

TAX update

AUGUST 2013

“VAT: legislation change”



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"Change in the VAT legislation"

The Cyprus VAT circular 178 dated 27 August 2013 specifies that, based on the place of delivery, the following services must now be subject to VAT if it relates to work done with respect to another Cyprus company since the residence of the latter company is the Republic of Cyprus (ie irrespective of who gave the orders for the work).

- **Audit and accounting services**
- **Fees regarding the submission of tax returns**
- **Directors' fees**
- **Secretary's fees**
- **Registered office fees**

Incorporation fees and nominee shareholder fees are not subject to VAT if the shareholders of the company (and not the company itself) are invoiced and the shareholders are non EU residents.

We would like to stress that this is as a result of EU directives and will be adopted in all of the EU.

Based on the circular, from 27 August 2013 all invoices made out to our agents regarding the above services will be subject to 18% VAT. Other member state companies may claim this VAT back. The process is as follows: the company being charged will make a claim in the country where they are registered for VAT



"Change in the VAT legislation"

The VAT authorities of that country will forward the claim to Cyprus, and upon legitimacy check, the Cyprus VAT Authorities will refund the money directly to an account number which you will provide in the claim form. Each member state has different procedures for the refund, but in Cyprus the procedure is as follows:

- the claim requests must be made for a period over 3 months and the refund claim must be at least of €400
- the claim request can also be done yearly January- December and the refund claim must be at least of €50

You can find further details regarding the contact persons in your member state as well as EU Directives 2008/9/EU and 2010/66/EU at the following link: [click here](#)

