



## Main Cyprus measures in response to Covid-19

Audit – Tax - Consulting

DATE:

The Cyprus government has made several announcements in the past few weeks relating to various measures taken in response to the Covid-19 outbreak. Below is a list of the main measures with brief descriptions.

## **Tax Measures**

### ***VAT measures***

- Temporary suspension of the obligation to pay VAT for reasons of business liquidity, without the imposition of any penalties and interest for the periods ending 29 February 2020, 31 March 2020 and 30 April 2020, until 10 November 2020, provided that the relevant VAT returns are submitted within the prescribed deadlines.

### ***Direct taxation***

- Extension of the deadline for submission of tax returns from 30 March to 1 June 2020
- Deadline for settlement of 2018 tax liabilities extended to 1 June 2020.
- Law for settlement of overdue taxes has been amended on 14 February 2020, and tax returns up to and including 2015 may be submitted up to 30 June 2020 in order to qualify for a payment plan. The number of instalments that may be missed without resulting in the cancellation of the payment plan has been increased from three to five.

### ***Merchant Shipping Law 2010***

- Extension to the date of payment of the Cyprus Registry Maintenance Annual Fee and the tonnage tax of Cyprus ships from 31st March 2020 to 31st May 2020.

### ***Import duties and VAT exemption***

- The European Commission has decided on 3 April 2020 to grant relief from import duties and VAT exemption on importation of goods needed to combat the effects of the COVID-19 pandemic. The relief applies to importations made from 30 January 2020 to 31 July 2020 by or on behalf of State organisations including State bodies, public bodies and other bodies governed by public law or by or on behalf of other approved by the competent authority organisations, and which will be used free of charge by the persons affected by or at risk from COVID-19 or involved in combating the COVID-19 outbreak.

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## **Business & Other Measures**

### ***Social insurance benefits provided include:***

- special unemployment benefit to employees under the Plans for the Complete or Partial Suspension of Businesses' operations,
- special sickness benefit,
- special leave for the care of children,
- special leave for individuals included in 'vulnerable population groups'

The Minister of Labour, Welfare and Social Insurance will assess during the period from 16 March 2020 to 16 May 2020, the conditions, the amount and the way in which such benefits will be granted.

### ***Settlement of overdue contributions to social insurance***

- Payment of the instalments for the months of March and April 2020 will be suspended and the deadline for settlement is extended by two months for liabilities to social insurance related funds for which a repayment plan was active by 1 March 2020

### ***General Healthcare System***

- The increase in special contribution to the General Healthcare System is suspended for three months
- The suspension will apply for the months of April, May and June 2020
- For the month of March 2020, the increased contribution rates will apply

### ***Amendment to the Statutory Tenants Law***

- Any eviction process shall be suspended (and new eviction orders will not be issued) until 31 May 2020
- The law only applies to premises built before 31 December 1999.
- The suspension of the eviction does not affect the right of the owner to bring legal action after 31 May 2020 against the tenant for the unpaid rents during the period March - May 2020 (tenants remain fully liable to pay the rent for the months of March, April and May)
- The suspension of eviction does not apply to tenants who have defaulted on payment of rents until 29 February 2020

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***Postponement of Excise Duty Payment***

- It relates to the payment of excise duty payable in accordance with the provisions of the Excise Tax Act 2004, for energy products, tobacco products and alcohol and alcoholic beverages, subject to the terms and conditions
- A person qualifies for the postponement if his/her business activity is the production, importation or acquisition from member states of excise goods, with an annual turnover exceeding €3,500,000, and paying excise duty through the Theseas system
- An application should be submitted and the Minister of Finance may extend the deadline for payment of the deferred amount up to 60 days if this is considered necessary during a period of crisis

***Suspension / deferral of loan repayments***

- The Decree suspends/defers the obligation for natural persons, legal entities, self-employed individuals and businesses to pay loan instalments (including interest payments) of credit facilities granted and/or purchased and/or managed by financial institutions. The Decree covers credit facilities jointly granted by financial institutions and third parties.
- Applies until 31 December 2020.

Further guidance is being issued on the various measures constantly and we would be happy to advise if anything further is needed.

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