



Recovery of VAT suffered in the UK and BREXIT implications

The United Kingdom's exit from the European Union, the so called BREXIT, is getting closer and as it stands it will be effected on 29 March 2019, although the matter is still under discussion on all fronts so any outcome is still possible. This means that transactions with the UK up to 29/03/2019 will have an intra-community status. As of 30 March 2019, transactions with the UK will be transactions with a 3rd territory.

In preparation of the expected BREXIT, the Cyprus VAT Authorities issued so far three announcements noting the following:

i. Recovery of VAT suffered in the UK by Cyprus taxable persons:

- For Cypriot taxable persons which incurred UK VAT in 2018 they may proceed to submit their electronic application under the 9th Directive procedure until 10/03/2019. After this date the 9th Directive will no longer be applicable and you risk losing any UK VAT suffered.
- For Cypriot taxable persons which incur UK VAT in 2019 they will be able to apply for it through the procedures of the 13th Directive as long as the provisions of the 13th Directive are met. It is not yet clear what this last part means in practice. Cyprus requires reciprocity with the refunding country to exist to apply the 13th Directive. As it stands no such reciprocity has been agreed to date so it remains to be seen what will be the practical implications going forward.

For the full announcement, please click [here](#).

ii. INTRASTAT returns for trade with the UK

- INTRASTAT dispatches and arrivals returns should only include transactions to and from the UK up to 29/03/2019.
- As of 30/03/2019 supplies of goods to and from the UK will no longer be intra-community and will be dealt with as exports and imports to and from a 3rd territory.

For the full announcement, please click [here](#).

iii. Recapitulative statements (VIES returns) for trade with the UK

- Only supplies of goods and services effected up to 29/03/2019 should be reported in the VIES return for March 2019.
- As of 30/03/2019 supplies of goods to and from the UK will no longer be intra-community and as such should not be reported in the VIES system.

For the full announcement, please click [here](#).



Note:

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