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Cyprus indirect Tax News

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Temporary application of the zero VAT rate for essential goods

The Council of Ministers, on 30 September 2026, approved a Decree (No. 354/2026) which amends the VAT Law in order to impose a zero VAT rate on supplies of certain basic goods.

The zero VAT rate will apply to the following goods:

A. From 1 October 2026 until 31 May 2027

1. Meat (fresh, chilled or frozen):

- Meat of bovine animals (Commodity code CN 0201 and CN 0202),
- Meat of swine (Commodity code CN 0203),
- Meat of sheep or goats (Commodity code CN 0204),
- Edible offal of bovine animals, swine, sheep, goats (Commodity code CN ex 0206),
- Meat and edible offal of the poultry of heading 0105 (Commodity code CN 0207),

- Meat of rabbits or hares and edible rabbit or hare offal (Commodity code CN ex 0208).

The reduced VAT rate of 5% remains applicable to meat products, such as marinated meats, smoked meats, wine-cooked meats, sieftalies, burgers, chicken nuggets, sausages, roast meat, gyros, polipif, and other similar meat products.

2. **Fish (fresh, chilled or frozen):**

- Fish, fish fillets and other fish meat (Commodity code CN 0302, CN 0303 and CN 0304),
- Cuttlefish, squid and octopus (Commodity code CN ex 0307).

The reduced VAT rate of 5% remains applicable to fish products, such as canned fish, smoked fish, marinated fish, battered fish and other similar fish products.

B. From 12 October 2026 until 31 May 2027

3. **Bread**: all types of bread, fresh or frozen, with or without sourdough (e.g., white, black, whole grain, multigrain, rustic, rye, corn cut, baguette, ciabatta, sliced bread, loaves, pies). Pastries, rusks and any bread with added ingredients such as raisins, nuts, herbs are not included.

4. **Milk**: fresh milk (e.g., cow, goat, sheep), sweetened, concentrated, long-lasting, flavoured milk (e.g., chocolate, banana), vegetable milk (e.g., almond, soy, rice).

5. **Coffee**: unroasted, roasted beans, ground, powdered, instant coffee, flavoured coffee, caffeinated or decaffeinated in any packing. Ready-made drinks or beverages which include coffee as a raw material and which are consumed either cold or hot are not included.

6. **Sugar**: crystalline (white, brown, black), fine (haze), coarse, cubed, in sachets.

7. **Baby food**: powdered, dry and/or wet form, intended for consumption by children. Snacks (e.g., chips, nuts, sweets, chocolates, ice cream, yoghurts) are not included.

It is reminded that the zero VAT rate is also imposed on supplies of baby milk, baby diapers and adult diapers, products for feminine hygienic protection and certain vegetables and fruits from 1 January 2026 until 31 December 2026.

How can we help?

We are at your disposal to discuss the above amendments.

Get in touch

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