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(Registered Auditors)

COVID-19: Economic measures taken by the Cyprus Government

As part of the effort to mitigate the adverse effects of the coronavirus outbreak on the economy, the Cyprus Parliament has voted on 27 March a series of relevant law amendments relating to tax, assessment and collection of taxes, VAT and social insurance, as follows:

Indirect tax measures:

While initially there were thoughts for temporary reduction of VAT rates, eventually it was decided to defer until 10 November 2020 the VAT payments for the periods ending 29 February, 31 March and 30 April 2020, without the imposition of interest and penalties, provided that the relevant VAT returns are submitted within the due dates (10 April, 10 May and 10 June respectively).

Certain categories of business do not fall within the provisions of the amended law, such as groceries, supermarkets, convenience stores and mini markets, fruit markets, butcheries, bakeries, pharmacies, producers of electricity, telecommunication services, the reason being that their operations have not been particularly affected.

Direct tax measures:

The deadline for submission of income tax returns for companies, self-employed persons preparing accounts, or other persons liable to submit an income tax return by 31 March 2020, has been extended to 1 June 2020. The extension also applies for the payment of tax due under the aforementioned tax returns for the year 2018.

Measures taken by the Registrar of Companies:

In an effort to support companies and businesses that are affected by the restrictive measures taken regarding the coronavirus pandemic, the Department of Registrar of Companies and Official Receiver has announced the following measures:

The publication in the Government Gazette of the three-month notice prior to the strike-off of non compliant companies is postponed until January 2021.

- The deadline for payment of the annual company levy of €350 for the year 2020 is extended to 31 December 2020, without the imposition of penalties.

- The introduction of administrative penalties for late filing of statutory documents is postponed until January 2021.
- The filing of annual returns with draw-up date from 1 January to 31 December 2020 (i.e. for the year 2019) can be made until 28 January 2021 without the imposition of the €20 late-submission fee.

Settlement of overdue social contributions:

For persons (both physical and legal) that, as at 1 March 2020, had entered a scheme for settlement of their overdue social insurance contributions via installments, the payment of the March and April 2020 installments is suspended, and the repayment period is effectively extended by two months.

General Healthcare System (GHS):

The increase in the contributions to the GHS, which came into effect on 1 March 2020, is suspended for the months of April, May and June 2020. The suspension does not affect the implementation of the second phase of the GHS.

Suspension of evictions under the Rental law:

The Rental Law has been amended so that any ongoing eviction process is suspended, and that no new evictions processes are issued by the Courts, until 31 May 2020. The suspension does not apply in cases of tenants that have defaulted on their obligation to pay rent up to and including 29 February 2020.

Suspension of payments under credit facilities up to 31 December 2020:

In relation to credit facilities provided by financial institutions, borrowers who are facing economic difficulties as a result of the coronavirus are entitled to request suspension of their obligation to pay installments (both capital and interest) for their credit facilities, provided that the credit facilities were not in arrears for more than 30 days as at 29 February 2020. The arrangement applies to both legal and physical persons (including self-employed individuals).

The suspension of payments is effective from 30 March 2020 (the date of issue of the relevant ministerial decree) and up to 31 December 2020. Borrowers who wish to apply for suspension of payments need to complete a relevant form to that effect and submit it to the financial institution. It is noted that financial institutions do not have the right to reject any application, unless in cases where the credit facilities were in arrears for more than 30 days as at 29 February 2020.

The suspended installments (both capital and interest) will become payable following the end of the suspension period, through an appropriate revised repayment schedule that will be agreed between the borrowers and the financial institutions.

It is further noted that any actions taken by financial institutions to recover credit facilities covered by the above measure are suspended. Further, the non-payment of installments during the suspension period does not constitute a breach of the contractual terms between the borrower and the financial institution.

Measures taken by the Ministry of Labor, Welfare and Social Insurance:

Further to the relevant law amendment effected by the Cyprus Parliament, the Minister of Labor, Welfare and Social Insurance has been granted powers to issue Regulations through which to implement special schemes, in an effort to alleviate the adverse effects of the coronavirus pandemic.

The schemes that have been introduced are set out below, as well as the relevant links in the Press Information Office (PIO) webpage with details of each scheme, are as follows:

- [Complete suspension of business](#)
- [Partial suspension of business](#)
- [Special sick leave allowance](#)
- [Special leave for child care](#)
- [Self-employed workers](#)

Applications for the various schemes can be made online via the Ministry's special webpage www.coronavirus.mlsi.gov.cy.