



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax Administration
VAT and other turnover taxes

VAT in the European Community

APPLICATION IN THE MEMBER STATES

FACTS FOR USE BY

ADMINISTRATIONS/TRADERS

INFORMATION NETWORKS ETC.

Note

This document collates a range of basic information on the application of VAT arrangements in the Member States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

REPUBLIC OF CYPRUS

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GENERAL INFORMATION

1. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, EMAIL)

Foreign traders (entrepreneurs) can obtain information at the following address:

Ministry of Finance
Department of Customs
VAT Service
Junction of Mich. Karaoli & Gr. Afxendiou
1096, Nicosia

Fax: +357-22660484

E-mail: headquarters@vat.mof.gov.cy

Postal address:

VAT Service, Headquarters
1471, Nicosia
Cyprus

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT ARE AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGE(S)?

The address of the VAT Service website is: www.mof.gov.cy/ce

Information is provided in Greek as follows:

- about the mission of the VAT Service,
- the organisation chart,
- general information about us, our history and where to find us, and the annual report,
- information for the public,
- information for enterprises,
- legislation,
- news,
- publications etc.,
- the personnel of the VAT Service,
- about Cyprus and the EU and

- circulars, forms, free phone numbers, glossaries, the locations of the district VAT offices, calls for tenders, etc.

Some of the information is also provided in English.

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

The VAT legislation is published in the Government Gazette of the Republic, which anyone can purchase from the national printing office. The legislation can also be found on the website of the VAT Service at www.mof.gov.cy/ce .

At present the legislation is available only in Greek.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHAT ARE THE CIRCUMSTANCES GOVERNING THE NEED TO BE REGISTERED FOR VAT?

Foreign traders who carry out taxable transactions in Cyprus need to be registered in the following circumstances:

- if, at any time during the previous 12 months, the total value of their taxable transactions exceeded the threshold for registration in Cyprus, which is CYP 9 000 (€15 600);
- if it is believed that the total value of their taxable transactions will exceed CYP 9 000 (€15 600) at any time during the next 30 days;
- if they are established in another EU country and carry out distance selling to non-taxable persons in Cyprus, the value of which sales exceeds CYP 20 000 (€35 000) at any time during a calendar year; or
- if they acquire goods in Cyprus during any calendar year from a trader registered in another Member State the value of which exceeds or is expected to exceed CYP 6 000 (€10 266).

Foreign traders may register voluntarily in the following circumstances:

- if they carry out taxable transactions in Cyprus the value of which does not exceed the amounts stated above;
- if they prove to the VAT Commissioner that they intend to take up taxable activities as an entrepreneur;
- if they select Cyprus as the place of their distance selling, and the value of the sales does not exceed CYP 20 000 (€35 000) in a calendar year; or

- if they make or intend to make acquisitions in Cyprus not exceeding CYP 6 000 (€10 266) in value in a calendar year.

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR THE TAX? IN SUCH SITUATION, IS IT POSSIBLE TO REGISTER ON A VOLUNTARY BASIS?

Foreign traders do not have to register for VAT in respect of:

- acquisitions for which the Cypriot purchaser is liable for the VAT; or
- services for which the chargeback procedure is applied.

A foreign trader is not entitled to register voluntarily in either of those circumstances.

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO GET REGISTERED FOR VAT? (DETAILS ABOUT THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE, FAX, E-MAIL ...).

Foreign traders can obtain information about registration for VAT at the following address:

Ministry of Finance
Department of Customs
VAT Service
Junction of Mich. Karaoli & Gr. Afxendiou
1096, Nicosia

Fax: +357-22660484

E-mail: headquarters@vat.mof.gov.cy

Postal address:

VAT Service, Headquarters
1471, Nicosia
Cyprus

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING NECESSARY DOCUMENTS) FOR ISSUING VAT IDENTIFICATION NUMBERS, SPECIFICALLY TO FOREIGN TRADERS.

VAT identification numbers are issued by the local VAT offices. Foreign traders who are established in Cyprus have to complete VAT Form 101 and submit it to the competent VAT district office. There are four VAT district offices – in Nicosia, Larnaca, Limassol and Paphos. The addresses of the offices can be found in the local telephone directories and on the website of the VAT Service at www.mof.gov.cy/ce.

