



European Commission
DIRECTORATE-GENERAL FOR TAXATION
AND CUSTOMS UNION
Indirect Taxation and Tax Administration
VAT and other turnover taxes

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VAT in the European Community

**APPLICATION IN THE MEMBER STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS
INFORMATION NETWORKS ETC.**

Notice

This document collates a range of basic information on the application of VAT arrangements in the Member States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

REPUBLIC OF CYPRUS

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GENERAL INFORMATION

1. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, EMAIL)

Foreign traders may obtain information at the following address:

Ministry of Finance
Customs department
VAT service
Corner of Mich. Karaoli and Gr. Avksentiou,
1096 Nicosia

Fax: +357-22660484

E-mail: headquarters@vat.mof.gov.cy

Postal address:
VAT service, Central Offices
1471 Nicosia
Cyprus

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT ARE AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGE(S)?

The website address of the VAT service is www.mof.gov.cy/ce.

It provides information in Greek on:

- the mission of the VAT service;
- the organisational structure;
- general information on ourselves, our history, locations and the annual report;
- information for the public;
- information for business;
- legislation;
- news;
- publications and more;

- staff of the VAT service;
- Cyprus and the EU, and
- circulars, forms, toll-free telephone numbers, glossaries, locations of the provincial VAT offices, auctions, etc.

Some of this information is also available in English.

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

VAT legislation is published in the Government Gazette of the Republic, which can be purchased from the Government Printing Office. It is also made available on the VAT service's website: www.mof.gov.cy/ce .

Legislation is available only in Greek.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHAT ARE THE CIRCUMSTANCES GOVERNING THE NEED TO BE REGISTERED FOR VAT?

Foreign traders making taxable transactions in Cyprus must register in the following circumstances:

- If, at any time in the preceding twelve (12) months, the total value of their taxable transactions exceeds the Cyprus VAT registration threshold of €15 600.
- If they believe that, at any time in the following 30 days, the total value of their taxable transactions will exceed €15 600.
- If they are established in another EU Member State and sell at a distance to persons not taxable in Cyprus, where these sales exceed €35 000 at any time during a calendar year (in the case of goods liable to a special consumption tax, the limit of €35 000 is not implemented) or
- If they acquire goods in Cyprus from a trader registered in another Member State, the value of which exceeds, or is expected to exceed, €10 251 in a calendar year.

Foreign traders may also register voluntarily in the following circumstances:

- if they are making taxable transactions in Cyprus the value of which does not exceed the above amounts;
- if they are businesses and demonstrate to the VAT commissioner that they intend to carry out taxable activities;

- if they choose Cyprus as the place of their distance selling activities and the value of the sales in question does not exceed the amount of €35 000 in one calendar year; or
- they carry out or intend to carry out acquisitions in Cyprus, the value of which does not exceed the limit of €10 251 in one calendar year.

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR VAT? IN SUCH A SITUATION, IS IT POSSIBLE TO REGISTER ON A VOLUNTARY BASIS?

Foreign traders do not have to register for VAT purposes in the following cases:

- acquisitions where the party liable to pay VAT is the Cypriot purchaser; or
- services for which the reverse charge procedure is implemented.

In both cases, the foreign traders are not entitled to register voluntarily.

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO BE REGISTERED FOR VAT? (DETAILS ABOUT THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE, FAX, E-MAIL...)

A foreign trader can obtain information about registering for VAT in Cyprus at the following address:

Ministry of Finance
 Customs department
 VAT service
 Corner of Mich. Karaoli and Gr. Avksentiou,
 1096 Nicosia

Fax: +357-22660484

E-mail: headquarters@vat.mof.gov.cy

Postal address:
 VAT service, Central Offices
 1471 Nicosia
 Cyprus

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING NECESSARY DOCUMENTS) FOR ISSUING VAT IDENTIFICATION NUMBERS, SPECIFICALLY TO FOREIGN TRADERS.

