

1 TAX - FREE GOODS

Entitlement to acquire tax-free goods is principally derived from the Treaty of Establishment, which allows for arrangements to provide for relief from VAT on a limited range of goods from general suppliers. It also allows SODEXO to trade on behalf of British Forces Cyprus, free of tax (Duty & VAT). These entitlements have been retained following the accession of Cyprus to the EU by amendment of EU legislation. It is important to remember that the Sovereign Base Areas are treated as within the EU for customs purposes.

1.1 Who is eligible to buy goods tax free?

You may acquire tax-free goods provided that you:

- are a member of British Forces Cyprus or the civilian component of United Kingdom authorities (an entitled person); AND
- are posted or attached to British Forces Cyprus for more than 6 months

You must notify SBA Customs immediately should you cease to meet either of these requirements. Provided that you do meet these requirements, you will be issued with a combined Entitlement/Ration card necessary for purchasing tax-free goods by SBA Customs.

1.2 What conditions and restrictions are placed on tax-free goods?

Relief from tax is granted subject to certain conditions. Failure to keep to these conditions may render you liable to penalties and the goods to forfeiture.

Your relief from tax is subject to the conditions that you:

- Do not lend, hire out, sell or otherwise dispose of them in Cyprus without permission from SBA Customs (See 1.4);
- Retain them for your own personal use for at least six-months;
- Notify SBA Customs of any change to your entitlement as detailed in paragraph 1.1.

If you find that you are unable to meet any of these conditions, you should contact SBA Customs for further advice. Rationed goods purchased under the Rationed Goods scheme are also subject to the conditions shown on the ration card (see Appendix A).

1.3 How do I acquire tax-free goods?

There are two tax-free goods schemes:

- Supplies by SODEXO (Sect. 2);
- Supplies by VAT registered retailers in the Republic of Cyprus (Sect. 3)

1.4 Can I dispose of my tax-free goods in Cyprus?

Yes, provided you notify SBA Customs of your intention and provide any details that may be requested. You may dispose of your unwanted tax-free goods in Cyprus without payment of tax:

- by sale to another entitled person; or
- for scrap by delivering the goods to the disposal site at RAF Akrotiri

Tax-free goods may not be disposed of to non-entitled persons without Customs permission and payment of customs charges.

Note: Customs charges due are payable by the owner of the goods prior to disposal by sale to a non-entitled person. You will need to take this into consideration when agreeing a sale price with any prospective buyer

1.5 Can I take my tax-free goods to the UK without paying tax?

You may take your tax-free goods to the UK at the end of your tour without payment of UK Customs charges provided that you:

- have owned and used the goods in Cyprus for at least 28 days; and,
- retain the goods for a minimum of six months

1.6 Can I take my tax-free rationed goods to the UK without paying tax?

Yes, you may take rationed goods to the UK via RAF Akrotiri provided you accompany the goods and continue to comply with the conditions as shown in 1.2 above. The following limits apply; 200 cigarettes or 100 cigarillos or 50 cigars or 250g of hand rolling tobacco and 1 litre of spirits.

Note: UK Customs exercise their own controls on duty paid cigarettes and alcohol entering the UK. Although there are no limits on the amount of alcohol and tobacco you can bring in from EU countries, customs officials are more likely to ask you questions if you have more than 800 cigarettes, 1kg of tobacco and 10 litres of spirits.

1.7 Can I send my tax-free rationed goods to the UK?

No, your ration is for your own use and can only be taken to the UK in person (See 1.6).

2 SODEXO

In September 2007 Sodexo were successful in being awarded the Multi Activity Contract for British Forces Cyprus and were appointed as retail agents which included the provision to manage the stores, previously run by the NAAFI, on behalf of British Forces Retail. Sodexo operate the British Forces retails stores under the trading name of Forces Store.

Goods supplied by British Forces Retail are in the main all tax-free. This includes rationed goods such as cigarettes and spirits, as well as electrical household goods and other items normally subject to tax such as toiletries and sweets.

2.1 Who can shop in Forces Store?

- All entitled persons and their dependants
- Relatives/friends on holiday who are in possession of a temporary station pass
- Veterans in possession of a Veterans pass. Veterans must pay VAT at the applicable rate on their purchases from Forces Store.

There is a requirement to produce identification on demand to confirm the person's entitlement to shop at the store.

2.2 How do I buy rationed goods?

Rationed goods can only be purchased on production of a ration card. This card is issued to all entitled persons and their dependents on arrival by visiting SBA Customs. A summary of the current ration entitlements and the conditions of use can be found at Appendix A.

2.3 How do I buy non-rationed goods on sale in Costcutter?

All General grocery and low value household goods are sold tax free and are not subject to rationing; however single items with a value in excess of €100 can only be acquired on production of your Entitlement/Ration Card.

