

## Enquiry to operate a business in the Cyprus Free Zone

As from the 1<sup>st</sup> of May 2016, the areas which have been defined as Free Zones, they have been abolished, in compliance with the Union Customs Code – UCC [Regulation (EU) no. 952/2013].

- A. Please note that there are **specific Industrial Estates** operating under the administration of the Ministry of Energy, Commerce and Industry, being the competent authority, to which you can apply for a permit to lease an industrial plot for your business activities provided that specific requirements are fulfilled.

For further information, please visit their website <http://www.mcit.gov.cy>, or contact them by email ([perm.sec@mcit.gov.cy](mailto:perm.sec@mcit.gov.cy)), or by phone (no. +357 22867100) for more information.

- B. If you wish to store and/or process non-Union goods **without** such goods being subject to duties (import duty, excise duty, VAT) and commercial policy measures, insofar as they do not prohibit the entry or exit of goods into or from the EU, then, in accordance with the UCC, you may use (a) the Customs Warehousing or/and (b) the Inward Processing Procedure, upon the granting of an authorisation, under conditions defined by the UCC, provided that, among others, you are established in the EU and provide a guarantee for a potential customs debt.

By using those two **special procedures**, **no** duties and taxes are payable if the goods/processed products are re-exported; whereas; if they are released for free circulation, then duties and taxes are payable and commercial policy measures are applicable.

- a) **Customs Warehousing:** This Regime can be used for the storage of non-Union goods. It provides almost the same benefits and facilitations as the Free Zone Regime. Goods placed under the Customs Warehousing may undergo “usual forms of handling” intended to preserve them, improve their appearance of marketable quality or prepare them for distribution or resale etc., provided that these operations do not change the nature or improve the performance of the original goods [[Annex 71-03](#) of Delegated Reg. (EU) 2015/2446].

You can apply to operate a customs warehouse or alternatively, you can use an existing customs warehouse to store the non-Union goods.

- b) **Inward Processing:** This regime can be used for the processing of non-Union goods under conditions defined by UCC in any proper place. If the processed products are re-exported, then no duties are payable; whereas, if they are released for consumption in the EU, then duties and taxes are payable and commercial policy measures are applicable, as mentioned above.

For further information, please visit our website <https://www.mof.gov.cy/ce> ‘Information for Business and Trade-Inward Processing’ or contact us through email: [headquarters@customs.mof.gov.cy](mailto:headquarters@customs.mof.gov.cy) or by phone: no. +357 22-601755/7 (for customs warehousing procedure) and tel. no. +357 22-601741/0 (for the Inward processing procedure).