



## **Indirect Tax News**

### **VAT refund on the purchase of a plot by a private individual**

The Cyprus tax authorities announced on 24 September 2019 that individuals who had purchased undeveloped building land on or after 2 January 2018 for the sole purpose of constructing a dwelling to be used as their principal and permanent place of residence would be entitled to a partial refund of the VAT paid. VAT originally would have been charged at the standard rate of 19% on the value of the plot. The VAT refund would be equivalent to VAT at 14%, reducing the effective VAT rate to 5%.

To claim the refund, the taxpayer would be required to submit an affidavit in a format to be specified by the tax authorities and the Tax Commissioner recently published the relevant form on the tax authorities' website.

The affidavit must be completed and submitted at the same time or after the submission of the affidavit required to apply a reduced rate of VAT on the purchase or construction of a residence, necessary where the taxpayer is building a house on the site.

Within six months after occupying the property as their principal and permanent residence, the taxpayer must submit the necessary forms and supporting documentation (e.g. utility bills). The VAT refund will be made once all the required documentation has been submitted.

#### **How are you affected by the above decision?**

Individuals who purchase separately the plot of land to be used for the construction of their principal and permanent residence have the right to a partial refund of the VAT paid (14% of the value of the plot).

#### **How can the indirect taxation group of Deloitte Help you?**

We are at your disposal to discuss the above and advise you of any impact on your activities as well as any other matter in relation to immovable property used for principle and permanent place residence.



Get in touch

Nicosia Offices

[infonicosia@deloitte.com](mailto:infonicosia@deloitte.com)

Tel: +357 22 360300

Limassol Offices

[infolimassol@deloitte.com](mailto:infolimassol@deloitte.com)

Tel: +357 25 868686



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2019 Deloitte Limited

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.