VAT identification numbers are issued by the local VAT offices. A foreign trader who has a business establishment in Cyprus will need to complete VAT Form 101 and submit it to the local VAT Office. There are five local VAT offices: in Nicosia, in Larnaca, in Limassol, in the province of Famagusta and in Paphos. Their addresses can be found in

local phone books and on the VAT service internet site at the following address:
www.mof.gov.cy/ce.

A foreign trader not established in Cyprus may choose to register or to appoint an agent or VAT representative. In such cases the registration will be handled by the local VAT office of the area in which the agent or VAT Representative is established. The VAT representative will also need to submit VAT Form 104 (Appointment of VAT Representative).

THRESHOLDS

8. WHICH THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF THE VAT DIRECTIVE (2006/112/EC)?

The threshold for distance selling is €35 000.

9. WHICH THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER THE SECOND SUBPARAGRAPH OF ARTICLE 3(2) OF THE VAT DIRECTIVE (2006/112/EC)?

The threshold value for purchases is €10 251.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN (NON-EU) TRADERS

10. WHAT ARE THE SITUATIONS IN WHICH THE APPOINTMENT OF A TAX REPRESENTATIVE IS OBLIGATORY?

A VAT representative must be appointed if someone:

- is taxable or, without being a taxable person in Cyprus, performs taxable transactions in Cyprus or acquires goods in Cyprus from one or more Member States;
- has no business address or other permanent residence in Cyprus, or
- is established in a country or territory that is not a Member State or part of a Member State and there are no mutual assistance arrangements between Cyprus and this country or territory similar to the assistance provided between Cyprus and any other Member State on the basis of mutual assistance arrangements.

In the above-mentioned situations, the Cypriot VAT commissioner may propose that the party concerned appoint another party, known as a "VAT representative" to act on their behalf with all matters pertaining to VAT.

11. WHAT ARE THE RULES GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

The VAT Representative can be:

- a natural person with permanent place of residence in Cyprus; or
- a legal entity operating a business or permanently established in Cyprus.

The party appointed as the representative must not have any tax arrears and must not have been declared insolvent. In the case of a legal entity, the company must not have been wound up nor had a receiver appointed for its dissolution.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

The VAT representative must:

- submit the form VAT 104 within 30 days of appointment as a VAT representative (N.B. late submission of this form shall lead to administrative penalties) and
- keep the books and accounts of the taxable person they are representing in Cyprus, submit their tax returns, and notify any changes to their VAT particulars in the VAT Register.

The representative is jointly and severally liable for compliance with the provisions of Cyprus VAT legislation.

VAT representatives may resign by notifying the VAT commissioner within 30 days of their appointment.

The VAT representative shall not be held responsible for any wrongdoing unless he:

- consents to or agrees to wrongdoing by the taxable person whom he represents, or
- the wrongdoing by the taxable person is attributable to negligence by the VAT representative, or
- the wrongdoing consists of a contravention by the VAT representative of an obligation which is imposed on both the VAT representative and the person represented.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER COUNTRY TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

If a trader is required by the VAT commissioner to appoint a VAT representative and fails to do so, then the VAT commissioner may require them to provide security (bank guarantee) for the payment of any VAT which is, or may become, due.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

See answer to question 13. above.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. IS IT POSSIBLE TO APPOINT A TAX REPRESENTATIVE?

A foreign trader established in the EU may, with the agreement of the VAT commissioner, appoint a VAT representative or tax agent if he:

- is taxable or, without being a taxable person in Cyprus, performs taxable transactions in Cyprus or acquires goods within Cyprus from one or more Member States;
- has no business address or other permanent residence in Cyprus, or
- is established in a country or territory that is not a Member State or part of a Member State and there are no mutual assistance arrangements between Cyprus and this country or territory similar to the assistance provided between Cyprus and any other Member State on the basis of mutual assistance arrangements.