Foreign traders who are not established in Cyprus may choose between being registered themselves or appointing a representative or a VAT representative. In the latter case the registration is effected at the VAT district office for the area in which the representative or the VAT representative is established. The VAT representative must also complete and submit VAT Form 104 (appointment of a VAT representative).

THRESHOLDS

8. WHICH THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

9. WHICH THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER ARTICLE 3(2) OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN (NON-EU) TRADERS

10. WHAT ARE THE SITUATIONS IN WHICH THE APPOINTMENT OF A TAX REPRESENTATIVE IS OBLIGATORY?

A VAT representative must be appointed in the following situations:

- where a person is a taxable person in Cyprus, or, though not a taxable person, carries out transactions in goods or services in Cyprus, without having an undertaking or being otherwise permanently established in the country;
- where a person is not established for business purposes and not otherwise permanently established in Cyprus, or
- where a natural person is not normally resident in Cyprus, and the country in which his undertaking is located is not a Member State and has not concluded an agreement similar to the mutual assistance agreements in the EU.

In those situations, the VAT Commissioner of Cyprus may propose that the person concerned appoint another person, to be called a 'VAT Representative', to act on his behalf with regard to VAT.

11. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

The VAT representative can be:

- a natural person who is permanently established in Cyprus, or

- a legal person operating a business or having permanent establishment in Cyprus.

The person to be appointed must not have outstanding tax debts and must not have been declared insolvent. A legal person which is a company must not be in liquidation or be in the hands of a receiver in bankruptcy for the purpose of being wound up.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

The VAT representative is required to:

- complete and submit VAT Form 104 within 30 days of being appointed (administrative penalties are incurred for late submission of the form);
- keep the books and accounts of the taxable person being represented in Cyprus, submit the taxable person's tax returns and notify the VAT register of any change in the VAT particulars.

The VAT representative is jointly and severally responsible for ensuring compliance with the provisions of the VAT legislation of Cyprus.

The VAT representative may resign by informing the VAT Commissioner to that effect within 30 days of being appointed.

The VAT representative is not liable in respect of any offence, except:

- if he consented to or acquiesced in the commission of an offence by the represented taxable person, or
- if the commission of an infringement by the taxable person was attributable to the VAT representative's negligence, or
- if an offence constituted a breach by the VAT representative of an obligation incumbent both on himself and on the represented person.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER COUNTRY TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

If the trader does not comply with a request by the VAT Commissioner to indicate a VAT representative, the Commissioner may request the trader to lodge a security (a bank guarantee) for the payment of VAT which is due or may become due.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

See the reply to Question 13.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. IS IT POSSIBLE TO APPOINT A TAX REPRESENTATIVE?

A foreign trader established in the EU can appoint a VAT representative or a tax representative, with the agreement of the VAT Commissioner, in the following situations:

- if the foreign trader is a taxable person in Cyprus, or, though not a taxable person in Cyprus, carries out transactions in goods or services in Cyprus, or
- if the foreign trader is not established for business purposes and not otherwise permanently established in Cyprus, or
- in the case of a natural person, if the person does not usually reside in Cyprus.

A VAT representative must complete and submit VAT Form 104. In the case of a tax representative, the foreign trader is required to furnish an authorisation under which the tax representative will act on his behalf. This representative, unlike a VAT representative, is not jointly and severally liable. He must, however, keep books and accounts and submit tax returns on behalf of the non-established taxable person whom he represents.

16. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

See the reply to Question 15.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

See the reply to Question 12.

18. ARE THERE SITUATIONS WHERE IT IS OBLIGATORY TO SET UP A BANK GUARANTEE?

No, setting up a bank guarantee is not obligatory.

INVOICING

RULES ABOUT INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS ...) BE FOUND?

The relevant rules are set out in paragraphs (1), (1A), (1B) and (2) of Annex Ten to the Value Added Tax Laws of 2000 to 2006 and in the regulations (the Value Added Tax Regulations (General) of 2001 to 2004, Reg. A11-12), as amended, which came into force on 1 May 2004.

ISSUANCE OF INVOICES

20. CASES WHERE AN INVOICE NEEDS TO BE ISSUED.

A VAT invoice needs to be issued in the situations stated in Article 22(3)(a) of the Sixth Directive. A VAT invoice must also be issued for each supply of goods and services (i.e. for taxable supplies on which the standard, reduced or zero rate of VAT is chargeable) to any person in another Member State.

