



REPUBLIC OF CYPRUS  
MINISTRY OF FINANCE  
Minister

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23 October, 2023

Mr Gerassimos Thoma  
Director-General  
Directorate-General for Taxation and Customs Union

European Commission,  
1049 Brussel,  
Belgium

Dear Mr Thoma,

**Article 32 of the 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 "Pillar 2"**

As a follow up to my previous correspondence dated 22<sup>nd</sup> of March, 2023, in relation to the above subject matter and taking into account the release of the new safe harbours agreed on 13<sup>th</sup> of July 2023 by the OECD/G20 Inclusive Framework on BEPS OECD, namely *the Pillar Two Qualified Domestic Top Up Tax (QDMTT) and the transitional Under Tax Profit Rule (UTPR)*, I would like to provide our full assurance to the European Commission and all EU Member States that Cyprus consents to the said rules, in order to enable Article 32 of the Pillar 2 Directive to come into effect.

2. This political commitment of the Republic of Cyprus shall be reflected in a Ministerial press release, in the same manner as was expressed in July 2023 for the Pillar Two Transitional CbCR Safe Harbour as agreed by the OECD/G20 Inclusive Framework on BEPS on 15 December 2022.

3. I remain at your disposal for any clarifications or any further course of action that might be deemed necessary.

Yours sincerely,



Makis Keravnos  
Minister of Finance

*The Republic of Cyprus, even though it's not a member of the OECD due to political objections and is thus not able to partake in the relevant consultations at the OECD level, has always been supportive of the OECD/G20 BEPS actions and the work undertaken so far by the OECD/G20 and the Inclusive Framework on BEPS in the international tax field.*

*In particular the rules as prescribed in the OECD/G20 Inclusive Framework on BEPS statement of October 2021 providing the fundamentals for developing the modalities of Pillar 1 and 2, were welcomed by the Ministry of Finance in a ministerial press release statement, issued beginning of October 2021.*

*Article 32 of the EU Council Directive 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, also known as "Pillar 2", which provides for safe harbour rules, is not applicable if any EU member state has not, as at the date of enforcement of the Directive, consented to the relevant qualifying international agreement on safe harbours, in particular the Pillar Two QDMTT (Qualified Domestic Top Up Tax) and the transitional UTPR (Under Tax Profit Rule) Safe Harbours as agreed by the OECD/G20 Inclusive Framework on BEPS on 13 July 2023.*

*Therefore, since Cyprus did not de facto have the opportunity to consent to the Pillar Two QDMTT and UTPR Safe Harbours, in order to enable Article 32 of the Pillar 2 Directive to come into effect, we hereby provide full assurance that Cyprus consents to the said rules.*

Nicosia  
23 October, 2023