In the case of the VAT representative, a VAT Form 104 should be submitted. In the case of a tax agent, the foreign trader must present an authorization under which the tax agent will act on his behalf. In such a case, the agent is not jointly and severally liable like a VAT representative. However, they are expected to keep books and accounts, and to submit tax returns for the non-established taxable person they represent.

16. WHAT ARE THE RULES GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

See answer to question 15. above.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

See answer to question 12. above.

18. ARE THERE SITUATIONS WHERE IT IS OBLIGATORY TO SET UP A BANK GUARANTEE?

No, it is not obligatory to set up a bank guarantee associated with the registration of a foreign trader from another EU Member State. However, to protect public revenue, the VAT commissioner may require any party to provide a guarantee as a condition for the provision of goods or services.

INVOICING

RULES ABOUT INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS, GUIDELINES, ETC.) BE FOUND?

The relevant rules are laid down in paragraphs (1), (1A), (1B) and (2) of Annex X to the Value Added Tax Acts of 2000 to 2009, and in the Value Added Tax (General) Regulations of 2001 to 2009, Regulation A11-12, as amended, as from 1 May 2004.

ISSUANCE OF INVOICES

20. WHAT ARE THE CASES WHEN AN INVOICE NEEDS TO BE ISSUED?

A VAT invoice must be issued in the cases referred to in Article 220 of Directive 2006/112/EC. A VAT invoice is also issued for each purchase of goods and services (i.e. the taxable provision of goods and services for which VAT is payable at the standard rate, a reduced rate or at zero rate) by any person in another Member State.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT / DEBIT NOTES)?

The same rules apply to corrective invoices as to normal invoices. However, a credit note may be issued only if the following conditions are met:

- it relates to a real mistake, an additional payment or an agreed reduction in the value of the transaction;
- it provides a real benefit to the customer (i.e. the provider returns the wrongly paid amount);
- it really is issued to the customer (sent or handed to the customer).

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

VAT invoices must be issued within thirty days of the date on which the transaction to which they relate is considered to have been conducted. The VAT commissioner may, upon request from the taxable person, agree an extension of the time limit.

23. WHAT ARE THE RULES FOR SUMMARY INVOICING?

A summary invoice may be issued on condition that it contains all the information which must be recorded on VAT invoices.

24. WHAT ARE THE CONDITIONS IMPOSED ON SELF-BILLING?

To be considered for the purposes of self-billing, a VAT invoice must fulfil the following conditions:

(i) an agreement must have been concluded between the provider and the customer.

Such agreement must:

- allow the customer to carry out self-billing for transactions carried out during a period not exceeding 12 months;
- state that the provider will not issue a VAT invoice for the goods and services covered by the self-billing agreement;
- be in writing and signed by both the provider and the customer;
- state that the provider will accept all the invoices issued by the customer;
- state that the provider must inform the customer when he is no longer considered taxable or if his VAT number changes;
- be submitted to the VAT commissioner by the provider and the customer within 14 days of its date of signature; and

(ii) must also include all information required on a VAT invoice.

Self-billing shall not be accepted in any of the following cases:

- for the provision of water and any kind of natural power or energy, heating, cooling or ventilation;
- where the goods are provided on the basis of an agreement by which the provider retains ownership of the goods or where part thereof has been obtained by the purchaser and in cases where all or part of the price (contribution) is set at that moment;
- where any contract for the provision of goods or services provides for the retention of part of the price (contribution) pending full and satisfactory performance of the contract;
- the continuous provision of services;
- periodical payments for the provision of services;
- the services of lawyers;
- the provision of building services in the context of the construction, alteration, demolition, repair or maintenance of buildings or any kind of civil engineering project under a contract which provides that payment shall be made periodically or from time to time.

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICING TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

There are no specific rules on the outsourcing of VAT invoicing to a person established outside the EU.

CONTENT OF INVOICES

26. UNDER WHAT CONDITIONS MUST THE VAT NUMBER OF THE CUSTOMER BE ON THE INVOICE?

The customer's VAT number must appear on VAT invoices relating to the provision of taxable goods or services and to intra-Community trade.

