



**K. TREPPIDES
& CO LTD**

Indirect Taxation

Newsletter - Issue 07/2023

Cyprus introduces the New VAT rate of 3% for certain goods and services and extends 0% VAT rate list

We would like to inform you that the Cyprus VAT Law N95(I)/2000 has been recently amended in relation to the VAT rate applicable for the provision of certain goods and services. The specific amendments have been introduced based on a decree issued by the Council of Ministers and a Law that has been voted by the House of Representatives, as those are further analysed below:

The decree (*K.Δ.Π. 134/2023*) issued by the Council of Ministers which came into force on the 5th of May 2023 is temporary and applicable until the 31st of October 2023. As per the decree the below categories of goods have been added in the list of goods and services which are subject to the VAT rate of 0%:

- Milk: fresh milk, sweetened, condensed, long-life, flavoured milk (e.g., chocolate, banana), plant milk (e.g., almond, soy, rice).
- Bread: all types of fresh or frozen bread with or without leaven (e.g., white, brown, whole grain, multigrain, country, rye, cornbread, baguette, ciabatta, sliced bread, bread rolls, pittas). Baked goods, dried and any other type of bread with additional ingredients such as raisins, nuts, aromatics are excluded.

- Baby food: in powder, dry or liquid form which are intended for consumption by children. Snacks (e.g., chips, dry nuts, candies, chocolates, ice cream) are excluded.
- Feminine hygiene products: tampons, sanitary napkins, and incontinence pads.
- Eggs
- Baby and adult diapers

In addition to the above, on 21st of July 2023 it was published in the Cyprus Government Gazette the amending Law 75(I)/2023 which has been voted by the House of Representatives, amending the Cyprus VAT Law N95 (I)/2000 in respect to the reduction of the reduced VAT rate from 5% to either 3% or 0% on certain goods and services.

The new amendment extends further the 0% reduced VAT rate list by adding the following categories of goods:

1. Vehicles and wheelchairs for disabled people

The vehicles may have or not an engine or other propulsion mechanism of CN Code 87.13, provided exclusively for personal use by persons with disabilities.

2. Typewriters

Typewriters with Braille characters and special electronic typewriters (electronic pocket communication devices) of CN Code ex. 84.69 as well as the new type of embossing typewriters of the CN Code ex. 8472 90 80 for people with disabilities.

In addition, the new amendment provides that the reduced VAT rate of 3% should apply to the following delivery of goods and services:

Delivery of goods

1. Reading materials

This category includes delivery of books, newspapers and magazines provided physically or electronically or in both formats (including brochures, prospects

and similar printed material, children's picture books and tracing and colouring books, printed or handwritten music sheet, hydrographic maps or similar), excluding publications intended wholly or mainly for advertising purposes and of publications consisting entirely or primarily in video content or audio music production, publications of non-profit organizations and related services with the production of this items. The items in this paragraph are classified in Codes NO 49.01 until SO 49.05.

2. Talking books

This category includes delivery of talking books for people with disabilities of CN Code ex. 85.23.

3. Special lifting devices

This category includes delivery of special lifting devices such as stairs, lifts, machines disabled access ramps and similar devices, which are used for the needs of people with disabilities of CN Code ex. 84.28.

4. Vehicles and wheelchairs for disabled people

This category includes delivery of vehicles that may have or not an engine or other propulsion mechanism of CN Code 87.13.

5. Special supporting items

This category includes the following orthopaedic goods and devices:

- i. Medical and surgical belts, bandages, and crutches.
- ii. Splints, braces and other articles and devices for fractures.
- iii. Prosthetic items and devices.
- iv. Hearing aids and other devices held by hand, carried by the persons or implanted into the human body, with the aim of replenishing a deficiency or treatment of a disability.

Parts and accessories of the above goods are excluded.

The items of this subsection 5 are classified under CN Code ex.90.21.

Provision of services

1. Street cleaning, waste collection and processing of waste services, excluding services provided by government authorities, local administration authorities and public law organizations.
2. Wastewater disposal and processing, and discharge of septic and industrial tanks.
3. Right of entry from the first performance of plays, musical and dance or classical shows.

Our Indirect Taxation team is ready to discuss with you the content of this newsletter and provide any consultation required for better understanding of its content and how this could affect your business. Please do not hesitate to contact us at VAT@treppides.com.

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