in FDI*", accessible at https://www.investcyprus.org.cy/invest-cyprus-chairman-cyprus-ranks-third-globally-in-post-pandemic-recovery-in-fdi/

ii. as announced this week by the FDI intelligence, the leading global foreign direct investment publication, Cyprus maintains its position as one of the top overachievers in the Greenfield FDI Performance Index of 2023, ranked 4th in Emerging Europe and 11th globally,

iii. proof of the success of the national strategy to attract high specialisation companies and talent are the results of a very recent independent study that estimates the direct and indirect economic impact of the ICT sector at the end of 2022 at 4.6 billion and total numbers of jobs created, directly and indirectly, at 36,000 making it one of the most important and definitely the fastest growing sector of the economy.';

f. the fact that the corporate tax rate of Ireland for trading corporations is 12.5%, as per the PWC Quick Charts on Corporate Income Tax Rates;

g. the fact that the corporate tax rate of Liechtenstein is 12.5%, as per the PWC Quick Charts on Corporate Income Tax Rates[14];

h. the fact that the corporate tax rate of Bulgaria is 10%, as per the PWC Quick Charts on Corporate Income Tax Rates[15]; and

i. the fact that the corporate tax rate of Hungary is 9%, as per the PWC Quick Charts on Corporate Income Tax Rates[16],

hence, effectively rendering other destinations within the European Union and the European Free Trade Association (EFTA) more competitive in comparison with the Republic of Cyprus.

7. Whether:

7.1 the Tax Reform Project Team has proceeded with the publication of a Study addressing the question whether the increase of the Corporate Tax Rate from 12.5% to 15% will have a dissuasive impact on investing back to business, including the possibility of providing increased salaries to employees; and

7.2 if such a study has been carried out, which had been the findings thereof.

8. Whether the Tax Reform Project Team has proceeded with the publication of a Study addressing the question whether the increase of the Corporate Tax Rate from 12.5% to 15%, *and in particular regarding*

[14] See to that effect https://taxsummaries.pwc.com/quick-charts/corporate-income-tax-cit-rates
[15] See to that effect https://taxsummaries.pwc.com/quick-charts/corporate-income-tax-cit-rates
[16] See to that effect https://taxsummaries.pwc.com/quick-charts/corporate-income-tax-cit-rates

***companies owned by USA registered or based corporate entities or individuals*, will:**

8.1 jeopardise the commercial relationship between the Republic of Cyprus and the United States of America (USA); or even,

8.2 pose a risk of imposition of trade sanctions or other measures on the Republic of Cyprus, either by the USA Executive and/or the USA Congress.

The said query is posed in view of:

a. the increased role of USA related investments in the Republic of Cyprus' economic development[17], especially in the fields of Energy, Technology and Health;

b. the Strategic Dialogue between the Republic of Cyprus and USA[18];

c. the fact that CIBA and other Stakeholders including the Cyprus Shipping Chamber, (KNE) the Cyprus Bar Association (ΠΔΣ), and the Institute of Certified Public Accountants of Cyprus (ΣΕΛΚ) had strongly voiced their concerns both verbally and in writing before the House of Representatives Parliamentary Committee on Finance and Budget, in view of the **US Congress Letter dated 17/09/2024, signed, amongst other, by the Speaker of the House, the Chairman of the Committee on Ways and Means, the Majority Leader and Members of Congress, addressed to the Secretary – General of the Organization for Economic Co-operation and Development (OECD)**[19], mentioning, amongst other, that:

'***Should foreign governments seek to target Americans through the UTPR or other mechanisms in the OECD global tax deal, we will be forced to pursue countermeasures.***'; and

d. the **USA Presidential Executive Order** entitled **'The Organization for Economic Co-operation and Development (OECD) Global Tax Deal**

[17] See Cyprus Business News (CBN) article dated 07/03/2025 entitled 'US Ambassador highlights role of American investments in Cyprus' economic development', accessible at https://www.cbn.com.cy/article/2025/3/7/825033/us-ambassador-highlights-role-of-american-investments-in-cyprus-economic-development/

[18] See Joint Statement dated 23/10/2024 of the First Strategic Dialogue between the Republic of Cyprus and the United States of America, accessible at https://www.gov.cy/en/foreign-policy/joint-statement-of-the-first-strategic-dialogue-between-the-republic-of-cyprus-and-the-united-states-of-america-nicosia-october-23-2024/#:~:text=At%20the%20dialogue%2C%20the%20Republic,exploration%20and%20use%20of%20space. *and* https://cy.usembassy.gov/joint-statement-of-the-first-strategic-dialogue-between-the-republic-of-cyprus-and-the-united-states-of-america/

[19] Accessible at https://waysandmeans.house.gov/wp-content/uploads/2024/09/U.S.-House-Letter-to-OECD.pdf

(Global Tax Deal)' was **published on 20/01/2025**[20], noting, at Section 2 thereof, that:

'The Secretary of the Treasury in consultation with the United States Trade Representative ***shall investigate whether any foreign countries are not in compliance with any tax treaty with the United States or have any tax rules in place, or are likely to put tax rules in place, that are extraterritorial or disproportionately affect American companies***, and ***develop and present to the President, through the Assistant to the President for Economic Policy, a list of options for protective measures or other actions that the United States should adopt or take in response to such non-compliance or tax rules***.'.

9. Whether the Tax Reform Project Team has proceeded with the publication of a Study addressing the question whether the effective increase of the Intellectual Property (IP) tax rate from 2.5% to 3%, *due to the associated, and additional, increase of the Corporate Tax Rate from 12.5% to 15%*, will dissuade potential investors from investing in the Republic of Cyprus or curb ongoing investments.

