



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 30 November 2006

**15578/06
ADD 1**

PROTOCOLE 1

ADDENDUM TO NOTE

From : Presidency/Secretariat
To Working Party Protocol
Subject : VAT refund regimes

Delegations will find in annex a summary of replies received by Cyprus to a questionnaire on the VAT refund regimes.

1. Which regime is applicable in VAT refunds in general?	
Cyprus	The regime in force in Cyprus provides direct VAT exemption (at the point of sale). The principle of reciprocity is appreciated. The Import Duty, VAT and Excise Duty Exemption Certificate duly completed is submitted directly to the Offices of the VAT Service of the Ministry of Finance and is collected at least six working days after the date of submission. Priority is given to Exemption Certificates of urgent nature (applications regarding vehicles are submitted first to the Ministry of Foreign Affairs and then at the VAT Service).

2. Who is entitled to VAT exempt purchases?	
Cyprus	<p>Diplomatic Missions and International Organizations are entitled to VAT exempt purchases a) for any goods purchased in the Republic of Cyprus, or acquired from another member state or imported from a third country (by the Diplomatic Mission/International Organization) for official use and b) for any services supplied in the Republic of Cyprus for official use.</p> <p>Diplomatic agents are entitled to VAT exempt purchases for any goods purchased in the Republic of Cyprus, acquired from another member state or imported from a third country in reasonable quantities for personal use or for the use of members of their families living with them, including articles intended for their establishment. Diplomatic Agents are not entitled to VAT exemption for services provided in the Republic of Cyprus other than utility bills (electricity, telecommunications water). The members of the Administrative and Technical staff are exempted from duties and VAT for goods imported or bought in Cyprus for personal use or for the use of members of their family living with them only within three months from the date of their arrival.</p>

3. Which goods and services are covered by the refund regime?	
Cyprus	The exemption applies to all goods and services mentioned above (para. 2) with the exception of foodstuffs. For Diplomatic Agents tobacco products, liquors and spirits can be purchased under an annual quota and all other products can be purchased in reasonable quantities.

4. Does a minimum purchase limit exist? If so, please specify	
Cyprus	A request for VAT exemption will be considered provided that a given purchase is 50 Cyprus pounds and above. Bills for electricity, telephone and water have no minimum requirement.

5. Does a maximum refund limit exist? If so, please specify	
Cyprus	In general there is no fixed maximum limit, provided that the purchase amount is reasonable. There are of course the limitations regarding the number of cars to be purchased for the diplomatic agents and the members of the administrative and technical staff of foreign missions, according to international Agreements such as the provisions of the 1961 Vienna Convention on Diplomatic Relations.

6. Which regime is applicable to VAT-exempt purchases made in other EU Member States?	
Cyprus	The regime according to Directive 77/338/EEC – Article 15(10) and Directive 92/12/EEC – Article 23(1).

7. Which regime is applicable for International Organizations and their staff?	
Cyprus	Agreements establishing International Organization's Offices in Cyprus under the umbrella of the UN or peace-keeping operations (such as UNFICYP) outline the range of tax privileges entitled to by them and their staff, based upon the provisions of the 1946 Convention on the Privileges and Immunities of the United Nations. International Organizations enjoy the regime of VAT exemption for goods and services for official purposes. The high ranking officials may be given the same VAT privileges as diplomatic agents provided they are not Cypriot citizens or permanent residents of Cyprus.

8. Which regime is applicable for EU institutions and agencies and their staff?	
Cyprus	The provisions of the Protocol on Privileges and Immunities of the European Communities of 8 April 1965.
