



**K. TREPPIDES
& CO LTD**

Indirect Taxation

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**Imposition of penalties for non-compliance with the
reverse charge provisions**

The amendment of Article 45, of the Cyprus VAT Law, comes into effect on the 1st of July 2021 and from that stems the imposition of monetary penalties for non-compliance with the reverse charge provisions.

Taxable persons that fail to apply the reverse charge provisions in accordance with the Articles 11, 11A, 11B, 11C, 11D, 11E or 12A of the Cyprus VAT Law, could face a monetary penalty of €200 per VAT period, for which the relevant reverse charge provisions were not applied. The maximum penalty may not exceed €4.000.

There is no de-minimis limit in the omission of transactions for the imposition of the penalty.

Errors identified from 1 July 2021 on any VAT return will be subject to these monetary penalties.

It is therefore recommended that extra care is taken from now on to ensure that any reverse charge transactions are correctly declared in the relevant VAT periods. With regards to the past transactions not properly declared it is suggested to act now and correct VAT returns before the date that the specific amendment of the Cyprus VAT Law will come into effect.

Our Indirect Taxation team is ready to discuss with you the content of this newsletter and provide any consultation required for better understanding of the amendments and how those could affect your business. Please do not hesitate to contact us at VAT@treppides.com.



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