



## SUPPLEMENT No. 3

TO

### THE SOVEREIGN BASE AREAS GAZETTE

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### SUBSIDIARY LEGISLATION

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**No. 6**

**THE VALUE ADDED TAX ORDINANCE  
(Ordinance 10 of 2001)**

**REGULATIONS MADE BY THE ADMINISTRATOR UNDER  
SECTIONS 6(4), 9(12), 10(6), 11(4), 13(1), 19(4) and (6), 20(1) and (6),  
21(1), (3) and (4), 25(8) and (9), 27(2), (6), (7) and (8), 28(3) and (4), 30(1)  
and (3), 35(1), (3) and (4), 37(3) (b), (4) and (6), 38(2) and (3), 41(1),(2)  
and (3), 51(6), 55(3) and (4), 58(1) and (2), paragraph 17 of the First  
Schedule, and paragraphs 1(1), (2), (3), (4), (5), (6), (7) and (8), 4(5), 5(1)  
and (2) and 6(1) of the Tenth Schedule.**

In exercise of the powers vested in him by sections 6(4), 9(12), 10(6), 11(4), 13(1), 19(4) and (6), 20(1) and (6), 21(1), (3) and (4), 25(8) and (9), 27(2), (6), (7), and (8), 28(3) and (4), 30(1) and (3), 35(1),(3) and (4), 37(3) (b), (4) and (6), 38(2) and (3), 41(1),(2) and (3), 51(6), 55(3) and (4), 58(1) and (2) of, and paragraph 17 of the First Schedule, and paragraphs 1(1), (2), (3), (4), (5), (6), (7) and (8), 4(5), 5(1) and (2) and 6(1) of the Tenth Schedule to, the Value Added Tax Ordinance, the Administrator hereby makes the following Regulations:-

**PART I**

**PRELIMINARY**

- |                                                                                                                                                                                                                                                                      |                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1. These Regulations may be cited as the Value Added Tax (General) Regulations 2002.                                                                                                                                                                                 | Short title.          |
| 2. –(1) In these Regulations unless the context otherwise requires –                                                                                                                                                                                                 | Interpretation.       |
| “proper officer” means the person appointed or authorized by the Commissioner to act in respect of any matter in the course of his duties;                                                                                                                           |                       |
| “registered person” means a person registered by the Commissioner in the VAT Register;                                                                                                                                                                               |                       |
| “registration number” means the number allocated by the Commissioner to a taxable person in the certificate of registration issued to him;                                                                                                                           |                       |
| “specified date” means the date specified in a person’s application for registration for the purpose of VAT as that on which he expects to make his first taxable supply;                                                                                            |                       |
| “the Ordinance” means the Value Added Tax Ordinance 2001;                                                                                                                                                                                                            | Ordinance<br>10/2001. |
| “tax return” or “return” means a return which is required to be made in accordance with regulation 17;                                                                                                                                                               |                       |
| “VAT account” means the account kept under regulation 23.                                                                                                                                                                                                            |                       |
| (2) Any reference in these Regulations to an ordinally numbered Schedule is a reference to the Schedule to the Ordinance which is so numbered.                                                                                                                       |                       |
| (3) In these Regulations any reference to a form specified by a notice of the Commissioner published in the Gazette shall be construed as including a reference to a form which the Commissioner is satisfied is a form to the like effect to the form so specified. |                       |

Application of  
Interpretation  
Ordinance (Cap.1  
(Laws of Cyprus)).

Commissioner's  
requirements etc to  
be in writing.

Notification of  
registrability and  
registration.

3. The Interpretation Ordinance shall apply to these Regulations as it applies to an Ordinance, subject to appropriate modifications.

4. Any requirement, direction, demand or permission by the Commissioner, under or for the purposes of these Regulations, shall be made or given by a notice in writing. In the case of general directions, such a notice shall be published in the Gazette.

