



**K. TREPPIDES  
& CO LTD**

**Indirect Taxation**

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***Amendments to the 8<sup>th</sup> Schedule of the VAT Law***



The Council of Ministers of the Republic of Cyprus has issued an order, amending the 8<sup>th</sup> Schedule of the Cyprus VAT Law N95(I)/2000 (VAT Law), which is referring to the VAT exemptions applicable on the supply of immovable property. The below amendment is effective as from the 11<sup>th</sup> of November 2022, the date that it was published in the official Gazette of the Republic of Cyprus.

The new amendment focuses on Paragraphs 1b(i) and 1b(ii) of the 8<sup>th</sup> Schedule.

In accordance with the order issued, the supply of a building before the first delivery and of any subsequent deliveries of that building that will incur within a period of 5 years from its completion date, will be subject to VAT, unless an actual use has occurred by a non-related person for a period of at least 24 months.

The VAT Law defines as:

"Completion date" the date that the property becomes available for use.

"Actual use" is considered the use of the property on a systematic basis.

"Related person" is considered a person as defined in Paragraph 1 (4) of the 4<sup>th</sup> Schedule of the VAT Law.

Before the amendment of the VAT Law, the above transactions were VAT taxable, provided that the immovable property has been transferred before its first occupancy, which is now has been replaced with the above stated provisions.

This is considered as an important amendment in the VAT Law; therefore, we expect that an Informative Circular will be issued by the Department of Taxation that will add some clarity on how the above amendment will be applied in practice.

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

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