



**K. TREPPIDES
& CO LTD**

Indirect Taxation

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Announcement

Reduce VAT rate of 5% applicable on land

We would like to bring to your attention that the Cyprus Council of Ministers, approved a Scheme for sponsorship to be granted on the acquisition of undeveloped building land that will be used exclusively for the construction of a qualifying primary residence by private individuals.

The sponsorship will be granted in the form of a refund of 14% out of the 19% of the VAT that was initially charged on the acquisition of the undeveloped building land, thus reducing the effective rate of VAT on such arrangement to 5%.

The sponsorship Scheme aims to align the effective rate on undeveloped building land acquisitions with the 5% rate charged on the acquisition or construction of a qualifying private residence by individuals.

In order to claim the 14% VAT refund, an application form should be submitted to the Cyprus Tax Department (CTD) during or after the submission of the application for the imposition of the reduced VAT rate of 5% for the construction or acquisition of the private residence.

The CTD issued an announcement in relation with the above matter, which clarifies that the sponsorship will be paid to applicants, after their first occupancy in the private residence, and provided they are able to provide supporting evidence confirming that the specific residence will be used as the main and permanent place of residence (e.g. copies of water , electricity bills e.t.c).

We will keep you posted on any developments on the above matter.



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