## PART II

### REGISTRATION AND PROVISIONS FOR SPECIAL CASES

5. - (1) A person who is required under paragraph 5(1) or 6(1) of the First Schedule to notify the Commissioner of that person's liability to be registered, shall do so by a notice in such form as the Commissioner shall publish in the Gazette. The Commissioner may publish different forms for different classes of registrable persons, in particular for persons who are in partnership.

(2) A registered person, other than one to whom paragraph 11, 12, 13(1), (2) or (3) of the First Schedule applies shall, within 30 days of any change being made to the name, constitution or ownership of his business, or of any other event occurring which may necessitate a variation to the VAT Register or the cancellation of his registration, notify the Commissioner in writing of such change or event and furnish him with full particulars thereof.

(3) Any person required to notify the Commissioner of any fact pursuant to paragraph 11 or 12 of the First Schedule, shall do so in writing and shall state -

- (a) where paragraph 11 of that Schedule applies, the date on which he ceased to make or have the intention of making, taxable supplies; or
- (b) where paragraph 12 (a) of that Schedule applies, the date on which he ceased to make, or have the intention of making, supplies within paragraph 10(2) of that Schedule; or
- (c) where paragraph 12 (b) of that Schedule applies, the date on which he made, or formed the intention of making, taxable supplies.

6. - (1) Where -

- (a) a business is transferred as a going concern;
- (b) the registration under the First Schedule of the transferor has not already been cancelled;
- (c) on the transfer of the business the registration of the transferor under that Schedule is to be cancelled and either the transferee becomes liable to be registered under that Schedule or the Commissioner agrees to register him under paragraph 9 of that Schedule; and
- (d) an application is made by or on behalf of both the transferor and the transferee of that business in a form provided by a notice of the Commissioner published in the Gazette,

the Commissioner may as from the date of the said transfer cancel the registration of the transferor and register the transferee in substitution for the transferor.

Transfer of a going  
concern.

(2) An application under paragraph (1) above shall constitute notification for the purposes of paragraph 11 of the First Schedule.

(3) Where the transferee of a business has been registered under paragraph (1) above in substitution for the transferor of that business, then -

- (a) any liability of the transferor existing at the date of the transfer to make a return or to account for or pay VAT under regulation 17 shall become the liability of the transferee;
- (b) any right of the transferor, whether or not existing at the date of the transfer, to credit for, or to repayment of, input tax shall become the right of the transferee;
- (c) any right of either the transferor, whether or not existing at the date of the transfer, or of the transferee to payment of a VAT credit by the Commissioner under section 20 (3) of the Ordinance shall be satisfied by payment to either of them; and
- (d) any right of the transferor, whether or not existing at the date of the transfer, to claim a refund in respect of bad debt relief under section 27 of the Ordinance shall become the right of the transferee.

(4) In addition to the provisions set out in paragraph (3) above, where the transferee of a business has been registered in substitution for the transferor during a prescribed tax period subsequent to that in which the transfer of the business took place but with effect from the date of the transfer of the business, and any -

- (a) VAT return has been made,
- (b) VAT has been accounted for and paid, or
- (c) right to credit for input tax has been claimed,

either by or in the name of the transferee or of the transferor, it shall be treated as having been made by the transferee.

7. Where any notification or notice is required to be given for the purposes of the Ordinance or these Regulations by a partnership, it shall be the joint and several liability of all the partners to give such notice or notification, provided that a notice or notification given by one partner shall be a sufficient compliance with any such requirement.

Notice or  
notification by  
partnerships.

8. Anything required to be done by or under the Ordinance, or these Regulations on behalf of a club, or other body of persons not having legal personality, the affairs of which are managed by its members or by a committee or committees of its members, shall be the joint and several responsibility of the members or as the case may require, of those members who manage or constitute the committee or committees.

Clubs and other  
bodies without  
legal personality.

9. - (1) If a taxable person dies or becomes bankrupt or incapacitated the Commissioner may, from the date on which he died or became bankrupt or incapacitated, treat as a taxable person any person carrying on the business of the taxable person until some other person is registered in respect of the taxable supplies made or intended to be made by that taxable person in the course or

Death, bankruptcy  
or incapacity of  
taxable person.

furtherance of his business or until the incapacity ceases, as the case may be; and the provisions of the Ordinance and of any regulations made under it shall apply to any person so treated as though he were a registered person.

