



M.C. FANDEOS CO LTD

Chartered Certified Accountants

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Tax Update - November 2017/01



19% VAT charge on Cyprus plots of land

On the 3rd of November 2017, an amendment to the VAT legislation has been voted into Law by the House of Representatives in relation to the imposition of VAT at 19% on land transactions for business purposes.

Specifically, the Law provides for VAT to be charged on the following transactions:

- The transfer of undeveloped buildable land which is intended for the construction of one or more fixed structures in the course of the economic activities of the transferor.
- The leasing and/or letting of immovable property to a taxable person for the purposes of making taxable activities except for the leasing of a building used for private dwellings. The lessor has the right to choose not to tax the above transaction under certain conditions provided he notifies the Tax Commissioner accordingly.

In addition, the Law provides that VAT must be accounted for in relation to transactions involving the transfer of buildings (before they are first occupied) and land from the borrower

to the lender under a loan reorganization or forced transfer procedure. In these cases, the recipient of the property is required to account for VAT under the reverse charge provisions provided that he is a taxable person and the property is received and used for business purposes.

The Law comes into effect as from 2 January 2018 except for the provisions regarding the leasing and/or renting of immovable property which comes into effect from the date the Law is published in the official Gazette of the Republic.

The above amendments have received approval by Parliament and further guidance is expected in due course. Informative updates will be published accordingly.

Our company is at your disposal to discuss any implications that may affect your businesses regarding the above and provide advice on any other VAT issues concerning immovable property.

For any further enquirers please contact us. Our tax specialists will be happy to assist you.

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