



Proposed amendments to the Cyprus VAT Laws

8 June 2016 – The Cyprus Ministry of Finance confirmed last week that it is contemplating amending the Cyprus VAT legislation.

The amendments to the VAT legislation include:

- Subjecting the sale of building land to 19% VAT, as defined in Article 12 of the VAT Directive.

Cyprus should have been subjecting the supply of building land to VAT from 1 January 2008, following the expiration of the relevant exemption it had, in accordance with Article 383(a) of the VAT Directive.

- Introducing in the legislation the option afforded under Article 15(2)(c) of the VAT Directive whereby shares or interest equivalent to shares giving the holder thereof de jure or de facto rights of ownership or possession over immovable property or part thereof is regarded as ‘tangible property’.

The VAT Authorities had in the past attempted to subject sales of such shares to VAT, but given that the 15(2)(c) option had not been exercised, this was not possible, as confirmed in the case of DTZ Zadelhoff (C-259/11, 5.7.12).

It is expected that the Ministry will request the newly-elected Parliament to prioritise the enactment of the relevant legislation, although there are several matters that need to be discussed before this can occur.