The said query is posed in view of the comments made on 28/11/2024 by the Deputy Minister of Research, Innovation and Digital Policy of the Republic of Cyprus, Dr. Nicodemos Damianou, at the 9th Innovation and Entrepreneurship Forum[21], to the effect that:

'***Our package of tax incentives is indeed important and combines incentives both for the legal entities but also for the individuals, which makes it quite unique. We have a very competitive Intellectual Property (IP) regime, effectively reducing tax to 2.5%.*** Investors in certified Cypriot innovative companies are able to claim a 50% tax exemption, while corporates are allowed a 120% deduction on eligible Research & Development (R&D) expenses.'

10. Whether the Tax Reform Project Team has proceeded with the publication of a Study addressing the question whether:

10.1 the increase of the Corporate Tax Rate from 12.5% to 15%; and

10.2 the effective increase of the Intellectual Property (IP) tax rate from 2.5% to 3%,

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20 Accessible at https://www.whitehouse.gov/presidential-actions/2025/01/the-organization-for-economic-co-operation-and-development-oecd-global-tax-deal-global-tax-deal/

21 See PIO Press Release dated 28/11/2024 entitled '*Speech by the Deputy Minister of Research, Innovation and Digital Policy of the Republic of Cyprus, Dr Nicodemos Damianou, at the 9th Innovation and Entrepreneurship Forum*', accessible at https://www.pio.gov.cy/en/press-releases-article.html?id=45393#flat

will give rise to claims, *on the ground of Breach of the Principle of Legitimate Expectations*, against the Republic of Cyprus, by businesses that relied on the representations of representatives of the Republic of Cyprus, regarding the Republic of Cyprus' Tax Regime, including the Invest Cyprus' Publication entitled 'Cyprus: Tax Guide for Investment' published on 04/10/2024[22], and in particular the content of:

a. **page 6, stating 'ATTRACTIVE TAX REGIME: • Competitive corporate tax rate at 12.5';**

b. **page 8, stating 'Cyprus Tax Regime Highlights: 01 One of the lowest corporate tax rates in the EU'; and**

c. **page 15, stating 'TAX REGIME HIGHLIGHTS: A competitive Intellectual Property (IP) regime'.**

11. Whether the Tax Reform Project Team has proceeded with the publication of a Study addressing the question whether the introduction of legislation which will afford tax benefits to, effectively reducing the taxation of, Cypriot citizens that currently reside and work abroad so as to relocate and work from within the Republic of Cyprus, is compatible with:

11.1 the **Principle of Equality of all the Citizens of the Republic of Cyprus towards the Laws and the Administration**, as provided by **Article 28** paragraphs 1 and 2 of the **Constitution of the Republic of Cyprus**:

> **'Article 28**
>
> 1. ***All persons are equal before the law, the administration*** and justice and ***are entitled to equal protection thereof and treatment thereby***.
>
> 2. ***Every person shall enjoy all the rights and liberties provided for in this Constitution without any direct or indirect discrimination against any person*** on the ground of his community, race, religion, language, sex, political or other convictions, national or social descent, birth, colour, wealth, social class, or ***on any ground whatsoever, unless there is express provision to the contrary in this Constitution.***'

To that effect, it could be argued that Cypriot citizens that studied and/or worked in the past abroad and returned to their homeland in

[22] Accessible at https://www.investcyprus.org.cy/wp-content/uploads/2021/11/cyprus-tax-guide-for-investment-oct-2024-lr.pdf

order to reside, work and pay their due taxes to the Government of the Republic of Cyprus, bringing not only their knowledge and expertise, but also their income into play for decades, are essentially penalised.

11.2 the **Principle of Non – Discrimination as against Citizens of other European Union Member States**:

As also noted by the EU Commission[23], '... ***EU countries are required to provide "equal treatment" to all EU citizens in tax matters. In other words, EU countries' taxing rights should not conflict with EU law by, for example, discriminating on the basis of nationality or introducing unjustified restrictions to the exercise of the EU Treaty freedoms.***'

11.3 the need to maintain conditions of Fair Competition as between all Cypriot Citizens and EU Member States' Citizens:

It could be argued that the Cypriot citizens who would be benefited by the reduced taxation scheme so as to relocate would have more capital and resources leading to offering goods and/or services at lower prices, thereby unfairly competing the other Cypriot Citizens as well as the EU Member States' Citizens that would not be receiving the said tax benefit.

12. In the event that the Tax Reform Project Team had not proceeded to compiling the above – mentioned Studies, or requesting, via abiding by the Public Procurement Law related processes, for such Studies to be compiled by external advisors, whether the Tax Reform Project Team can still allocate a part of its budget for such Studies to be performed and delivered to the Government and the Public of the Republic of Cyprus.

13. Whether the procedure followed by the Government of the Republic of Cyprus concerning the Tax Reform Process, including the formation of, and work undertaken, by the Tax Reform Project Team has abided by the procedures mentioned regarding Tax Reform related processes by the European Parliament, bearing in mind international experiences, including in Australia and USA.

14. Whether the Government of the Republic of Cyprus has consulted the EU Commission concerning the Tax Reform Process.

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[23] See to that effect EU Commission's publication entitled '***EU individuals rights under EU law***', accessible at https://taxation-customs.ec.europa.eu/eu-individuals-rights-under-eu-law_en#:~:text=However%2C%20EU%20countries%20are%20required,of%20the%20EU%20Treaty%20freedoms.

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