3 VAT REGISTERED RETAILERS

Most businesses in Cyprus are registered for VAT in the same way as those in the UK. Cyprus VAT currently has three rates; a standard rate of 19%, a reduced rate of 9% and a zero% rate. It should be noted that although the liability of goods to these rates is similar to the UK there are some notable exceptions. Children's clothing and books for example are not zero rated as in the UK. Hotel accommodation and restaurant meals on the other hand are subject to the reduced rate of 9%.

3.1 Can I acquire goods VAT free in the Republic of Cyprus?

There is no general relief from VAT on new goods, specifically provided by the Treaty of Establishment. However, an agreement has been arranged with the Republic of Cyprus, which has been ratified in accordance with the Treaty to allow the supply of a limited range of goods VAT-free from retailers within the Republic of Cyprus. Details of the VAT free scheme can be found in Appendix B.

3.2 How do I buy these goods VAT free?

To obtain goods without payment of VAT from retailers in the Republic of Cyprus, you must give them a certificate of entitlement Form V6E. This form can be obtained from SBA Customs. To obtain this form you will need to provide the following;

- Details of the goods including make and model and price;
- Suppliers name, address and VAT number; and;
- Your Entitlement/Ration card

Note: For ease, it is best to request a pro-forma invoice or order from the supplier before you make your purchase. A copy can then be provided to your SBA Customs office to attach to the copy V6E retained by SBA Customs. A V6E form must be provided to the retailer at the time of purchase. It may be possible to provide Form V6E retrospectively or obtain a refund of VAT once a purchase has been made from a ROC retailer, but this must be agreed by the supplier at the time of purchase. SBA Customs cannot be held responsible in instances where a purchase is made without a V6E form and the retailer subsequently refuses to refund the VAT already paid.

RATIONED GOODS SCHEME - INDIVIDUAL ENTITLED PERSON RATION

Combined ration/entitlement cards are issued by SBA Customs to each entitled person and their dependants over the age of 18.

The quantity of rationed goods available for purchase each week is:-

1. Tobacco products
 - 200 cigarettes, or
 - 100 small cigars / cigarillos, or
 - 50 cigars, or
 - 250 grammes of hand rolling tobacco
2. Spirits
 - 1 litre of spirit or liqueur spirit strength per volume exceeding 15%.

CONDITIONS

1. Any goods purchased under the Rationed Goods scheme are for the personal use of the card holder and his/her dependants.
2. Purchases of rationed items are restricted to a maximum of two weeks ration (i.e. current week and either a week in advance or arrears).
3. Purchases may only be made in person by the ration card holder whose signature is shown thereon.
4. Any duty / VAT-free purchases other than rationed items must be exported on completion of your tour, unless you have sold them to another entitled person or you have obtained prior approval from SBA Customs for alternative disposal.
5. Rationed goods may not be sent by post. Lost ration cards must be notified immediately to SBA Customs. The card will not be replaced unless it is found and returned to SBA Customs.
6. Damaged ration cards must be returned to SBA Customs in order to request a replacement.
7. Stolen ration cards must be reported immediately to the police and the crime incident number/report provided to SBA Customs, who will consider replacement of the ration card.
8. The ration card must be returned to SBA Customs prior to final departure from Cyprus at Tourex.

WARNING

Failure to comply with these conditions may result in serious penalties, forfeiture of the goods and prosecution.

Details of the DUTY AND/OR VAT FREE scheme
(As agreed for purchases from retailers in the Republic of Cyprus)

Notes:

1. These items may only be purchased VAT free locally in Cyprus (it does not apply to online shopping i.e.: Amazon or other online retailers based in UK or elsewhere outside Cyprus).
2. Where individual items are multi functional you should seek advice from SBA Customs concerning the eligibility for the scheme.
3. You should check with the trader that he/she is willing to accept a Form V6E for the transaction. Traders are not obliged to participate in the scheme.

The VAT exemption is available to entitled persons for the purchase of goods from traders in the Republic of Cyprus where the unitary value **per single item exceeds €100 without VAT;**

- which are intended for the personal use of the beneficiary during their stay with SBA/BFC; and
- where the goods purchased are in reasonable quantities

The following shall be excluded from the exemption and cannot be purchased VAT free:

- Services
- All goods which are subject to special excise duties (alcoholic drinks, tobacco and fuel)
- Electricity
- Jewellery (excluding watches)
- Clothing and footwear
- Cosmetic products
- Supermarket items (food and other consumer goods)
- Precious metals
- Motor vehicle spare parts
- Land and property
- Construction materials

There is no guarantee that every item that a person wishes to purchase will qualify for VAT free purchase. As an assurance measure for the Republic of Cyprus, it has been agreed with the RoC Customs and VAT Department that the Fiscal Officer has the right to refuse approval of applications for VAT free purchases – where considered necessary.



BRITISH FORCES CYPRUS

TAX-FREE GOODS

For Personal Use