



## *Indirect Tax Advisory Newsletter*

*Newsletter 4/2018*

On 25 January 2018, the Tax Authority published Circular 216 relating to applicable VAT treatment for services rendered by examination centres.

### **In brief**

As per Circular 216, services provided by examination centres will be exempt from VAT only if the examination centre is responsible for the entire process of organising the examinations in relation to education of all levels and professional or vocational development including **all** of the following services:

- Selection of examination topics.
- Procurement of proper examination rooms for the performance of the examination.
- Exam invigilation.
- Gathering and storage of the examination papers.
- Correction of the examination papers.
- Granting of certificates/diplomas.
- Providing updates to the organisation who assigned the task.

The VAT exemption also applies in situations where part of the above listed services is subcontracted by the examination centre to a third party, established in the Republic of Cyprus.

Examination centres which are **solely** responsible for the procurement of proper examination rooms, the organisation and exam invigilation cannot fall under the VAT exemption and therefore services provided will be taxable at the standard rate of 19% VAT.

### **Way forward: how PwC can help you**

Companies/educational organisations which are involved in the organisation of exams should analyse the impact of the new Circular on their existing and future arrangements. The dedicated team of VAT professionals at PwC is at your disposal to consider the impact Circular 216 may have on your business.

### **Your contacts for Indirect Tax matters in PwC Cyprus**

#### ***Theo Parperis***

Head of Tax and Legal - theo.parperis@cy.pwc.com

#### ***Chrysilios Pelekanos***

In charge of Indirect Tax Advisory - chrysilios.pelekanos@cy.pwc.com

#### ***Varnavas Nicolaou***

Partner, Indirect Tax Advisory - varnavas.nicolaou@cy.pwc.com

#### ***Martha Lambrou***

Director, Indirect Tax Advisory - martha.lambrou@cy.pwc.com

#### ***Michael Michael***

Director, Indirect Tax Advisory - michael.michael@cy.pwc.com

PricewaterhouseCoopers Limited  
PwC Central  
43 Demostheni Severi Avenue  
CY-1080 Nicosia  
Cyprus  
Tel. +357 - 22 555 000

**[www.pwc.com.cy](http://www.pwc.com.cy)**