



## VAT to the Rescue – Covid-19 VAT payments further postponed until April 2021

***Nicosia* - Value Added Tax (VAT) due by the 10<sup>th</sup> of November 2020 may now be paid in six equal instalments starting November 2020 and ending April 2021.**

Under the measures to curtail the financial impact of the first Covid-19 lockdown in the spring of 2020, taxable persons not falling under one of the categories listed at the end of this update were allowed to postpone their VAT payments until 10<sup>th</sup> November 2020 for the VAT quarters ending:

- 29 February 2020 (due 10 April 2020)
- 31 March 2020 (due 10 May 2020)
- 30 April 2020 (due 10 June 2020)

VAT Law 147(I)/2020, which was published on 2 November 2020, amends the relevant provisions of the VAT Law so that the VAT that was due by 10 November as per the above, may now be paid in six (6) equal instalments starting this month and up until April 2021. Instalment payments would have to be made by the 10<sup>th</sup> day of the relevant month.

Although the amendment does not exclusively address the issue, our understanding is that the Tax Department will extend the above so that companies that switched to monthly VAT returns until June 2020 (again under Covid-19 financial measures) and were allowed to postpone part of their VAT, can also take advantage of the same instalments plan.

The application of the amendments does not apply to certain categories of businesses as follows:

- Producers of electricity
- Collection and distribution of water (for water supply)
- Groceries and supermarkets that are mainly for food
- Convenience stores and mini markets
- Retailing of a variety of goods in department stores where food, beverages and tobacco are not predominant
- Retail of fruit and vegetables - fruit shops
- Retail sale of meat and meat products including poultry
- Retail sale of fish and seafood-fish and molluscs
- Retail sale of bread, other bakery and confectionery products
- Retail sales of fuel
- Retail sale of computers, peripherals and software
- Retail sale of books VAT UPDATE
- Retail sales of newspapers and stationary
- Retail sales of toys of all kinds except video games

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- Pharmacies
  - The Cyprus Telecommunications Authority (CYTA)
  - Internet services
  - Satellite telecommunications services
  - Other telecommunication services, besides CYTA

**Note:**

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