

Indirect Tax Services

Newsletter



Newsletter 70 / March 2017

This newsletter refers to Circular 209 issued by the Tax Authority on 2 February 2017. Circular 209 replaces the earlier Circular 144 in relation to 'Vessels' and aims to give further guidance with respect to which vessels are qualifying vessels under article 3(a) of Schedule 6 of the VAT Law.

Definition of the term "vessels"

As per the provisions of the Law, the supply of goods for the fuelling and provisioning of qualifying vessels, the supply of services to meet the immediate needs of qualifying vessels, as well as services in relation to the supply, modification, repair and maintenance, chartering and hiring of qualifying vessels are zero rated transactions from a VAT perspective.

Circular 209, amongst other clarifies that qualifying vessels will be regarded the vessels:

- whose registration certificate states that they are vessels which can be used for navigation on the high seas, and
- it can be demonstrated from their Log Book or confirmations issued by the Port Authority that the trips they perform outside the territorial waters of the Republic of Cyprus are more than those performed within the territorial waters of the Republic.

The territorial waters of the Republic are limited to 12 nautical miles from the coast.

How can PwC assist:

The dedicated team of VAT specialists at PwC is ready to review the impact these rules will have on your business and to assist you to review the paperwork with respect to the vessels operated by your business to ensure that they meet the status of a qualifying vessel.

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