(2) Any person who carries on the business of a taxable person who has died or become bankrupt or incapacitated as described in paragraph (1) above shall, within 21 days of commencing to do so, inform the Commissioner in writing of the death, bankruptcy or incapacity and the date on which it began.

(3) In relation to a company which is a taxable person, the references in paragraph (1) above to a taxable person becoming bankrupt or incapacitated shall be construed as references to the company's being wound up or its having a receiver or manager of its property appointed.

VAT  
representatives.

10. - (1) Where any person is appointed by virtue of section 37 of the Ordinance to be the VAT representative of another (in this regulation referred to as "his principal"), the VAT representative shall, within 30 days of the date on which his appointment became effective, notify the Commissioner of his appointment on a form provided by a notice of the Commissioner published in the Gazette and the notification shall contain all the particulars (including the declaration) set out in that form.

(2) The notification referred to in paragraph (1) above shall be accompanied by evidence of the VAT representative's appointment.

(3) Where a person is appointed by virtue of section 37 of the Ordinance to be a VAT representative, the Commissioner shall register the name of that VAT representative against the name of his principal in the VAT Register.

(4) A VAT representative who is registered in accordance with this regulation shall, within 30 days of any change to the name, constitution or ownership of his business or of his ceasing to be the VAT representative of any particular principal, or of any other event occurring which may under the Ordinance necessitate the variation of the VAT Register, notify the Commissioner in writing of such change, cessation or event and furnish him with full particulars thereof.

(5) For the purposes of this regulation, the time at which the appointment of a VAT representative shall be treated as having ceased shall be whichever is the earliest of the following times -

- (a) when the Commissioner receives any notification in accordance with regulation 5(2), or
- (b) when the Commissioner receives a notification in accordance with paragraph (1) above appointing as a VAT representative a person other than the VAT representative previously notified to the Commissioner;
- (c) when the Commissioner receives a notification of cessation in accordance with regulation 5 (2), or
- (d) when the Commissioner receives a notification of cessation in accordance with paragraph (4) above, or
- (e) when a VAT representative dies, becomes insolvent or becomes incapacitated:

Provided that if the Commissioner has not received a notification such as is mentioned in all or any of sub-paragraphs (a), (c) or (d) above and another person has been appointed as a VAT representative by virtue of section 37 of the Ordinance, the Commissioner may treat the date of cessation as the date of appointment of that other person.

(6) In relation to a company which is a VAT representative, the references in paragraph (5) (e) above to the VAT representative becoming insolvent or incapacitated shall be construed as references to its being wound up or its having a receiver or manager of its property appointed.

### PART III

#### VAT INVOICES AND OTHER INVOICING PROVISIONS

11. - (1) Save as otherwise provided in these Regulations, where a registered person makes a taxable supply in the Areas to a taxable person, he shall provide such person with a VAT invoice.

Obligation to provide a VAT invoice.

(2) The particulars of the VAT chargeable on a supply of goods such as is described in paragraph 5 of the Second Schedule shall be provided, on a sale by auction, by the auctioneer, and, where the sale is otherwise than by auction, by the seller of the goods, on a document containing the particulars prescribed by regulation 12 (1); and such a document issued to the buyer shall be treated for the purposes of paragraph (1) above as a VAT invoice provided by the person by whom the goods are deemed to be supplied in accordance with paragraph 5 of the Second Schedule.

(3) Where a registered person provides a document to himself ("self-billing") which purports to be a VAT invoice in respect of a supply of goods or services to him by another taxable person registered in the Areas, that document may, with the approval of the Commissioner, be treated as the VAT invoice required to be provided by the supplier under paragraph (1) above.

