

Cyprus VAT (Value Added Tax) guide and information

Value Added Tax was introduced in Cyprus on 1 July 1992 and is imposed on the provision of goods and services as well as on the importation of goods into Cyprus.

Value Added Tax (VAT) Registration

Registration is compulsory for business:

- If the value of the taxable supplies is in excess of €15,600 during the 12 preceding months
- At any time, if the expected turnover is in excess of €15,600 in a period of 30 days.
- Provides services to a **VAT registered person** within the European Union with nil registration threshold

VAT RATES

Standard rate VAT – **19%** from 13 January 2014

Reduced rate VAT – **9%** (8% up to 12 January 2014)

Reduced rate VAT – **5%** from 1 July 2000

Zero rate VAT – **0%** from 1 July 1992



19%

The standard rate of 19%

The standard rate applies to the provision of **all goods and services in Cyprus** which are not subject to the zero rates, the reduced rate or are not exempt.

Reduced rate of 9%

The reduced rate of 9% applies to:

- All **restaurant** catering services (including the supply of alcoholic drinks, beer, wine, and soft drinks). (Effective from 10 January 2011)
- **Accommodation** in hotels, tourist lodgments, and any other similar lodgments. (Effective from 1 January 2011)
- **Transportation** of passengers and their accompanying luggage within Cyprus using urban, intercity, water, and rural taxis and tourist and intercity buses.

9%

Reduced rate of 5%

The reduced rate of 5% applies to:

- The supply of **foodstuff** and/or beverages (excluding alcoholic drinks, beer, wine, and soft drinks) or both, irrespective of whether the goods are delivered from the supplier to the customer or taken away by the customer. (Effective from 10 January 2011)
- The supply of **pharmaceutical** products. (Effective from 10 January 2011)
- Newspapers, **books**, and magazines
- Hairdressing services
- Entry fees to theaters, circus, festivals, Luna parks, concerts, museums, etc
- Entry fees at sports events and fees for using athletic centers
- **Renovation and repair** of private households after three years of the first residence
- Supply of catering services from school canteens.

5%

Cyprus VAT: Zero rate

The zero rate VAT applies to:

- **The exportation of goods**
- Repair, maintenance, chartering and hiring of sea-going **vessels**, which are used for navigation on the seas and carrying passengers for reward or used for the purpose of commercial, industrial or other activities
- Supply, modification, repair, maintenance, chartering and hiring of **aircraft**, used by airlines operating for reward mainly on international routes
- Supply of services to meet the direct needs of seagoing vessels and aircrafts
- **Transportation of passengers** from Cyprus to a place outside Cyprus and vice versa using a seagoing vessel or aircraft.

0%

Exempt supplies

- **Rental** of residential property
- **Insurance** services
- **Financial** services (with some exceptions)
- Hospital and **medical** caring services
- Postal services
- Disposal of immovable property where the application for building permission has been submitted prior to 1 May 2004.

--%

Penalties and interest

- Late registration – €85 for every month of delay
- Late submission of return – €51 for each return
- Late payment of VAT – 10% of the amount due plus 5% p.a. interest
- Late de-registration – €85
- Late submission of Intrastat form – €15 for each return
- Late submission of **VIES** (VAT Information Exchange System) return – €50 for each return.

