



Cyprus Indirect Tax News

Time of supply for barter transactions in the construction industry

On 17 February 2021, the Cyprus Tax Department issued a new Implementing Guideline ([IG 11/2021](#)) to clarify the time of supply for VAT purposes for barter transactions in the construction industry and, therefore, the time when VAT should be accounted.

Based on the provisions of the VAT Law, VAT is accounted on the supply of undeveloped buildable land by a person carrying on an economic activity on the date when

- all or part of the land plot is made available to the customer, or
 - the invoice is issued, or
 - a payment is made,
- whichever is earlier.

The above provisions also apply in cases where a landowner exchanges undeveloped buildable land for other goods or services and must charge VAT to the person to whom he transfers the land.

The Guideline clarifies that the time at which all or part of the land is made available to the customer may be the date of submission of the relevant documents to the Department of Lands and Surveys, unless there is other evidence to prove that the land had been made available to the buyer at an earlier date (for example the commencement of work on the plot by the developer).

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