



Indirect Tax Advisory *Newsletter*

Newsletter 5/2018

On 22 January 2018, the TAX Authority has released Circular 224 which provides the Tax Authority's interpretative guidance in relation to ship management services that qualify as zero rated (0%).

The Circular in brief

The Circular clarifies that the services listed below qualify as zero rated:

- 1) The port charges, such as, landing charges, free out charges, wharfages, delivery portrages, terminal handling charges, destuffing which are provided in the port of the Republic of Cyprus and relate to qualifying vessels. *
- 2) Services provided by port managing companies in the Republic of Cyprus such as:
 - The docking of qualifying vessels. *
 - Passenger transportation handling, provided this is covered by legal agreement between the port managing company established in the Republic of Cyprus and the ship-owning company or the ship-management company.

* Qualifying vessels are vessels which are used for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities, or for rescue or assistance or seas, or for inshore fishing.

Impact of the Circular

Circular 224 clarifies which services are considered as services offered to meet the direct need of the vessels and therefore qualify as zero rated (0%). It is an extension to previously published circulars.

Way forward: how PwC can help you

The dedicated team of VAT professionals at PwC is at your disposal to consider the impact Circular 224 will have on your business.

Your contacts for Indirect Tax matters in PwC Cyprus

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