



K. TREPPIDES & CO LTD

Indirect Taxation

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Reduced VAT Rate for Educational Buildings



The Council of Ministers of the Republic of Cyprus has issued Regulation K.Δ.Π. 364/2025, published in the Official Gazette on 5 December 2025, introducing amendments to the Cyprus VAT Law N. 95(I)/2000 (the VAT Law).

Under the new Regulation, the Fifth Schedule of the VAT Law is amended to extend the reduced VAT rate of **5%** to the **construction and renovation of buildings used by educational institutions** that provide VAT-exempt education services. Private tutoring centers are expressly excluded from this benefit.

The amendment applies to buildings used for the provision of education services by:

- **Public educational institutions** at all levels,
- **Private schools** registered in the relevant registry, excluding private tutoring centers.
- **Private higher education institutions** registered in the relevant registry.
- **Persons, organizations, or institutions recognised by the Registrar**, where their activities are directly related to educational services, in respect of the following:

- a) Training provided to higher education students as part of their studies and closely connected to their education.
- b) Clinical practice of higher education students in public and private hospitals registered in the relevant registry, where this forms part of their studies and is closely connected to their education.
- c) Courses delivered by guest lecturers at private higher education institutions.
- d) Other services linked to the above exemption, subject to approval by the Tax Commissioner, provided no distortion of competition arises.

This development is expected to reduce construction and renovation costs for eligible educational institutions and may be of particular interest to investors, developers, and operators in the education sector.

Our VAT Department is available to assist you with any clarifications you may need. We understand that navigating tax regulations can be complex, and we are committed to providing you with the support you need to ensure full compliance with the latest guidelines. Please do not hesitate to reach out to us, and we will be happy to guide you through the process or assist with any related queries.

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