



Cyprus Tax News

Tax and VAT measures announced by the Cyprus Government following the Coronavirus outbreak

The recent outbreak of COVID-19, is proving to be an unprecedented challenge for humanity. Having been declared a global pandemic by the World Health Organization, the virus is already impacting our day to day lives as well as our businesses.

In light of the business disruption caused by the Coronavirus, the [Cyprus Government announced a number of measures](#) in order to support the country's economy, including the following tax and VAT related measures:

Tax measures

- A two month extension of the submission deadline of income tax returns that were due by 31 March 2020. The **new submission deadline** for the 2018 corporate income tax returns (TD. 4s) and for the 2018 personal income tax returns (TD. 1s) of individuals preparing audited financial statements is **31 May 2020**.
- The non-payment, for a period of two months, of the [increase](#) in contributions (effective from March 2020) to the General Healthcare System by employers, employees and the State.
- Special arrangements that will support taxpayers who have been included in the scheme regulating the Settlement of Overdue Taxes.

VAT measures

- Temporary suspension for two months of the obligation for payment of the VAT liability without imposition of penalties as a measure to enhance liquidity for businesses. This measure applies to:

- Businesses with turnover not exceeding €1 million based on the turnover of the VAT returns that were submitted during 2019, and
- Businesses whose turnover has been reduced by more than 25%.

It is noted that relevant arrangements will be made for the VAT liability to be paid gradually until 11 November 2020.

- Temporary reduction of the VAT rates as follows:
 - Standard VAT rate: from 19% to 17% for a period of two months; and
 - Reduced VAT rate: from 9% to 7% for a period of 3,5 months.

The reduction of the rates will be applicable immediately following the voting of the relevant bill by the House of Representatives.

As we appreciate that clarifications may be required for the correct implementation of the above measures, we are in direct contact with the Ministry of Finance and we will aim to revert with further guidance as soon as possible.

How can we help?

We are at your disposal to discuss the above developments with you.



Get in touch

Nicosia Office infonicosia@deloitte.com tel: +357 22 360300

Limassol Office infolimassol@deloitte.com tel: +357 25 868686



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