



VAT to the Rescue - Update

Further to our [VAT Update v.7 i.1](#) of 17 March 2020 regarding the recruitment of Value Added tax (VAT) by the Cyprus government to help curtail the adverse effects of the coronavirus pandemic on the local economy, the following have been approved by the Ministry of Finance:

1. Legislation which provides for the **temporary extension of the obligation for submission of the VAT Return and VAT payment** without the imposition of any penalties, until the end of April 2020, under certain criteria, such as:
 - a) The payment should be made no later than 10 November 2020, and
 - b) The outflow of the taxable person for the last 12 months from the last VAT period, should not exceed €1 million.

The temporary suspension will apply until 30 April and includes the suspension of the imposition of the additional tax and interest and includes all the quarters (tax periods), with the Ministry of Finance announcement stating that it is for submission dates 29 February, 31 March and 30 April. This is clearly incorrect as the submission dates are 40 days following the end of a VAT quarter and so would fall on the 10th of a month. What we suspect they mean is that penalties and interest will not apply for the VAT payments that relate to the VAT quarters that end on 29 February (due date being 10 April), 31 March (due date 10 May) and 30 April (due date 10 June). We are still awaiting to see the wording of the legislation.

2. Legislation which provides for the **temporary reduction of VAT from 19% to 17%** for a period of two months, i.e. from 1st of April 2020 until 31st of May 2020.
3. Legislation which provides for the **temporary reduction of VAT from 9% to 7%** for a period of three and a half months, i.e. from 1st of April 2020 until 15th of July 2020.

The measures above will be implemented as soon as the relevant legislation is passed by the House of Representatives, which is expected to convene early or mid-next week.

Chelco VAT Ltd will notify you of any updates as they are made available.

Note:

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