



UPDATED MARCH 2015

**VAT IN THE EUROPEAN COMMUNITY**

**VADEMECUM FOR THE ELECTRONIC  
REFUND PROCEDURE TO TAXABLE  
PERSONS NOT ESTABLISHED IN THE  
MEMBER STATE OF REFUND BUT  
ESTABLISHED IN ANOTHER MEMBER  
STATE (COUNCIL DIRECTIVE 2008/9/EC)**

**NOTE**

**THIS DOCUMENT COLLATES A RANGE OF  
BASIC INFORMATION ON THE  
APPLICATION OF THE REFUND  
ARRANGEMENTS IN THE MEMBER  
STATES WHICH HAS BEEN OBTAINED  
FROM THE TAX AUTHORITIES  
CONCERNED.**

**THIS DOES NOT REFLECT THE VIEWS OF  
THE COMMISSION OF THE EUROPEAN  
UNION, NOR DOES IT SIGNIFY APPROVAL  
OF THE LEGISLATION.**

## CYPRUS

### VADEMECUM FOR THE ELECTRONIC REFUND PROCEDURE TO TAXABLE PERSONS NOT ESTABLISHED IN THE MEMBER STATE OF REFUND BUT ESTABLISHED IN ANOTHER MEMBER STATE

#### General

#### **1. Where could a non-established taxable person (NETP) find information on your laws and guidelines?**

[http://www.mof.gov.cy/mof/VAT/VAT.nsf/DMLlegislation\\_en/DMLlegislation\\_en?OpenDocument](http://www.mof.gov.cy/mof/VAT/VAT.nsf/DMLlegislation_en/DMLlegislation_en?OpenDocument)

<http://www.mof.gov.cy/mof/vat/vat.nsf/All/5F9A07B155FF8A8E4225776100484EB8?OpenDocument>

#### **2. Eligibility for a refund**

To be eligible for a refund the applicant must be a taxable person established in the EU making taxable supplies in his own Member State (the Member State of Establishment). He must have incurred VAT on expenses in a Member State in which he has no establishment (the Member State of Refund), and he must have made no supplies within that Member State other than reverse charge supplies, or certain exempt transport services, during the refund period.

#### **3. What can be refunded**

VAT relating to business activities carried out outside the Member State of Refund if those activities would be subject to tax or exempt with a right to deduct in the Member State of Refund if they had been made there, and VAT relating to supplies on which the reverse charge is applicable in the Member State of Refund.

#### **4. What cannot be refunded**

VAT incurred which relates directly to activities which are exempt without the right to deduct.

VAT incurred on expenses on which there are restrictions on the right to deduct in the Member State of Refund.

- Input VAT deduction under the VAT legislation Reg.12 of Value Added Tax (Special Provisions) Regulation of 2001 is not allowable on the leasing of means of transport
- No VAT deduction is allowable on entertainment expenses under Regulation 11

#### **5. Proportional deduction**

Where the taxable person is only able to deduct a proportion of his input tax because he makes taxable and exempt supplies, that person can only have the amount refunded according to the rules on proportional deduction in his Member State.

### **Procedures in the Member State of Establishment**

#### **6. What is the application procedure?**

The applicant (or the representative) has to register on the web portal through the following steps: Registration ticket → Application for registration of taxable persons/ Application for registration of representatives → Login to the system

When the applicant / representative logs in to the system (with the appropriate credentials), then he can submit an application.

**7. Are there any particular requirements for an agent to be able to submit a claim on behalf of the applicant?**

The above mentioned steps have to be followed both by the applicant and the representative. Then the applicant has to log in to the system and assign the specific agent. Then the agent each time he logs in he can choose for which applicant he wants to submit the application.

