

TAX update

03/20

**CORONAVIRUS - INDIRECT TAX
MEASURES OF CYPRUS ENACTED
ON THE 27TH OF MARCH 2020**


KINANIS
LAW FIRM

CORONAVIRUS - INDIRECT TAX MEASURES OF CYPRUS ENACTED ON THE 27TH OF MARCH 2020

On the 27th of March 2020, Cyprus enacted the following VAT related measures in an attempt to support business liquidity as part of the national fiscal package of measures to counter coronavirus effect to the companies.

The newly enacted measures refer to amendments to articles 45 and 46A of the Cyprus VAT Law 95(I)/2000 as amended, which refer to Infringements and Tax offenses respectively.

More specifically, the following apply:

1. No penalties and interest will be imposed for the late payment of any VAT due for the following three VAT quarters ending on the 29th of February 2020, the 31st of March 2020 and the 30th of April 2020, provided that:
 - a. The relevant VAT Return is submitted on time (40 days after the end of the relevant quarter) and
 - b. Any VAT payable is paid by the 10th of November 2020.

It is clarified that the late submission of the aforementioned VAT Returns will entail the imposition of the relevant penalty.

2. The late payment of VAT will not constitute a tax offence according to the Law, if the VAT payable is paid by the 10th of November 2020.

It should be noted that the application of both aforementioned 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 including video games
- Retail sale of books
- Retail sales of newspapers and stationery

- Retail sales of toys of all kinds except video games
- Pharmacies
- The Cyprus Telecommunications Authority ("CYTA")
- Internet services
- Satellite telecommunications services
- Other telecommunication services besides CYTA

Finally, it is imperative to mention that the newly enacted law **does not** make any reference to the previously announced conditions for benefiting for the deferral of the VAT payment based on turnover limits, neither to VAT rate reductions which mainly aim at boosting consumption which during the pandemic period is not a main concern

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