A VAT invoice need not be issued for:

- exempt supplies to any person;
- supplies for which no right of deduction is recognised;
- any taxable transaction not effected for consideration;
- supplies for which the customer applies a self-billing agreement;
- supplies to non-taxable persons in Cyprus.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT / DEBIT NOTES)?

The rules on corrective invoices are the same as the rules on invoices.

However, a credit invoice may be issued only if the following conditions are fulfilled:

- the invoice relates to an actual error, an additional payment or an agreed discount on the value of the transaction;
- the invoice provides an actual benefit to the customer (i.e. the supplier is returning the amount unduly paid);
- the invoice is actually issued (sent or delivered) to the customer.

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

The VAT invoice must be issued within 30 days of the time at which the transaction to which it relates is considered to have been effected. The VAT Commissioner may approve an extension of the deadline at the taxable person's request.

23. WHAT ARE THE RULES FOR SUMMARY INVOICING?

A summary invoice may be issued on condition that it contains all the information that is required in VAT invoices.

24. WHAT ARE THE CONDITIONS IMPOSED ON SELF-BILLING?

In order for an invoice to be accepted as a VAT invoice for self-billing purposes, the following conditions must be fulfilled:

- (i) there must be a prior agreement between the supplier and the customer which:
 - allows the customer to carry out self-billing for transactions carried out during a period which may not exceed 12 months;
 - stipulates that the supplier will not issue VAT invoices for supplies covered by the self-billing agreement;
 - is in writing and signed by the supplier and the customer;
 - stipulates that the supplier will accept all the invoices issued by the customer;
 - stipulates that the supplier is obliged to notify the customer if it ceases to be considered a taxable person or if the VAT identification number is changed;
 - was submitted by the supplier and the customer to the VAT Commissioner within 14 days of being signed; and
- (ii) it must contain all the information that is required in VAT invoices.

Self-billing is not accepted in the following cases:

- for supply of water and of any form of physical power or energy, heating, cooling or ventilation;
- where the supply of goods is based on an agreement under which the supplier withholds the ownership of the goods or the purchaser has acquired a part of the goods, and where all or a part of the price (consideration) is fixed at that time;
- where any contract for the supply of goods or services provides for part of the price (consideration) to be withheld pending full and satisfactory performance of the contract;
- where supplies of services are continuous;
- where periodic payments are made for supply of services;
- for the supply of lawyers' services;
- for supplies of services to the building industry in connection with the construction, conversion, demolition, repair or maintenance of buildings, or in connection with any civil engineering works under a contract which provides for payment to be made periodically or from time to time.

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICES TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

There are no specific rules concerning the outsourcing of VAT invoices to persons established outside the EU.

CONTENT OF INVOICES

26. UNDER WHAT CONDITIONS MUST THE VAT NUMBER OF THE CUSTOMER BE ON THE TAX INVOICE?

The VAT number of the customer must be on VAT invoices relating to taxable supplies of goods and services and to intra-Community transactions.

27. ANY OTHER SPECIFIC RULE IN RELATION TO THE CONTENT OF THE INVOICE.

A person registered for VAT who carries out a supply as an intermediate supplier in accordance with the simplified procedure for triangular transactions must issue an invoice complying with all the obligations on invoices. The invoice must carry the title “VAT EC ARTICLE 28 SIMPLIFIED INVOICE”.

Also, a taxable person in another Member State who supplies or intends to supply goods to a taxable person in Cyprus which will be installed or assembled in Cyprus must provide an invoice to the taxable person in Cyprus within 15 days of the time at which the supply of the goods is considered to have been carried out. The invoice must be marked “ARTICLE 12E (2) VAT INVOICE”.

ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE SIGNATURE CREATION DEVICES? IF SO, PLEASE GIVE DETAILS.

Certificated signatures and secure signature creation are not obligatory for invoices sent with advanced electronic signatures.

29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER REQUIRED? IF SO, PLEASE GIVE DETAILS ABOUT ITS CONTENT AND PROCEDURE.

No additional summary document is required for invoices sent by electronic data interchange.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO ARTICLE 233(1), SECOND SUBPARAGRAPH, OF THE VAT DIRECTIVE (“BY OTHER ELECTRONIC MEANS”)? IF SO, UNDER WHICH CONDITIONS AND FORMALITIES?

Only methods which can guarantee the authenticity of the origin and the integrity of the content may be used for invoices sent electronically, after the methods have been approved by the VAT Commissioner.

