

Cyprus

13th Directive (86/560/EC) VAT refunds

I. RECIPROCIITY AGREEMENTS – Article 2(2)

1. Does your country have any reciprocity agreements?

Yes, Cyprus has two reciprocity arrangements.

2. If yes, what countries are included in the reciprocity agreements?

The agreements are with Switzerland and Israel.

3. What is the equivalent third country tax to which the reciprocity agreements relate?

The reciprocity arrangements provide that the non member of the EU country has a comparable system of turnover tax.

4. What goods and services are allowable under the reciprocity agreements?

The terms of reciprocity with Switzerland and Israel as described in the Note Verbale exchanged between the countries are that businesses established in these countries are entitled for a repayment of VAT on goods and services purchased in Cyprus and used for business purposes, subject to the same rules of input tax deduction as businesses established in Cyprus.

5. Are there any specific or additional rules applicable in relation to the reciprocity agreements?

No, there are no other specific or additional rules.

6. If your country has no reciprocity agreements, do you still allow refunds?

Yes, claims are accepted provided the non EU country refunds to Cyprus enterprises, without a reciprocity agreement. Currently we accept refund claims from Norway.

II. TAX REPRESENTATIVES – Article 2(3)

7. Does your country require the appointment of a tax representative?

No the appointment of a representative is not necessary.

8. What conditions are imposed when appointing a tax representative?

If a representative is appointed a letter of Authorization must be attached which should be signed by both the applicant and representative and that would clearly state the level of representation.

III. REFUND ARRANGEMENTS – Article 3(1)

9 What are the time limits that are applied for making a claim?

The time limits when applying for a refund is six months after the end of a calendar year.

10. What periods are eligible for a refund?

The eligible period is a prescribed year beginning 1st of July and ending 30th of June of the following year. A claim can also cover a period of at least three months but it must not exceed the full prescribed year. It can also cover less than three months if this is all that remains of the prescribed year.

11. Where shall the applications be made?

Applications should be made to the TAX Commissioner at the address Corner of Michalaki Karaoli & Gregori Afxentiou, 1096 Nicosia and the postal address is 1471 Nicosia.

12. What is the minimum amount of VAT that can be refunded?

The minimum amount to be claimed is €25,63 if the claim covers a period of a prescribed year. If the claim covers a period of less than a prescribed period the minimum amount is €205,03 except where that period represents the final part of a prescribed year then the minimum amount is €25,63.

13. How can the applicant receive an application form?

Applications can be acquired from any VAT office or can be downloaded from the TaxDepartments web site www.mof.gov.cy/tax under the heading Indirect Taxation V.A.T. /Forms.

14. What languages may be used for completion of the form?

The form is the official form of the Republic of Cyprus or a similar document issued by the authorities of the country containing the same information. (English and Greek)

15. What information is requested on the application form? Please could you provide a copy of the form or a website link?



[https://www.mof.gov.cy/mof/tax/taxdep.nsf/All/9BEE52D67118CF26C225822C003550F7/\\$file/ΦΠΑ%20109.pdf?OpenElement](https://www.mof.gov.cy/mof/tax/taxdep.nsf/All/9BEE52D67118CF26C225822C003550F7/$file/ΦΠΑ%20109.pdf?OpenElement)

16. Is any information optional? If yes, what information?

No, all the information required on the application forms is compulsory.

17. Who is authorised to sign the application form?

The application form should be signed by the applicant unless a representative is appointed in which case it can be signed by the representative as long as a letter of Authorization is included that clearly states that the representative can sign and submit claims on the part of the applicant.

18. What evidence is required to support an application?

The application form should be furnished with original invoices that show the VAT incurred and a certificate of VAT status (or comparable tax) from the applicants country of origin that will state that the applicant is VAT registered there.

19. What time-limits does your country apply to making a refund?

The time limits applied in Cyprus when making the refund is six months after the submission of the claim.

IV. ELIGIBILITY– ARTICLE 4(2)

20. Are there any other conditions applicable?

No, there are no other conditions as those mentioned in the Directive.

21. Are certain types of expenditure excluded and if so which?

Mainly the types of expenditure not refundable are the following:

- Non business supplies
- Any supply or import of ordinary passenger cars
- Certain second hand goods
- All business entertainment/hospitality expenses but not including the provision of entertainment to (a) the employees of the business (b) if a body corporate to the directors or persons otherwise engaged in the management
- Any supply used or to be used to make a supply in Cyprus
- Goods and services such as hotel accommodation you bought for resale and which are for the direct benefit of travelers.

V. MAJOR DIFFERENCES BETWEEN REFUNDS UNDER THE 13TH AND THE 8TH (79/1072/EEC) DIRECTIVE

22. What are the main procedural differences between applying for a VAT refund based on the 8th Directive and a refund based on the 13th Directive?

The main difference is the date of submission. Claims under the 13th Directive cannot be submitted later than the 31st of December after the prescribed year that is a twelve month period beginning the 1st of July and ending 30th of June of the following calendar year. Under the 8th Directive claims cannot be submitted later than the 30th of June after the end of a calendar year period which begins 1st of January and ends 31st December.

23. Do certain types of expenditure give rise to refund under the 8th Directive but not under the 13th Directive? If yes, please specify the types of expenditure.

No VAT is refundable on the same type of expenditure.