



VAT ALERT

Corona – Indirect Tax Measures of Cyprus

New VAT measures were taken by the Cyprus Council of Ministers in an attempt to counteract the negative impact of Covid-19 on the 16th of April 2020.

Until the 16th of April two measures had been passed into law as follows:

1. The suspension of the VAT payment for **the VAT quarter ending on the 29th of February 2020** which was due by the 15th of April 2020, to the 10th of November 2020, which was passed into law on the 27th of March 2020.

This law **exempts** 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

Consequently, the aforementioned businesses which are not considered to be impacted by the pandemic, are not eligible to the suspension of the VAT payment. They have to follow the provisions of the law and pay the relevant VAT on time.



2. On the 2nd of April 2020, the decree ΚΔΠ 145/2020 passed into law providing that certain businesses will be liable for monthly VAT payments of 30% of the vat due by the 15th day of each month, as a measure to boost the liquidity of the budget.

On the **16th of April 2020** a new decree was published in the official gazette ΚΔΠ 170/2020 cancelling the previously issued decree (ΚΔΠ 145/2020) published on the 2nd of April 2020.

The new decree ΚΔΠ 170/2020, refers to specific businesses. It particularly mentions that only the businesses which have been notified by the Department of Taxation through the e-mail they have provided to Taxisnet, are affected.

In a nutshell, the decree ΚΔΠ170/2020 provides for the following:

1. Change of the duration of the VAT returns;
2. Change of the deadline for submission of the relevant VAT returns to the **27th day** following the end of each reporting period;
3. Partial VAT payment for some businesses, by enabling them to only discharge 30% of the **total VAT due** as at the date of submission of each VAT return (i.e. 30% of the VAT due as per the current VAT return + 30% of the VAT due referring to previous VAT returns).

Change of the duration of the VAT returns and respective deadline for the submission of the VAT Return and payment of the VAT due

In particular, the duration of the VAT returns of the **notified companies** will change so as all affected companies to submit their VAT returns and pay the relevant amount of VAT due by the 27th of April 2020 as follows:

Usual VAT Return	New VAT Period	last Submission date
1/1/2020 - 31/3/2020	1/1/2020 - 31/3/2020	27/04/2020
1/2/2020 - 30/4/2020	1/2/2020 - 31/3/2020	27/04/2020
1/3/2020 - 31/5/2020	1/3/2020 - 31/3/2020	27/04/2020



Thereafter, as from April, all affected companies to be liable to submit **monthly VAT Returns** until June 2020, by the 27th day of the month following the reporting month as follows:

New VAT Periods	Last Submission date
1/4/2020 - 31/4/2020	27/05/2020
1/5/2020 - 31/5/2020	27/06/2020
1/6/2020 - 30/6/2020	27/07/2020

Payment of the VAT due

A. Businesses indicated in the below table have to discharge **100%** of their VAT due by the submission date i.e. the 27th day of the month following the reporting month.

35111	Producers of Electricity
36001	Collection and distribution of water (for water supply)
47111	Groceries and supermarkets that are mainly for food
47112	Convenience stores and mini markets
47211	Retail of fruit and vegetables - fruit shops
47221	Retail sale of meat and meat products including poultry
47241	Retail sale of bread and other bakery products
47242	Retail sale of confectionery products
47301	Retail sales of fuel
47411	Retail sale of computers, peripherals and software including video games
47621	Retail sales of newspapers and stationery
47731	Pharmacies
61101	The Cyprus Telecommunications Authority ("CYTA")
61201	Internet services
61301	Satellite telecommunications services
61901	Other telecommunication services besides CYTA



B. Partial VAT payment by the affected businesses by enabling them to only discharge 30% of the **total VAT due** as at the date of submission of each VAT return (i.e. 30% of the VAT due as per the current VAT return + 30% of the VAT due referring to previous VAT returns).

Below is a tabular illustration of an example for a better understanding:

VAT RETURN ENDING	DATE OF SUBMISSION	VAT DUE AS PER THE VAT RETURN	27/04/2020	27/05/2020	27/06/2020	27/07/2020	The latest by 10/11/2020
31/03/2020	27/04/2020	€ 10,000	€ 3,000	€ 2,100	€ 1,470	€ 1,029	€ 2,401
30/04/2020	27/05/2020	€ 15,000	€ 0	€ 4,500	€ 3,150	€ 2,205	€ 5,145
31/05/2020	27/06/2020	€ 20,000	€ 0	€ 0	€ 6,000	€ 4,200	€ 9,800
30/06/2020	27/07/2020	€ 15,000	€ 0	€ 0	€ 0	€ 4,500	€ 10,500
		Total to be paid	€ 3,000	€ 6,600	€ 10,620	€ 11,934	€ 27,846

We draw your attention to the fact that affected businesses will have received an e-mail at the address they have lodged with Taxisnet so please make sure you check that email address and act swiftly if you have received such an e-mail to ensure you manage your liquidity.

For more information, please feel free to contact us at VAT@kinanis.com.