31. ANY OTHER SPECIFIC RULE IN RELATION TO ELECTRONIC INVOICING.

Persons supplying or receiving electronic invoices must:

- keep copies of all invoices sent or received and guarantee the authenticity of the origin and the integrity of the content of all invoices for the whole period for which they are kept, either through an advanced electronic signature or through electronic data interchange;
- store the data which guarantee the authenticity of the origin and the integrity of the content for the period for which the invoices are kept.

STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

A taxable person may decide on the place of storage of invoices on condition that:

- the invoices can be made available to the VAT Commissioner within five days of a request;
- the taxable person notifies the VAT Commissioner before the storage, if the invoices will be stored outside Cyprus.

All invoices received or issued by the taxable person must be stored in Cyprus, if the storage does not guarantee full on-line access to the specific information.

Invoices may not be stored in a country which is not an EU Member State and with which a mutual assistance agreement has not been concluded.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE SPECIFY.

Taxable persons are obliged to notify the VAT Commissioner in advance, if the place of storage will be outside Cyprus.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

Invoices must be stored for seven years.

35. WHAT ARE THE SPECIFIC RULES ON STORAGE FORM AND POSSIBLE CONVERSIONS?

Invoices received or sent by electronic means must be stored electronically, and invoices received or sent on paper must be stored in the form they were in when received. There are no specific legal provisions on the conversion of data. However, the information in electronic invoices must be converted in a way which preserves all the original information, as well as information which has been converted.

36. ANY OTHER SPECIFIC RULE IN RELATION TO INVOICE STORAGE.

There are no specific rules other than those stated above.

SIMPLIFIED INVOICES

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 238 OF THE VAT DIRECTIVE (2006/112/EC)? AND WHAT ARE THE SPECIFIC RULES?

Simplified invoices may be issued by specific categories of retail vendors who issue invoices for supplies of goods or services in Cyprus, the value of which does not exceed 50 liras. Those invoices contain only the following information:

- the name, address and VAT number of the retail vendor;
- the date of issue;
- a description of the goods or services which allows them to be identified;
- the total amount payable with VAT;
- the total amount payable at each VAT rate, inclusive of VAT, with statement of the applicable rate.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

Every taxable person who is registered for VAT is obliged to submit a VAT return, even if no tax is owed. Administrative and other penalties may be incurred if this is not done.

39. AT WHAT INTERVALS ARE VAT RETURNS AND ASSOCIATED PAYMENTS TO BE MADE?

As a rule VAT returns cover periods of three months. They are submitted according to the category (group of economic activities) to which the trader belongs. There are three categories:

- **Category A:** traders who submit returns for the following periods each year: 1/01-31/03, 1/04-30/06, 1/07-30/09 and 1/10-31/12,

- **Category B:** traders who submit returns for the following periods each year: 1/02-30/04, 1/05-31/07, 1/08-31/10 and 1/11-31/01,
- **Category C:** traders who submit returns for the following periods each year: 1/03-31/05, 1/06-31/08, 1/09-30/11 and 1/12-28 or 29/02.

Certain categories of taxable persons may request the VAT Commissioner to allow them to submit returns for different tax periods.

In all cases the tax return must be submitted and the due tax paid no later than the tenth day of the month following the end of the tax period.

40. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

Farmers in the special scheme submit annual returns.

The VAT Commissioner may allow certain other categories of taxable persons to submit monthly tax returns (traders, such as exporters, to whom the VAT is refunded).

41. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

The VAT legislation provides for special schemes for supplies by retail vendors. Specifically, the VAT Commissioner may allow the value of the taxable supplies (other than the value of zero-rated supplies) to be fixed by a method agreed jointly with the trader or by any method described in the notice published by the Commissioner for the purpose. A notice providing for three retail vendor schemes has been published (Retail Vendor Schemes A, B and C).

All the schemes oblige the retail vendor to keep accounts for daily gross revenue (based on monies received):

- Scheme A is implemented for retail vendors whose supplies are subject exclusively to the standard rate of VAT or exclusively to the reduced rate;
- Scheme B is implemented for retail vendors whose supplies are subject to the standard, reduced or zero rate of VAT and who can separate their daily gross revenue, at the time of supply, according to the VAT rate applied; and
- Scheme C is implemented for retail vendors who supply goods which are subject to the standard, reduced or zero rate of VAT and where the total annual value of their taxable transactions does not exceed CYP 70 000 (€19 771).