(4) Where a person makes a supply to which regulation 48 applies gives an original receipt containing the particulars required under regulation 12(1) to be specified in a VAT invoice in respect of that supply, that receipt shall be treated as the VAT invoice required to be provided under paragraph (1) above, provided that no VAT invoice or similar document which was intended to be or could be construed as being a VAT invoice for the supply to which the receipt relates, is issued.

(5) A VAT invoice or any other document such as is described in paragraphs (1), (2),(3) and (4) above shall be provided within 30 days of the time when the supply to which the invoice or other document relates is treated as taking place under section 9 of the Ordinance, or within such longer period as the Commissioner may allow in writing to any particular person or class of persons.

12. - (1) Subject to paragraph (2) below and regulation 14 and save as the Commissioner may otherwise allow, a registered person providing a VAT invoice in accordance with regulation 11 shall state thereon the following particulars -

Contents of VAT invoice.

(a) an identifying number;

(b) the time of the supply to which the VAT invoice relates;

- (c) the date of the issue of the VAT invoice;
  - (d) the name, address and registration number of the supplier;
  - (e) the name and address of the person to whom the goods or services are supplied;
  - (f) the type of supply by reference to the following categories-
    - (i) a supply by way of sale,
    - (ii) a supply by way of hire purchase or any similar transaction,
    - (iii) a supply by way of loan, (commodatum),
    - (iv) a supply by way of exchange,
    - (v) a supply by way of hire, grant or permit to use or permission to possess,
    - (vi) a supply by way of sale on commission,
    - (vii) a supply on sale or return or similar terms, or
    - (viii) any other type of supply which the Commissioner may at any time by notice in the Gazette specify;
  - (g) a description sufficient to identify the goods or services supplied;
  - (h) for each description, the quantity of the goods or the extent of the services, and the rate of VAT and the amount payable, excluding VAT, expressed in Cyprus pounds;
  - (i) the total amount payable, excluding VAT, expressed in Cyprus pounds;
  - (j) the rate of any cash discount offered;
  - (k) each rate of VAT chargeable and the amount of VAT chargeable, expressed in Cyprus pounds at each such rate; and
  - (l) the total amount of VAT chargeable, expressed in Cyprus pounds.
- (2) Where a taxable supply takes place as described in section 9(2)(c) or section 9(5) of the Ordinance, any consignment or delivery note or similar document or any copy thereof issued by the supplier before the time of supply shall not, notwithstanding that it may contain all the particulars set out in paragraph (1) above, be treated as a VAT invoice provided it is endorsed with the words "This is not a VAT invoice".
- (3) Where a registered person provides an invoice containing the particulars specified in paragraphs (1) and (2) above and specifies thereon any goods or services which are the subject of an exempt or zero-rated supply, he shall distinguish on the invoice between the goods or services which are the subject of an exempt, zero-rated or other supply and state separately the total amount payable in respect of each supply and the rate.
- (4) Where a registered person provides a VAT invoice relating in whole or in part to a supply for which VAT is required to be credited for and paid by the person supplied with the goods or services, on the supplier's behalf, the supplier shall state that fact on the invoice and state the amount of VAT so accounted for and paid.

13. Where there is a change in the rate of VAT under section 17 or 18 of the Ordinance or in the descriptions of exempt or zero-rated supplies, and a VAT invoice which relates to a supply in respect of which an election is made under section 55 of the Ordinance was issued before the election was made, the person making the supply shall, within 14 days of any such change, provide the person to whom the supply was made with a credit note headed "Credit note - change of VAT rate" and containing the following particulars -

Credit notes on  
change of VAT  
rate.

- (a) the identifying number and date of issue of the credit note;
- (b) the name, address and registration number of the supplier;
- (c) the name and address of the person to whom the supply is made;
- (d) the identifying number and date of issue of the VAT invoice;
- (e) a description sufficient to identify the goods or services supplied; and
- (f) the amount being credited in respect of VAT.

14. - (1) Subject to paragraph (2) below, a registered person who is a retailer shall not be required to provide a VAT invoice, except on a request of a customer who is a taxable person in respect of any supply to him; but, in such event, if, but only if, the consideration for the supply does not exceed fifty pounds the VAT invoice need contain only the following particulars -

Retailers' invoices.

