



Cyprus Indirect Tax News

New reporting requirements for Payment Service Providers in accordance with the Central Electronic System of Payment (“CESOP”)

In an effort to combat e-commerce VAT fraud, the EU Council adopted new legislative measures which amend the [EU VAT Directive](#) and come into effect as from 1 January 2024. The intention of the Council is to give the Tax Authorities of the Member States the right instruments to detect possible e-commerce VAT fraud carried out by sellers established in another Member State or in a non-EU country.

According to the new rules, certain Payment Service Providers (“PSPs”) established in the European Union (EU) will be required to collect specific data from cross-border payment transactions and report them to the Tax Authorities of their home or host Member State. Each Tax Authority will then transmit this information to a centralised European database known as the [Central Electronic System of Payment](#) (“CESOP”), where it will be stored and cross-checked with other EU databases, until further processing by national anti-fraud officials.

Cyprus is currently in the process of transposing the amendments of the EU VAT Directive into domestic legislation.

Who is affected?

The reporting obligation is only applicable to the payment service providers as defined in the Payment Services Directive ([Directive \(EU\) 2015/2366 of the European Parliament and of the Council](#), “PSD2”) which includes credit institutions, e-money institutions, payment institutions and post-office giro institutions.

Examples of businesses that will be affected are banks, electronic wallet/voucher/card providers as well as retailers and marketplaces that have their own in-house regulated payment services as per the PSD2.

The location of the payee and the payer need to be considered to determine which PSP has the reporting obligation.

Which transactions need to be reported?

All cross-border transactions are reportable when:

- a) The payer is located in an EU Member State. The payee can be located in an EU Member State or in a third territory or third country, and
- b) the number of individual payments made to one single payee exceeds 25 in a calendar quarter.

What information will be reported?

Depending on the specifics of each case, PSPs will have to collect and report specific information related to the payee and to each payment received by the payee.

Impact / Key aspects to consider

EU PSPs covered by the new reporting requirements will need to assess the extent of the implications on their organisations and be prepared for the implementation.

How can we help?

Deloitte has set-up a cross functional support team who is at your disposal to discuss the above and assist you in meeting your obligations on time.

Get in touch

Christos Papamarkides

Partner | Tax & Legal Services | Indirect Tax Services

Email: cpapamarkides@deloitte.com

Direct line: +357 22 360420

Clea Evagorou

Partner | Regulatory | Risk Advisory

Email: clevagorou@deloitte.com

Direct line: +35722360600

Chrystalla Michael

Director | Tax & Legal Services | Indirect Tax Services

Email: chmichael@deloitte.com

Direct line: +357 22 360861

Elli Iosif

Director | Tax & Legal Services | Indirect Tax Services

Email: eliosif@deloitte.com

Direct line: +357 22 360616

George Nathanael

Senior Manager | Regulatory | Risk Advisory

Email: genathanael@deloitte.com

Direct line: +35725868691

Kyriakis Pattihis

Manager | Tax & Legal Services | Indirect Tax Services

Email: kpattihis@deloitte.com

Direct line: +357 22 360317



© 2023 Deloitte Limited

This communication contains information, which is confidential. It is exclusively to the intended recipient(s). If you are not the intended recipient(s), please: (1) notify the sender by forwarding this email and delete all copies from your system and (2) note that disclosure, distribution, copying or use of this communication is strictly prohibited. Any erroneous disclosure, distribution or copying of this email communications cannot be guaranteed to be secure or free from error or viruses.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte & Touche (M.E.) LLP (DME) is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP ("NSE"), a UK limited liability partnership and member firm of DTTL.

Deloitte Limited, a private limited liability company registered in Cyprus (Reg. No. 162812) is the sub-licensed affiliate of Deloitte NSE for Cyprus. Deloitte Limited is among the leading professional services firms in Cyprus, providing audit & assurance, consulting, financial advisory, risk advisory, tax and related services as well as a complete range of services to international business through over 750 people in Nicosia and Limassol. For more information, please visit www.deloitte.com/cy.

Offices: Nicosia, Limassol

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