

Approval of the amendments in the tax legislation in response to COVID-19

1. Introduction

Further to the context of the Program of Financial Support announced by the Government of Cyprus on 15 March 2020 with regards to the coronavirus situation, the House of Representatives approved the below amendments.

2. General Healthcare System (GESY)

As per the amending law, the contribution rates to the GHS that were applicable in the first phase (1 March 2019 to 28 February 2020), will also apply for the months of April, May and June 2020 (i.e. from 1 April 2020 until 30 June 2020).

The increased contribution rates to the GHS that are applicable from 1 March 2020 (as per the second phase), will apply for the whole of March 2020, and then from 1 July 2020 onwards.

The below table provides clarifications to the period of application of the relevant contribution rates to the GHS per contributor's category:

| | Contributor Category | March 2020 % | 1 April 2020 – 30 June 2020 % | 1 July 2020 onwards % |
|----|---|-----------------|-------------------------------------|--------------------------|
| A) | - Employees - Pensioners - Income Earners - Persons holding an office | 2,65 | 1,70 | 2,65 |
| B) | Employers | 2,90 | 1,85 | 2,90 |
| C) | Self-employed individuals | 4,00 | 2,55 | 4,00 |
| D) | The Republic or natural/legal person responsible for the remuneration of Officers | 2,90 | 1,85 | 2,90 |
| E) | The Republic | 4,70 | 1,65 | 4,70 |

3. 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),
- 47231 (Retail of fish and seafood-fish, molluscs),
- 47241 (Retail of bread and other bakery products),
- 47242 (Retail of confectionery),
- 47301 (Fuel Retailing),
- 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).

4. Settlement of past due taxes and Social Contributions

The payment of instalments 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 as at 1 March 2020.

5. Deadline for submission of tax returns and payment of tax extended

By an amendment to the Assessment and Collection of Taxes Law, the submission date for Income Tax Returns for Companies (T.D.4) and Self Employed with accounts (T.D.1 Acc) for the year 2018 is extended until the 1st of June 2020.

Further, the deadline for the payment of tax due under the aforementioned tax returns for 2018 is until the same date.

Let's Talk

We are at your disposal to discuss with you the relevant Laws.

For a deeper discussion of how the above might affect you or your business, please contact:

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