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## Cyprus Tax Alerts / 30 March 2020

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# TAX AMENDMENTS DUE TO COVID - 19

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Approval of the amendments in the tax legislation by the House of Representatives.

### 1. Introduction

In the light of the Financial Support Program announced by the Government of Cyprus on 15 March 2020 on the coronavirus situation and its effect on the economy, the House of Representatives approved amendments relating to Value Added Tax ('VAT'), General Healthcare System ('GESY'), Past Due Tax and Social Contributions Settlement and Assessment and Collection.

## CYPRUS TAX ALERTS

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### Value Added Tax ("VAT")

No additional tax or interest will be charged in the event of a tax return filed under the regulations for the specified tax periods ending on 29 February 2020, 31 March 2020 and 30 April 2020, provided that the taxable person files the tax return within the deadline for such periods and pay the amount of VAT due by 10 November 2020.

It should be noted that the above will not apply to taxable persons with economic activity codes belonging to the following categories:

- 35111 (Power Generators),
- 36001 (Collection and distribution of water, for water supply),
- 47111 (Grocery stores and supermarkets),
- 47112 (Mini Markets),
- 47191 (Retailing of a variety of goods in department stores where food, beverages and tobacco are not predominant),
- 47211 (Retail of fruit and vegetables - fruit shops),
- 47221 (Retail sale of meat and meat products including poultry),

- 47241 (Retail of bread and other bakery products),
- 47242 (Retail of confectionery),
- 47301 (Fuel Retailing),
- 47231 (Λιανικό εμπόριο ψαριών και θαλασσινών-ψάρια, μαλάκια),
- 47241 (Λιανικό εμπόριο ψωμιού και λοιπών ειδών αρτοποιίας),
- 47242 (Λιανικό εμπόριο ειδών ζαχαροπλαστικής),
- 47411 (Retail sale of computers, peripherals and software, including video games),
- 47611 (Retailing of books),
- 47621 (Retailing of newspapers and stationery),
- 47651 (Retailing of toys of all kinds other than video games),
- 47731 (Pharmacies),
- 61101 (Cyprus Telecommunications Authority),
- 61201 (Internet services),
- 61301 (Satellite telecommunications services),
- 61901 (Telecommunications services other than CYTA).



### 3. General Healthcare System ("GESY")

The payment of contributions to GESY for the period from 1 April 2020 to 30 June 2020 will temporarily be maintained at the initial rates, while the increased rates will apply from July 2020.

Specifically, the rates will remain at 1,70% (instead of 2,65%)

for employees, at 1,85% (instead of 2,90%)

for employers, at 1,70% (instead of 2,65%)

for persons holding office, at 2,55% (instead of 4,00%)

for self-employed individuals, at 1,70% (instead of 2,65%)

for personsearning income such as rentals, interest and dividends and at 1,65% (instead of 4,70%) for the government.

It is noted that, for March 2020 the increased rates will apply for all parties.

### 4. Settlement of Past Due Taxes and Social Contributions

The payment of installments corresponding to March and April 2020 is suspended and the repayment period is extended for a two-month period for those borrowers who have entered the scheme on 1 March 2020. It is noted that the above applies without affecting the amount of the debt.

### 5. Assessment and Collection of Taxes Law

The Minister of Finance is empowered to issue a decree to suspend the filing of income tax returns for companies, self-employed persons with accounts, or other persons which are liable to submit an income tax return. It is expected that an extension will be granted for two months for the submission of the income tax return of companies for the fiscal year 2018, which is due for filing by the end of March 2020.