

INFORMATION - Cyprus

Use and Enjoyment - VAT Directive 2006/112/EC - Article 59a

In Cyprus, the use and enjoyment rule applies to telecommunications, broadcasting and electronic services provided to Non EU non-VAT taxable persons in non EU, according to which services that would otherwise be taxable outside the EU but are used and enjoyed within Cyprus, are subject to Cyprus VAT.

Reference to the above may be found in paragraph 18 of the Thirteen Schedule of the Cypriot VAT Law.

Time of supply / chargeability - Deferment and Cash Accounting Scheme - VAT Directive 2006/112/EC - Article 66

In Cyprus, telecommunications, broadcasting and electronic services provided to non-VAT taxable persons may become taxable when payment is received. The cash accounting scheme may be applied by businesses supplying telecommunications, broadcasting and electronic services insofar as their turnover is below EUR 25,000 in the past 12 months.

Reference to the above may be found in Article 42E of the Cypriot VAT Law.

Time of supply / chargeability - Continuous supplies - VAT Directive 2006/112/EC - Article 64(2)

In Cyprus, the supply of services for which VAT is payable by the recipient under the provisions of Article 11 and which:

- (a) are carried out continuously for a period of more than a year; and
 - (b) does not involve partial payments on account or payments during this period,
- are deemed to be completed at the end of each calendar year, for as long as the services are supplied.

Reference to the above may be found in Article 9 para (14B) of the Cypriot VAT Law.

Re-valuation of services at open market value - VAT Directive 2006/112/EC - Article 80

Cyprus has implemented provisions in its VAT legislation pursuant to which the taxable amount of all supplies (including telecommunications, broadcasting and electronic services provided to non-VAT taxable persons) may be deemed to be at open market value.

Reference to the above may be found under paragraph 1 of Part I of the Fourth Schedule of the Cypriot VAT Law.

Bad Debt relief - VAT Directive 2006/112/EC - Article 90

In Cyprus, bad debt relief can be claimed provided that:

- The VAT on the supply has been paid to the VAT authorities;
- The consideration for the supply has been written off in the vendor's records as a bad debt;
- All necessary steps to recover the consideration have been taken; and
- A period of 12 months has elapsed from the day of the supply.

A claim must be made within a period of 4 years following the later of:

- The date on which the consideration which has been written off as a bad debt becomes due and payable; or
- The date of supply.

Reference to the above may be found in Article 27 of the Cypriot VAT Law and Regulations 89-103 of the Value Added Tax General Regulations of 2000, No 314/2001 as amended.

Application of reduced VAT rates - VAT Directive 2006/112/EC - Article 98

In Cyprus, no reduced VAT rates apply with respect to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

Standard VAT Rate - VAT Directive 2006/112/EC - Article 96-97

In Cyprus the standard VAT rate is 19%.

Release from payment of insignificant amounts of VAT - VAT Directive 2006/112/EC - Article 212

Cyprus has implemented rules under its domestic legislation whereby taxable persons are released from the payment of the VAT where the amount due is less than 1.70 euro (paragraph (1)(9) of the Tenth Schedule of the VAT Law.

Invoicing Obligations - Obligation to issue an invoice - VAT Directive 2006/112/EC - Articles 217-249

In Cyprus, a taxable person is required to issue an invoice for telecommunications, broadcasting and electronic services provided to non-VAT taxable persons where that person belongs in the EU. An invoice is not required for local supplies to non-taxable persons.

Reference to the above may be found in Regulation 11 para (1) (b) of the VAT (General) Regulations, No. 314/2001, as amended.

Invoicing Obligations - Content of an invoice - VAT Directive 2006/112/EC - Articles 217-249

If a VAT invoice is not in the official language of the Republic of Cyprus, the Commissioner of taxation may request for its translation within 30 days.

Reference to the above may be found in Regulations 12 and 11B of the VAT (General) Regulations, No 314/2001, as amended.

Invoicing Obligations - Time limit for issuing an invoice - VAT Directive 2006/112/EC - Articles 217-249

A taxable person must issue an invoice within 30 days from the date VAT becomes chargeable or over a longer period, upon written approval of the Commissioner of Taxation.

Reference to the above may be found in Regulation 11 para (5) of the VAT (General) Regulations, No 314/2001, as amended.

Invoicing Obligations - Summary Invoices - VAT Directive 2006/112/EC - Articles 217-249

Cypriot VAT law provides for summary invoices to be issued in respect of the supply of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons in other member states. Reference to the above may be found in Regulation 14D of the VAT (General) Regulations, No 314/2001, as amended.

Invoicing Obligations - Electronic invoices - VAT Directive 2006/112/EC - Articles 217-249

In Cyprus, electronic invoices may be used in accordance with the provisions laid down in Directive 2006/112/EC. Reference to the above may be found in Regulations A11 and 11A of the VAT (General) VAT Regulations, No. 314/2001, as amended.