RECAPITULATIVE STATEMENTS

42. AT WHAT INTERVALS ARE RECAPITULATIVE STATEMENTS TO BE SUBMITTED?

Recapitulative statements have to be submitted for each calendar quarter.

43. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN CHAPTER 6 ENTITLED RECAPITULATIVE STATEMENTS IN TITLE XI OF THE VAT DIRECTIVE (2006/112/EC)?

No.

44. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE (2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

No.

ELECTRONIC RETURNS

45. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

Enterprises have been able to submit electronic returns through the TAXISnet Service since 2004.

TAXISnet includes the following:

- electronic submission of returns and VIES tables using electronic forms (HTML form);
- electronic submission of returns and VIES tables using XML files;
- electronic submission of multiple VAT returns and VIES tables in XML by authorised accountancy offices. It is possible for a company to appoint an accountant to be responsible for the submission of returns in its name; the company can replace the accountant if it so wishes; and
- compilation of statistical reports.

TAXISnet uses Internet-based technology. The following, inter alia, are necessary:

- registration of the user and ratification of his particulars by the VAT Service;

- Internet connection; and
- one of the following Internet browsers:
 - Microsoft Internet Explorer 5.0 or a later version
 - Netscape Communicator 4.7 or a later version.

Requests to submit returns by electronic means must be submitted to the Cyprus VAT Service (electronic address: operations@vat.mof.gov.cy). Only individuals and enterprises which are registered for VAT in Cyprus may submit VAT returns by electronic means.

46. IS IT POSSIBLE TO SUBMIT RECAPITULATIVE STATEMENTS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO SUBMIT STATEMENTS ELECTRONICALLY?

Yes, see the reply to Question 45.

ADMINISTRATIVE REQUIREMENTS

47. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

Cyprus introduced a flat-rate scheme for farmers on 31 January 2003. Farmers who carry on the activities stated in Annexes A and B to the Sixth VAT Directive can apply for a refund on the basis of a flat rate of 5% on non-retail sales of their own products.

Farmers who opt to join the special scheme are entered in the register for the scheme kept by the VAT Commissioner. Persons entered in that register cannot be entered in the VAT register and vice versa. However, a person can transfer from the special scheme to the taxable persons scheme and vice versa after making a request to the Commissioner in the first 30 days of each year.

48. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

Persons who carry on taxable activities and whose turnover does not exceed CYP 9 000 (€15 600) annually are not obliged to be registered for VAT in Cyprus and have no obligation in relation to VAT. However, they are obliged to keep all the invoices and receipts that they issue and receive for transactions carried out in connection with their business activities for a period of seven years. They may register for VAT voluntarily, in which case they incur all the obligations of a taxable person.

49. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

The forms for VAT returns and recapitulative statements are available only in Greek.

RIGHT TO DEDUCTION

50. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

There is no right of deduction of VAT for the following categories:

- goods and services for private use;
- supplies to a taxable person for use in the enterprise of another person;
- supplies to the enterprise of the taxable person which are to be used for other purposes;
- expenditure on business entertainment, except with regard to supplies to salaried employees of the taxable person, or, if the taxable person is a company, with regard to supplies to the directors of the company or to persons who participate in the company's management;
- supply, importation or leasing of passenger vehicles (cars), except where: the vehicle is leased with a driver for the transport of passengers; the vehicle is leased without a driver; the vehicle is used for training or purchased for resale. A car is considered to be any motor vehicle which is usually used on public roads, has three or more wheels and has been manufactured or adapted to carry a maximum of nine persons;
- supplies of goods under the second-hand goods scheme; and
- services supplied under the Tour Operator Margin Scheme (TDMS).

51. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

There is a partial right of deduction for goods used both for business and non-business activities on the basis of an arrangement determined jointly by the taxable person and the VAT Commissioner.

Where the supplier carries out both taxable transactions and exempt transactions, the tax on inputs of exempted supplies can be deducted only if it falls under the de minimis rule providing for a refund of the tax on exempted supplies where the tax:

- does not exceed CYP 100 (€171) in a month, and at the same time

- does not exceed 50% of the tax on the inputs of the taxable person in one tax period.

ANNEX 1: THRESHOLDS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexI

ANNEX 2: VAT IDENTIFICATION NUMBERS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexII

ANNEX 3: ABBREVIATIONS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexIII