



**K. TREPPIDES  
& CO LTD**

**Indirect Taxation**

**Newsletter - Issue 01/2026**



***Important Deadline Extension – Option not to tax  
leasing and/or rental income generated from  
commercial property***



Following the issuance of Circular 2/2025 dated 24 March 2025, the Cyprus Tax Department (“CTD”) has announced an extension of the deadline for the submission of Form T.D.1220, which relates to the exemption from VAT on the leasing and/or rental of immovable property for commercial purposes.

**Extension of the deadline**

Specifically, the deadline for submitting Form T.D.1220 has been extended from 31 December 2025 **to 31 March 2026**, provided that the conditions set out in Circular 2/2025 are met. Circular 2/2025 will remain in force until 31 March 2026.

As a reminder, this option applies to lessors of immovable property for commercial purposes in respect of lease and/or rental agreements concluded from 13 November 2017 onwards, subject to the following key conditions:

- The lessor has never submitted Form T.D.1220 to CTD and has not imposed VAT on the lease /or rental income.
- The lessor has fully complied with all relevant direct tax obligations related to the lease and/or rental of the immovable property (income tax, General Healthcare System contributions and special defence contributions).

It is noted that lessors who are charging VAT on lease/or rental income derived from the use of immovable property for commercial purposes are excluded from the provisions of the said Circular.

### **Lease agreements from 1 April 2026 onwards**

For lease and/or rental agreements concluded **as from 1 April 2026**, where immovable property is leased to a taxable person for the purposes of carrying out taxable business activities, the lessor may opt not to charge VAT on lease and/or rental by notifying the Commissioner of Taxation **within 30 days** from the date of signing the agreement, through the submission of Form T.D.1220.

Our VAT Department is available to assist you with any clarifications needed on the relevant circular, or if you require any assistance with the completion of the form T.D.1220. 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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