



Cyprus Indirect Tax News

Reduced VAT rate of 5% on the construction and renovation of buildings used by educational institutions

On 5 December 2025, the Council of Ministers approved a [Decree](#) (No. 364/2025), amending the Cyprus VAT Law **to reduce the VAT rate from 19% to 5% for the construction and renovation of public and private buildings used for the provision of VAT exempt educational activities** by the following educational institutions:

- a) **Public Educational Institutions**
- b) **Private Schools (excluding tutoring centers)** registered in the register maintained under the Private Schools and Tutoring Centers Law of 1971
- c) **Private Higher Education Institutions** registered in the register maintained under the Tertiary Education Institutions Law of 1996
- d) **Persons, organizations or other institutions recognized by the Tax Commissioner**, for the provision of the following services, provided they are directly related to the educational services provided by the institutions in subparagraph (c) above:

- a. Training services provided by the educational institutions referred to in subparagraphs (a), (b) and (c) above, to tertiary education students, when offered within the framework of their studies and closely related to their education.
- b. Clinical practice for tertiary education students in public hospitals and private hospitals registered in the register maintained by the Department of Medical Services in accordance with the Private Hospitals (Control) Law, when offered within the framework of their studies and closely related to their education.
- c. Courses delivered by visiting professors at private tertiary education institutions referred to in subparagraph (c) above.
- d. Any other services approved by the Tax Commissioner, provided that the exemption does not create a risk of distortion of competition.

How can we help?

We are at your disposal to discuss the above development.

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