27. ANY OTHER SPECIFIC RULE IN RELATION TO THE CONTENT OF THE INVOICE

If persons entered on the VAT register supply goods in accordance with the simplified procedure for triangular trade as a procurement agent, an invoice with all the required information must be issued, bearing the title "VAT: SIMPLIFIED INVOICE PURSUANT TO ARTICLE 28".

Moreover, in cases where persons taxable in another Member State provide or intend to provide goods for installation or assembly in Cyprus to persons taxable in Cyprus, they must provide an invoice to the persons taxable in Cyprus within 15 days of the date on which the provision of goods is considered to have taken place, and such invoice must bear the indication "Article 12E (2) VAT INVOICE".

ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE-SIGNATURE-CREATION DEVICES? IF SO, PLEASE GIVE DETAILS.

It is not obligatory to use certificated signatures or secure-signature-creation devices for invoices sent with advanced electronic signatures.

29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER OBLIGATORY? IF SO, PLEASE GIVE DETAILS ABOUT ITS CONTENT AND PROCEDURE.

The submission of an additional summary document concerning an invoice sent by electronic data interchange is not obligatory.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO THE SECOND SUBPARAGRAPH OF ARTICLE 233(1) OF THE VAT DIRECTIVE (2006/112/EC) ("BY USING ANY OTHER ELECTRONIC MEANS")? IF SO, UNDER WHICH CONDITIONS AND FORMALITIES?

Only methods which ensure the authenticity of the origin and the integrity of the content of the invoices may be used for the electronic submission of invoices, once the agreement of the VAT commissioner has been obtained.

31. ANY OTHER SPECIFIC RULE IN RELATION TO ELECTRONIC INVOICING

Parties who send or receive invoices sent by electronic means must:

- keep copies of all the invoices sent or received and ensure the authenticity of the origin and the integrity of the content of all the invoices, throughout the period they are kept, by way of either advanced electronic signature or electronic exchange of data;
- keep the data, ensuring the authenticity of origin and integrity of content thereof throughout the period during which they keep the invoices.

STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

Taxable persons can choose how to store their invoices, as long as:

- the invoices can be provided to the VAT commissioner within five days if he so requests;
- before storage of the invoices, the taxable person informs the VAT commissioner whether they are to be stored outside Cyprus.

All invoices received or issued by taxable persons must be stored in Cyprus if full online access to the relevant data cannot be guaranteed.

It is prohibited to store invoices in a country which is not a Member State of the EU and with which a mutual assistance agreement has not been concluded.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE SPECIFY.

Taxable persons must inform the VAT commissioner in advance of any invoices stored outside Cyprus.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

Invoices must be stored for seven years.

35. WHAT ARE THE SPECIFIC RULES ON THE STORAGE FORM AND POSSIBLE CONVERSIONS?

Invoices received or sent electronically must be stored electronically, whilst invoices received or sent on paper must be stored as they were when they were received. There are no specific legal provisions on the conversion of data. However, data on electronic invoices must be converted in a way which safeguards all the original data and those which have been converted.

36. ANY OTHER SPECIFIC RULE IN RELATION TO INVOICE STORAGE.

There are no other specific rules, apart from the above-mentioned ones.

SIMPLIFIED INVOICING

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 238 OF THE VAT DIRECTIVE? WHAT ARE THE SPECIFIC RULES?

Simplified invoices may be issued by specific categories of retailers that issue invoices for supplying goods and services in Cyprus, the value of which does not exceed €85. These invoices contain only the following information:

- the name, address and VAT registration number of the retailer;
- the date of issue;
- a description sufficient to identify the goods or services supplied;
- the total amount payable, including VAT;
- for each VAT rate imposed, the total amount payable, including VAT, and the VAT rate applied.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

Every taxable person registered in the VAT Register is obliged to submit a tax return, even when there is no tax due. Failure to do so will result in administrative and other penalties.