Invoicing Obligations - Batch of electronic invoices - VAT Directive 2006/112/EC - Articles 217-249

In Cyprus, the possibility to issue batches of electronic invoices is available (regulation 12(5) of the VAT (General) Regulations, No. 314/2001 as amended.

Additional obligations deemed necessary for collecting VAT and preventing evasion (anti-avoidance measures) - VAT Directive 2006/112/EC - Article 273

Cyprus has not implemented any rules or anti-avoidance measures in its domestic legislation that may directly impact telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

Stand-still scheme - Derogations for States which were members of the Community on 1 January 1978 - VAT Directive 2006/112/EC - Articles 370-391

N/A

Stand-still scheme - Derogations for States which acceded to the Community after 1 January 1978 - VAT Directive 2006/112/EC - Articles 370-391

There are no provisions which are applicable under a Stand-still Scheme in the Cypriot VAT legislation or subject to common practice in Cyprus that may be relevant for telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

VAT Treatment of vouchers

Single purpose vouchers are taxable at the time the vouchers are purchased.

Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (E-learning activities)

According to the Cypriot VAT legislation the supply of education by an eligible body (i.e., school, university or college) is an exempt supply with no right to input VAT deduction. The same provisions apply to E-learning services.

Eligible bodies are:

- public schools
- private schools and private institutes register in the registry kept in accordance to private schools and private institutes Law of 1971 ;
- private tertiary education register in the register kept pursuant to the Tertiary Education Act 1996;
- ballet courses;
- conservatories and music schools;
- examination centres.

Reference to the above may be found in paragraph 9 of Table A of the Seventh Schedule of the Cypriot VAT Law.

Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (Gambling activities)

Supplies of lotteries, betting (including horse races or football matches) and other gambling activities are VAT exempt supplies. For purposes of neutrality, the exemption applies even if these bets are supplied electronically.

Reference to the above may be found in paragraph 5 of Table B of the Seventh Schedule of the Cypriot VAT Law.

Exemptions - VAT Directive 2006/112/EC - Articles 132 &135 (General)

There are no further exemptions in the Cypriot VAT legislation under which the supply of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons may fall.

VAT Registration Process

Registration for the MOSS may be made online via the following link: <https://moss.tax.mof.gov.cy/>

Access to web-portal and contact details of the local VAT Authorities

All information can be accessed via the following link <https://moss.tax.mof.gov.cy/>

General Contact:

Mrs Martha Argyrou

VAT Officer

e-mail: margyrou@tax.mof.gov.cy

tel: 00357 22 601853

Contact VAT obligations and reimbursements:

Mr Haris Hadjicharalambous

VAT Officer

Tax Department, 1471 Nicosia, Cyprus

e-mail: hhadjicharalambous@tax.mof.gov.cy

tel: 0035722601852

Appointment of a VAT Agent

EU-established taxable persons do not have the obligation to appoint a VAT Agent. Reference to the above may be found in Article 42B of the Cypriot VAT Law.

Generally if a non EU taxpayer registers in Cyprus for VAT purposes then he shall appoint a VAT representative/agent. If on the other hand, a non EU taxpayer registers in Cyprus for MOSS then there is no need to appoint a VAT representative /agent according to Regulation 11 of the Regulatory Administrative Acts 479/2014. EU established taxable persons do not have the obligation to appoint a VAT agent.

Penalties for non-compliance (Failure to register and late registration)

The penalty for late registration is EUR 85 per late month.

Reference to the above may be found in Article 45 of the Cypriot VAT Law.

Penalties for non-compliance (Non-payment and late payment of VAT)

The penalty for late or non-payment of VAT is 10% of the VAT payable amount plus annual interest (at the applicable rate determined by an Order of the Minister of Finance each year - 4.% for 2016) on the VAT amount, including penalty.

Reference to the above may be found in Article 45 of the Cypriot VAT Law.

Penalties for non-compliance (Non-submission and late submission of VAT returns)

The penalty for late submission of VAT returns is EUR 51 per return.

Reference to the above may be found in Article 45 of the Cypriot VAT Law.

Penalties for non-compliance (Incomplete and incorrect VAT returns)

The Commissioner of Taxation may assess the amount of the tax due if the taxable person is not compliant and submits incorrect or incomplete returns.

Reference to the above may be found in Article 49 of the Cypriot VAT Law.

Penalties for non-compliance (Non-compliance with invoicing and accounting obligations)

The penalty for the failure to keep records is EUR 341.72

The penalty for wrongly issued invoices is EUR 85

Reference to the above may be found in Article 45 of the Cypriot VAT Law.