



Cyprus indirect Tax News

Issue 10/2026

Amendments to the Cyprus VAT Law related to the supply of new properties and the renovation of second hand properties

New criteria to determine when a building is considered "new" for VAT purposes

On 27 February 2026, Cyprus published two Decrees (no. [102/2026](#) and [103/2026](#)) amending the Cyprus VAT Law, particularly the Fifth and Eighth Schedules, concerning the supply of new immovable properties and the renovation of second hand immovable properties, with effect 1 September 2026.

These changes introduce new criteria to determine when a building is considered "new" for VAT purposes.

Effective date: The amendments came into effect on **1 September 2026**.

Amendments to the 8th Schedule of the VAT Law (Decree no.103/2026)

As of 1 September 2026, a building is considered "new" if it is supplied **before its first occupation**.

"First occupation" refers to the first use of a building after its delivery or construction. This includes owner-occupation, personal use, leasing, or any other form of use that occurs on a systematic basis.

"First use" refers to the utilization or exploitation of a building after its delivery or construction, which occurs on a systematic basis for a period of at least eighteen (18) months.

Under the new amendments, any supply of a **building and its accompanying land that occurs before it has been systematically used for eighteen (18) months will now be subject to VAT.**

Amendments to the 5th Schedule of the VAT Law (Decree no.102/2026)

Similar amendments in the Fifth Schedule of the Cyprus VAT Law redefine the terms "first occupation" and "first use" impacting the application of the 5% reduced VAT rate for the following:

- a) **Private residence renovations:** It clarifies that the eighteen (18) months of systematic use count towards the three-years requirement for a residence to be considered old.
- b) **Supply of buildings:** Based on the existing provisions, any use, even for a short period of time, could disqualify a building from the reduced VAT rate. Under the amended law, if the building is sold before reaching 18 months of systematic use, the reduced VAT rate can apply.

In other words, under the amended law, a "new" building subject to VAT can also qualify for the reduced VAT rate provided other conditions (i.e., size, value, and buyer's status) are met.

Implementation Considerations

- **Property Developers and Sellers** should ensure accurate tracking of when a building first enters into systematic use. Documentation such as lease agreements, occupant logs, utility bills may serve as valuable evidence to avoid unexpected VAT liabilities.
- **Buyers and Investors** should verify whether properties are deemed "new" under the new law to plan for any VAT or other financial implications.

Examples

Below we provide some practical examples to illustrate how these changes will impact relevant transactions relating to immovable property:

Example 1: Unused building over 5 years old.

- As of 1 September 2026, this building is considered "new" for VAT purposes since there was no systematic use exceeding 18 months. Therefore, its sale would be subject to VAT.

Example 2: Building completed 3 years ago and used by a related person (or the owner) for the whole period.

- As of 1 September 2026, this building is considered “second hand” since it has more than 18 months of systematic use. Therefore, it’s sale would be exempt from VAT.

Example 3: Apartment used for 6 months and subsequently sold to the tenant.

- As of 1 September 2026, this building is considered “new” since there was no systematic use exceeding 18 months. Therefore, it’s sale would be subject to VAT. Additionally, it would be eligible for the reduced VAT rate.

Example 4: House completed more than 18 months ago but used for only 17 months.

- As of 1 September 2026, this house is considered “new” since there was no systematic use exceeding 18 months. Therefore, it’s sale would be subject to VAT. Additionally, it would be eligible for the reduced VAT rate.

Example 5: House used for 18 months and 1 week and subsequently sold.

- As of 1 September 2026, this house is considered “second hand” since there was systematic use exceeding 18 months. Therefore, its sale would be exempt from VAT.

For more details on the amendments, please refer to our previous article available at:

<https://www.deloitte.com/cy/en/services/tax/blogs/amendments-to-the-cyprus-vat-law-new-properties-and-renovation-of-old-properties.html>

How can we help?

We are at your disposal to discuss the above amendments.

Get in touch

Christos Papamarkides

Partner | Indirect Tax

Email: cpapamarkides@deloitte.com

Direct line: +357 22 360420

Christakis Economou

Director | Indirect Tax

Email: ceconomou@deloitte.com

Direct line: +357 25 868891

Margarita Stavri

Manager | Indirect Tax

Email: mstavri@deloitte.com

Direct line: +357 22 360550

Are you an alum?

Join the revitalised Deloitte Cyprus alumni community!
Engage with old friends, boost your career, and strengthen bonds.
Discover more at [Colleagues for life](#)



© 2026. For information, contact Deloitte Limited (Cyprus). All rights reserved.

This communication contains information which is privileged and 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 EMEA BV, a limited liability company incorporated under the laws of Belgium (Deloitte EMEA), is a Member Firm of Deloitte Touche Tohmatsu Limited (DTTL). Deloitte Middle East, or their affiliates are shareholders in Deloitte EMEA.

Deloitte Austria, Deloitte Belgium, Deloitte Central Europe, Deloitte Central Mediterranean, Deloitte France, Deloitte Germany, Deloitte Ireland, Deloitte Luxembourg, Deloitte Middle East (DME), Deloitte Netherlands, Deloitte Nordic, Deloitte Portugal, Deloitte Spain, Deloitte Switzerland, Deloitte Türkiye and Deloitte UK or their affiliates are shareholders in Deloitte EMEA BV (EMEA), which is a member firm of Deloitte Touche Tohmatsu Limited (DTTL). Deloitte EMEA and DTTL do not provide services to clients. Services may be provided by the EMEA shareholders or their affiliates, which are separate and independent legal entities.

“Deloitte Middle East” or “DME” refers to Deloitte & Touche (M.E.) which is the affiliate for the territories of Bahrain, Cyprus, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Palestinian Territories, Qatar, Saudi Arabia, United Arab Emirates.

Deloitte Limited is the sub-licensed affiliate of DME for Cyprus. Deloitte Limited is among the leading professional services firms in Cyprus, providing audit and assurance, tax and legal and consulting services, as well as a complete range of services to businesses operating from Cyprus. For more information, please visit the Deloitte Cyprus’ website at www.deloitte.com/cy

Deloitte Limited is a private limited liability company registered in Cyprus (Reg. No. 162812). 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.