39. AT WHAT INTERVALS ARE VAT RETURNS AND ASSOCIATED PAYMENTS TO BE MADE?

VAT returns usually cover three months. They are to be submitted depending on the category (economic activity group) to which each trader belongs. There are three categories:

- Category A: Traders who submit tax returns for the following periods: 1/01-31/03, 1/04-30/06, 1/07-30/09 and 1/10-31/12 of each year,
- Category B: Traders who submit tax returns for the following periods: 1/02-30/04, 1/05-31/07, 1/08-31/10 and 1/11-31/01 of each year,
- Category C: Traders who submit tax returns for the following periods: 1/03-31/05, 1/06-31/08, 1/09-30/11 and 1/12-28/2 or 29/02 of each year.

Some categories of taxable persons may, after gaining the approval of the VAT commissioner, apply for different tax-return-submission periods.

In all cases, the tax return should be submitted, and any tax due paid, by the tenth day of the month after the end of the tax period.

40. What is the procedure for the repayment of excess VAT reported in the periodic vat return? What are the time limits for the excess vat repayment if any?

In the tax return, each taxable person calculates the tax he owes (i.e. the tax on the goods and services he has supplied during the tax period in question and any tax incurred in relation to purchases of goods from another Member State) and the tax relief due to him (i.e. the tax corresponding to the goods and services he has bought, the tax paid in relation to the acquisition of goods from other Member States and the tax paid for the import of goods). The one amount is set off against the other, and the difference must be paid to the VAT commissioner (debit balance) or it is carried over as a credit and set off against the tax bill for the next tax period (credit balance).

In certain cases defined by law, the credit balance may be returned to the taxable person.

41. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

Farmers who are registered in the Special Scheme for Farmers submit annual returns.

In addition, certain other categories of taxable persons may, after the approval of the VAT commissioner, submit monthly tax returns (i.e. traders to whom VAT is reimbursed, such as exporters).

42. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

The VAT legislation provides for a specific regime for retailers. Specifically, the VAT commissioner can allow the value of the taxable transactions (not including zero-VAT-rated transactions) to be calculated using a method agreed jointly with the retailer or using any other method described in a notification published for this purpose by the VAT commissioner. Such a notification has already been published and provides for three retail schemes (A, B and C).

All the retail schemes require the retailer to keep a record of daily gross takings (on a turnover basis).

- Scheme A applies to retailers whose supplies are liable either exclusively at the standard, or exclusively at the reduced VAT rate;
- Scheme B applies to retailers whose supplies are liable to the standard, the reduced or the zero VAT rate and who can separate their daily gross takings at the moment of supply in accordance with the VAT rate applied; and
- Scheme C can be applied to retailers who supply goods liable to the standard, reduced or zero rate of VAT, where the total annual value of their taxable transactions does not exceed €119 771.

RECAPITULATIVE STATEMENTS

43. DO YOU ALLOW SUBMISSION OF RECAPITULATIVE STATEMENTS BY CALENDAR QUARTER ? IF SO, UNDER WHICH THRESHOLD AND CONDITIONS ?

The legislation in force since 1 January 2010 does not allow submission of recapitulative statements by calendar quarter.

44. IS ADDITIONAL INFORMATION REQUIRED APART FROM THAT SET OUT IN ARTICLE 266 OF THE VAT DIRECTIVE (2006/112/EC)?

No.

45. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE

(2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

No.

ELECTRONIC RETURNS

46. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT RETURNS ELECTRONICALLY?

Enterprises can, since 2004, submit their VAT returns electronically via the TAXISnet service.

TAXISNET includes the following:

- electronic submission of VAT returns and VIES statements using an online form (HTML form);
- electronic submission of VAT returns and VIES statements using XML files;
- electronic submission of multiple VAT returns and VIES statements, using XML files, by authorised accounting offices. It is possible to appoint an accountant to be responsible for submitting the return on behalf of the enterprise. The accountant may be replaced at will by the enterprise; and
- drafting of statistical reports.