**8. Content of the application:**

The application should contain the following information:

- the applicant's name
- the applicant's VAT identification number or tax reference number
- the applicant's full address including country code (the address which is on record in Member State of Establishment)
- e-mail address
- a description of the applicant's business activity for which the goods and services are acquired via NACE v.2 codes – *[All Member States have indicated that they would use NACE codes]*
- the refund period covered by the application
- declaration by the applicant that he has supplied no goods and services deemed to have been supplied in Member State of Refund during the refund period, with the exception of the supply of specific transport services and services ancillary thereto or supplies to which the reverse charge mechanism is applicable in Member State of Refund
- bank account details including IBAN and BIC codes

In addition, the following details of each invoice or importation document

- name and full address of the supplier;
- the VAT identification number or tax reference number of the supplier except in the case of importation
- the prefix of the Member State of Refund (except in the case of importation)
- date and number of the invoice or importation document
- taxable amount and amount of VAT expressed in the currency of Member State of Refund

- the amount of deductible VAT calculated expressed in the currency of Member State of Refund
- where applicable, the deductible proportion expressed as a percentage
- nature of the goods and services acquired according to the codes 1 to 10
- Where requested, further information on the nature of the goods and services acquired according to the sub-codes of 1 to 10.

**9. The circumstances under which a Member State of Establishment will not send an application to the Member State of refund.**

- If the details in point 8 above are not filled in.
- The applicant is not a taxable person during the refund period.
- The applicant only carries out exempt supplies in the Member State of establishment during the refund period.
- The applicant is covered by the exemption for small businesses.
- The applicant is covered by the flat rate scheme for farmers.
- The applicant has not filed all his vat returns

**10. Minimum refund limits**

- 400 EUR or the equivalent in national currency if the refund period is between 3 months and less than a calendar year
- 50 EUR or the equivalent in national currency if the refund period is of a calendar year, or the remainder of a calendar year.

**11. Time limit**

The application must be submitted to the Member State of Establishment by 30 September of the calendar year following the refund period. The application is only considered as submitted if the applicant has filled in all the required information.

**12. Is an applicant able to correct an error on an application which has been forwarded to a Member State of Refund?**

Yes the applicant can submit an updated application.

## **Procedures in the Member State of Refund**

### **13. Are copies of invoices required?**

Yes for any amount.

### **14. The maximum size limit for an attachment has been agreed at 5 mb. What is the applicant to do if they exceed this limit?**

The rest of the invoices can be sent via email.

### **15. As a Member State of refund, do you require additional documentation for claims submitted by an agent?**

No

### **16. Can payments be made to agents?**

The payments are paid to the accounts stated on the application

### **17. How will the Member State of Refund communicate with the applicant?**

The Member State of Refund communicates with the applicant via electronic means such as directly via email or via the VAT Refund Portal.

### **18. Time limits for the processing of an application**

The Member State of refund has four months from the date of receipt of an application to notify the applicant of its decision to approve or refuse the application, or to ask for further additional information. Where additional information is required, it has a further two months from receiving that information. Where it has asked for further information, it shall, in any case, notify the applicant of its decision within 8 months of the receipt of the application.

Where the refund application is approved, payment should be made within 10 working days.

### **19. Procedure for sending additional information to the Member State of Refund**

Member States can ask for additional information from persons other than the applicant. In all cases, the information should be provided to the Member State of Refund within one month of the date on which the request is received by the addressee.

The formal language is English.

### **20. The refund period**

The refund period shall not be more than one calendar year or less than three calendar months. Refund applications maybe a period of less than three months where the period represents the remainder of a calendar year.

**21. Number of applications accepted per year.**

<b>Year</b>	<b>Submitted</b>	<b>Accepted/ Partially Accepted</b>
2010	262	157
2011	310	162
2012	233	114
2013	228	117
2014	229	74

**22. What is the procedure for appealing against a decision? Are there any time limits for appeals?**

Against a refused/ partially refused decision the applicant may:

- (a) Submit a written appeal to the Minister of Finance within 60 days from the date of the notification letter of refusal
- (b) Submit a resource to the Supreme Court, within 75 days from the date of the notification letter of refusal

**23. Incorrect applications**

If an amount has been recovered in a fraudulent or incorrect way, Member States may recover those amounts.