- (a) the name, address and registration number of the retailer;
- (b) the time of the supply;
- (c) a description sufficient to identify the goods or services supplied;
- (d) the total amount payable including VAT; and
- (e) for each rate of VAT chargeable, the total amount payable including VAT, and the VAT rate applicable.

(2) Where a registered person provides an invoice in accordance with this regulation, the invoice shall not contain any reference to any exempt supply.

15. Regulations 11, 12, 13 and 14 shall not apply to any of the following descriptions of supplies made in the Areas -

Disapplication of  
regulations 11 to  
14.

- (a) a zero-rated supply;
- (b) a supply to which any regulations made under section 20(7) of the Ordinance apply;
- (c) a supply on which VAT is chargeable notwithstanding that it is not made for a consideration; or
- (d) any supply to which any regulations made under section 40 of the Ordinance apply.

## PART IV

### ACCOUNTING, PAYMENT AND RECORDS

16. In this Part -

Interpretation of  
Part IV.

“increase in consideration” means an increase in the consideration due on a supply made by a taxable person which is evidenced by a credit or debit note or any other document having the same effect and “decrease in consideration” shall be construed accordingly;

“insolvent person” means -

- (a) an individual who has been adjudged bankrupt;
- (b) a company in relation to which a liquidator or a receiver or manager of its property has been appointed;

“negative entry” means an amount entered into the VAT account of a taxable person as a negative amount;

“period” means prescribed tax period;

“positive entry” means an amount entered into the VAT account of a taxable person as a positive entry;

“VAT allowable portion”, “VAT payable portion” and “VAT account” have the meanings given to them respectively in regulation 23.

Making of tax returns.

17. - (1) Any person who is registered or was or is required to be registered shall, in respect of every period of a quarter, or in the case of a person who is registered, in respect of every period of 3 months ending on the dates notified either in the certificate of registration issued to him or otherwise, by not later than the tenth day of the month next following the end of the period to which it relates, make to the Commissioner a return (“a tax return”) on a form provided by a notice of the Commissioner published in the Gazette, showing the amount of VAT payable by or to him and containing full information in respect of the other matters specified in the form and a declaration, signed by him, that the return is true and complete:

Provided that -

- (a) the Commissioner may allow or direct a person to make returns in respect of periods of one month and to make those returns not later than the tenth day of the month next following the end of the period to which they relate;
- (b) the first return of a person shall be for the period commencing on the date determined in accordance with the First Schedule as the date with effect from which he was or should have been registered;
- (c) where the Commissioner considers it necessary in any particular case to vary the length of any period or the date on which any period begins or ends or the date by which any return shall be made, he may allow or direct any person to make returns accordingly, whether or not the period so varied has ended;
- (d) where the Commissioner considers it necessary in any particular case, he may allow or direct a person to make returns to an address specified by the Commissioner.

(2) Any person to whom the Commissioner gives a direction in pursuance of any of the provisos to paragraph (1) above shall comply with it.

(3) Where for the purposes of this Part the Commissioner has, pursuant to regulation 21 required any person to comply with the requirements of this Part -

- (a) the period then current in respect of taxable supplies made by the person who has died or become incapacitated shall end on the day which precedes the day of his death, or as the case may require, the day which precedes the day that his incapacity began; and
- (b) subject to proviso (c) to paragraph (1) above, a return made on behalf of such a person shall be made in respect of that period no later than the tenth day of the month next following the end of that period; and
- (c) the next period shall begin on the day following the end of the aforesaid period and shall end, and all subsequent periods shall begin and end, on dates determined in accordance with paragraph (1) above.

