



## Cyprus Tax News - VAT

Changes to VAT periods and deadlines for submission of returns and payment of VAT due

In response to COVID-19, the Cyprus Council of Ministers issued a decree on 16 April 2020 that changes:

- the VAT reporting periods for taxpayers through 30 June 2020,
- the deadlines for submitting the VAT returns for these periods, and
- the deadlines for payment of the VAT due.

The decree **affects only businesses that have received an email message from the Tax Department** informing them of the following changes to their compliance obligations (the e-mail address used is the one registered in the TAXISnet system):

### 1) **Changes in VAT reporting periods and deadlines for submission of VAT returns**

The following reporting period changes and return deadlines apply for a taxpayer's first VAT period for 2020:

| Regular VAT reporting period | New VAT reporting period | Deadline for submission of VAT return |
|------------------------------|--------------------------|---------------------------------------|
| 1/1/2020 – 31/3/2020         | 1/1/2020 - 31/3/2020     | 27/4/2020                             |

|                      |                      |           |
|----------------------|----------------------|-----------|
| 1/2/2020 – 30/4/2020 | 1/2/2020 - 31/3/2020 | 27/4/2020 |
| 1/3/2020 – 31/5/2020 | 1/3/2020 - 31/3/2020 | 27/4/2020 |

The following reporting periods and return deadlines apply for subsequent VAT periods through 30 June 2020.

| New VAT reporting period | Deadline for submission of VAT return |
|--------------------------|---------------------------------------|
| 1/4/2020 - 30/4/2020     | 27/5/2020                             |
| 1/5/2020 - 31/5/2020     | 27/6/2020                             |
| 1/6/2020 - 30/6/2020     | 27/7/2020                             |

## 2) Payment of VAT due for new VAT periods

- i) Persons belonging to any of the categories listed in the following **table** have an obligation to pay **100%** of the VAT due for the reporting period. That is, they must complete and file each VAT return by the relevant deadline and settle the VAT due **in full**.

| Economic activity code | Description   |
|------------------------|---|
| 35111                  | Producers of electricity power                                  |
| 36001                  | Collection and distribution of water (for the supply of water)  |
| 47111                  | Grocery and supermarkets mainly for food                        |
| 47112                  | Kiosks - Mini markets   |
| 47211                  | Retail trade of fruits and vegetables                           |
| 47221                  | Retail trade of meat and meat products including poultry        |
| 47241                  | Retail trade of bread and other bakery goods                    |
| 47242                  | Retail trade of confectionery                                   |
| 47301                  | Retail trade of fuel  |
| 47411                  | Retail trade of computers, peripheral equipment and video games |
| 47621                  | Retail trade of newspapers and stationery                       |
| 61101                  | Cyprus Telecommunications Authority (CYTA)                      |
| 61201                  | Internet services   |
| 61301                  | Satellite telecommunications services                           |
| 61901                  | Telecommunication services other than those provided by CYTA    |

- (ii) For all other persons affected by the decree, the amount of VAT that must be paid at each monthly deadline is 30% of the total VAT outstanding at the end of the VAT period. That is, the total amount of VAT to be paid at each monthly deadline is calculated by taking into account the amount of VAT that remains unpaid from previous VAT periods. The VAT payment calculation for each VAT period is shown in the following table.

| Deadlines for payment of VAT due | 27/4/2020  | 27/5/2020   | 27/6/2020  | 27/7/2020   |
|----------------------------------|--|---|--|---|
| <b>Amount to be paid</b>         | 30% of the VAT due for the period ending 31/3/2020 | 30% of the VAT due for the period ending 30/4/2020, plus 30% of the remaining VAT due for the period ending 31/3/2020 | 30% of the VAT due for the period ending 31/5/2020, plus 30% of the remaining VAT due for the periods ending 31/3/2020 and 30/4/2020 | 30% of the VAT due for the period ending 30/6/2020, plus 30% of the remaining VAT due for the periods ending 31/3/2020, 30/4/2020 and 31/5/2020 |

The amount of VAT due for periods up through 30 June 2020 that has not been paid by the 27 July 2020 deadline must be paid by 10 November 2020.

**Example:**

A taxpayer that is affected by the above changes has the following VAT payable amounts for the new VAT reporting periods ended:

- 31 March 2020 €100.000 (including any VAT payable amount relating to the period ended 29/2/2020 if the deferral of the VAT payment was exercised as per the recent amendment of the VAT legislation on 27 March 2020).
- 30 April: €200.000.
- 31 May: €120.00.
- 30 June: €150.000.

The taxpayer should prepare and submit the VAT return for each new reporting periods and make payments of VAT as follows:

**On 27/4/2020, the VAT amount to be paid is:**

For March: €100.000 x 30% = €30.000  
 Remaining VAT due: €70.000

**On 27/5/2020 the VAT amount to be paid is:**

For April: €200.000 x 30% = €60.000  
 For March: €70.000 x 30% = €21.000  
 Total payment: €60.000 + €21.000 = €81.000  
 Remaining VAT due: €70.00 + €200.000 - €81.000 = €189.000

**On 27/6/2020 the VAT amount to be paid is:**

For May: €120.000 x 30% = €36.000

For March-April: €189.000 x 30% = €56.700

Total payment: €36.000 + €56.700 = €92.700

Remaining VAT due: €189.000 + €120.000 - €92.700 = €216.300

**On 27/7/2020 the VAT amount to be paid is:**

For June: €150.000 x 30% = €45.000

For March-May: €216.300 x 30% = €64.890

Total payment: €45.000 + €64.890 = €109.890

Remaining VAT due: €216.300 + €150.000 - €109.890 =  
€256.410

The remaining VAT due of €256.410 must be paid by 10 November 2020.

**How can the Deloitte's indirect taxation team help you?**

We are available to discuss the above changes and assist you with fulfilling your VAT compliance obligations promptly and accurately.



Get in touch

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