



## Cyprus Indirect Tax News

### Changes to the Cyprus VAT Legislation (EU “Quick Fixes”)

On 3 July 2020, the Cyprus government published in the official gazette an amendment to VAT law harmonizing Cypriot VAT law with the “quick fixes” provisions contained in EU Directive 2018/1910. The amendments are effective as from 1 January 2020.

The amendments, described below, apply to the cross-border supply of goods within the EU and include provisions for call-off stock arrangements, chain transactions, and intra-EU supplies.

#### **Simplified treatment for call-off stock arrangements**

The transfer of goods from the seller’s member state to the buyer’s member state under a call-off stock arrangement is not considered an intra-EU supply by the seller or an intra-EU acquisition by the buyer. Under this arrangement, the supply takes place only at the point when the buyer “calls-off” (and thus receives ownership of) the goods.

Rather than the seller having to register for VAT in the buyer’s member state, the transfer of goods prior to the call-off creates only an obligation for the seller to report the VAT identification number of the taxable person for whom such goods are destined in the recapitulative statement (VIES return).

In addition, there also is an obligation for both the seller and buyer to keep a “temporary movements of goods” record for such goods.

#### **Simplified treatment of chain transactions**

If there is a successive sale of goods and the goods are transferred from the original seller to the final buyer in a different EU member state, only the supply to the first intermediary qualifies as the exempt with credit intra-EU supply, unless the first intermediary has a VAT identification number in the country of the original seller.

## Intra-EU supplies

For purposes of applying the zero rate of VAT to the intra-EU supply of goods, the taxable person acquiring the goods must have a VAT identification number and provide this number to the supplier. In addition, the supplier must submit recapitulative statements (VIES returns) for such transactions.

### How can the Indirect Taxation Team of Deloitte help you?

We are at your disposal to discuss the above and assist you to meet your tax obligations on time.



Get in touch

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