TAXISNET uses web-based technology. It requires, among other things:

- registration and validation of user credentials by the VAT service;
- an Internet connection; and
- one of the following Internet browsers:
 - Microsoft Internet Explorer 5.0 or more recent version
 - Mozilla Firefox.

Applications to submit returns electronically must be submitted to the Cypriot VAT service.

The Taxisnet site is at <http://taxisnet.mof.gov.cy>.

Only citizens and businesses who are registered with the Cyprus VAT Service can submit VAT related returns electronically.

47. CAN RECAPITULATIVE STATEMENTS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

Yes, see answer to question 45.

OBLIGATIONS AT IMPORTATION

48. WHO ARE THE PERSONS THAT CAN BE DESIGNATED OR RECOGNISED AS LIABLE TO PAY IMPORT VAT UNDER ARTICLE 201 OF THE VAT DIRECTIVE ?

The declarant or, in the event of indirect representation, the person on whose account the declaration is lodged is liable to pay the import VAT.

49. WHAT ARE THE RULES FOR DECLARATION AND PAYMENT OF IMPORT VAT ?

Customs law on VAT applies to imports. The VAT is collected on the customs clearance of the goods. Taxable persons are entitled to deduct this amount as tax relief, in line with the rules governing this entitlement.

50. DO YOU APPLY THE OPTION OF "POSTPONED ACCOUNTING" REFERRED TO IN ARTICLE 211 OF THE VAT DIRECTIVE ? IF SO, UNDER WHICH CONDITIONS ?

The provisions of Article 211 of Directive 2006/112/EC are not applied.

ADMINISTRATIVE REQUIREMENTS

51. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

As of 31 January 2003, a flat rate scheme for farmers was introduced in Cyprus. Farmers involved in activities provided for in Annexes VII and VIII of Directive 2006/112/EC can submit an application for a refund on the basis of a flat-rate amount of 5% on non-retail sales of their products.

Farmers who elect to use the Special Scheme for Farmers are registered in the Register of the Special Scheme for Farmers, which is kept by the VAT commissioner. Those on this Register may not register in the VAT Register, and vice versa. However, it is possible to transfer from the Special Scheme to the scheme for taxable persons, and vice versa, by submitting an application to the commissioner within the first thirty days of each year.

52. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

Those who carry out any taxable activities, but whose taxable turnover does not exceed €15 600 annually, are not required to register for VAT in Cyprus or abide by any of the obligations for VAT. However, they must keep, for seven years, all invoices and receipts they receive/issue for transactions in the context of their business activities. They may also register voluntarily in the VAT Register, in which case they will have all of the obligations of taxable persons.

53. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

Both VAT returns and recapitulative statements are available only in Greek.

RIGHT TO DEDUCTION

54. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

There is no right to deduct VAT for the following:

- goods and services for private use;
- goods or services provided to taxable persons to be used in another person's enterprise;
- goods or services provided in the enterprise of the taxable person for use for other purposes;
- expenditure on corporate entertainment, unless goods and services are provided to the taxable person's employees or, if this person is an enterprise, its directors or persons on its managing board;
- the provision, import or leasing of motor cars (passenger vehicles), with the exception of cases where cars are hired with a driver, for passenger transport; when they are leased without a driver; when they are used for education/training or bought for resale. A motor car is any motor vehicle of a kind normally used on public roads, which has three or more wheels and is constructed or adapted for carrying up to nine passengers;
- provision of goods in the context of the system for second-hand goods; and
- services provided in the context of the Tour Operators' Margin Scheme (SPOTP).

55. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

There is a partial right of reduction for goods used for both business and non-business activities on the basis of a method laid down jointly between the taxable person and the VAT commissioner.

Input tax for goods and services exempt from tax in cases where the provider is performing both taxable and exempt activities cannot be deducted, unless deducted on the basis of the *de minimis* rule, which provides that the input tax on the goods and services exempt from tax shall be returned if this tax:

- does not exceed €171 each month and, at the same time,
- does not exceed 50% of the input tax of the taxable person for a tax period.