

Exit of UK from the EU with an Agreement in place - period 1/2/2020-31/12/2021

Transitional period – 1/2/2020-31/12/2020

UK as of February 1st, 2020 exits the EU after full ratification of the Withdrawal Agreement, under which it will be granted a transitional period. All transactions with UK during that transitional period will continue to be regulated as if UK is a Member State. The transitional period is from February 1st, 2020 to December 31st, 2020.

The request by a taxable person in the Republic, for a VAT refund for the VAT that has been incurred in the UK for 2019 and from 1/1/2020 – 31/1/2020 for business purposes, should be submitted for 2019 based on the deadline of September 30th, 2020 and for January 2020, any time between 1/4/2020 – 31/12/2020 based on the provisions of VAT Directive 2008/9/EC.

1/1/2021 – forward

As of January 1st, 2021, United Kingdom (UK) will exit from the European Union (EU) and will be a country outside the EU, therefore all the provisions of the VAT Law will apply as they apply for a country which is not a Member State of EU.

Specifically, the goods that will be received by taxable persons in the Republic from UK, will be considered as imports and correspondingly goods that will be sent to the UK from the Republic will be treated as exports from the Republic and all necessary customs procedures should be applied.

The place of supply of services supplied and / or of services received between taxable persons in the Republic and companies based in the UK, does not change with the exit of the UK from the EU.

It must be noted that in connection with the above transactions between taxable persons in the Republic and businesses in UK, there will be no obligation for submitting VIES or INTRASTAT declaration.

The request by a taxable person in the Republic, for a VAT refund for the VAT that has been incurred in the UK from 1/2/2020 – 31/12/2020 for business purposes, should be submitted based on the requirements of the 13th VAT Directive (Directive 86/560/EEC).

The services supplied by taxable persons in the Republic to non-taxable persons in the UK which fall within the scope of the Mini One Stop Shop (Moss), will be deemed to be provided in the recipient country (UK) without the obligation to impose VAT in the Republic.

Regarding the goods sent from UK and received by individuals, residents in the Republic, these will fall under customs control and will be charged with import VAT on their value.

All announcements issued and to be issued by the Tax Department in relation to the UK leaving the EU are available on the Tax Department's website and can be accessed using the following link :

<http://www.mof.gov.cy/mof/tax/taxdep.nsf/All/A03366590D96DA38C22583AE003396D9?OpenDocument>