



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

AUDIT OF TAX TRIBUNAL Executive Summary

**AUDIT OFFICE OF THE REPUBLIC OF CYPRUS
SPECIAL REPORT no. ΕΦΣΥ/01/2020**

10 NOVEMBER 2020

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AUDITED ENTITIES

[Tax Tribunal]

Executive Summary

The Audit Office carried out a compliance audit as well as a performance audit to the Tax Tribunal.

The most significant findings of the audit are the following:

- ◆ The Tax Tribunal exercises feasibility check on the decisions of the Tax Commissioner, since it is authorized, not only to validate or cancel the decision of the Tax Commissioner, but it is also authorized to amend his decision or to issue a new decision to replace the decision of the Tax Commissioner.

We suggested the amendment of the legislation, so that the Tax Tribunal will exercise only legality check (and not feasibility check) on the decisions of the Commissioner.

- ◆ The annual operating cost of the Tax Tribunal is high, and it is at least €450.000.

We suggested the reduction of the Tribunal's members by amending legislation in order to reduce its operating expenses.

- ◆ There is a delay in the examination of the hierarchical recourses, which is mainly due to the exercising of feasibility check by the Tax Tribunal and to the non-existence of time limits in submitting the necessary data to the Tribunal by the Tax Department and/or the taxpayers for the examination of a case.

We suggested, among others, that the Tax Tribunal carries out only legality check, as well as to define time limits in issuing its decision of the Tax Tribunal and possibly on some intermediary stages of the procedure, by amending the relevant legislation. We also suggested examination of recourses, which are pending for more than a year, the soonest possible.

- ◆ After announcing a tender, services on tax issues were received by a specific person for one year and there was a renewal of the relevant contract for the purchase of services for one more year and with the possibility of further renewal.

We drew the attention that there should be no renewal, so that, the specific person should not be converted from a service provider to an employee of an indefinite duration.

- ◆ There are security issues regarding the building housing the Tax Tribunal.

We suggested implementation of the suggestions of the Crime Prevention Office that inspected the building.

- ◆ The independence of the Tax Tribunal is not ensured, due to the secondment to the Tax Tribunal of tax staff under the Tax Commissioner.

We recommended the study of other alternative solutions.

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