(4) Any person who -

- (a) ceases to be liable to be registered, or
- (b) ceases to be entitled to be registered under either paragraph 9 or 10 of the First Schedule,

shall, unless another person has been registered in substitution for him under regulation 6, make to the Commissioner a final return in such form as the Commissioner shall by notice publish in the Gazette; and any such return shall contain full information in respect of the matters specified in the form and a signed declaration that the return is true and complete and shall be made -

- (a) in the case of a person who was or is registered, within one month of the effective date of cancellation of his registration, and
- (b) in the case of any other person, within one month of the date upon which he ceases to be liable to be registered,

and in either case the return shall be in respect of the period ending on the date mentioned in sub-paragraph (a), or as the case may require, sub-paragraph (b) above, and shall be in substitution for the return for the period in which such date occurs.

(5) The Commissioner may allow VAT chargeable in any period to be treated as being chargeable in such later period as he may specify.

18. Where goods are deemed to be supplied by a taxable person by virtue of paragraph 5 of the Second Schedule, the auctioneer on a sale by auction or, where the sale is otherwise than by auction, the person selling the goods, shall, whether or not he is registered under the Ordinance, within 21 days of the sale -

- (a) furnish to the Commissioner a statement showing -
  - (i) his name and address and, if registered, his registration number,
  - (ii) the name, address and registration number of the person whose goods were sold,
  - (iii) the date of the sale,

- (iv) the description and quantity of goods sold at each rate of VAT, and
- (v) the amount for which they were sold and the amount of VAT charged at each rate;
- (b) pay the amount of VAT due; and
- (c) send to the person whose goods were sold a copy of the statement referred to in sub-paragraph (a) above:

Provided that the auctioneer or person selling the goods, as the case may be, and the person whose goods were sold shall exclude the VAT chargeable on that supply of those goods on any tax return made under these Regulations.

**Estimation of output tax.**

19. Where the Commissioner is satisfied that a person is not able to account for the exact amount of output tax chargeable in any period, he may estimate a part of his output tax for that period, provided that any such estimated amount shall be adjusted and exactly accounted for as VAT chargeable on the return for his next prescribed tax period or, if the exact amount is still not known then and the Commissioner is satisfied that it could not with due diligence have been ascertained, on the tax return for the person's next but one prescribed tax period.

**Claims for deduction of input tax.**

20.- (1) Subject to paragraph (2) below and save as the Commissioner may otherwise allow either by a Notice published in the Gazette or otherwise, a person claiming deduction of input tax under section 20 (2) of the Ordinance shall do so on a tax return made by him for the prescribed tax period in which the VAT became chargeable.

(2) At the time of claiming deduction of input tax in accordance with paragraph (1) above, a person shall, if the claim is in respect of VAT charged on -

- (a) a supply of goods or services from another taxable person, hold the VAT invoice or other document which is required to be provided under regulation 11;
- (b) a supply of services under section 11 (1) of the Ordinance, hold the relevant invoice from the supplier;
- (c) an importation of goods or a transport of goods from a bonded warehouse, hold the relevant clearance for local usage showing the person claiming the deduction as the consignee and the amount of the VAT charged on the importation of the goods:

Provided that where the Commissioner so directs either generally or in relation to particular cases or classes of cases, a claimant shall hold, instead of the document or invoice (as the case may be) specified in sub-paragraph (a), (b), or (c) above, such other documentary evidence of the charge to VAT as the Commissioner may direct.

(3) Where the Commissioner is satisfied that a taxable person is not able to claim the exact amount of input tax to be deducted by him in any period, such person may estimate a part of his input tax for that period, provided that any such estimated amount shall be adjusted and exactly accounted for as VAT deductible on the return for his next prescribed tax period or, if the exact amount is still not

known then and the Commissioner is satisfied that it could not with due diligence have been ascertained, on the tax return for the person's next but one prescribed tax period.

21. Where any person subject to any duties or obligations under this Part dies or becomes incapacitated and control of his assets passes to another person, being a personal representative, trustee in bankruptcy, receiver, liquidator or person otherwise acting in a representative capacity, that other person shall, if the Commissioner so requires and so long as he has such control, comply with the requirements of this Part, provided that any requirement to pay VAT shall apply to that other person only to the extent of the assets of the deceased or incapacitated person over which he has control; and this Part, shall, to the extent aforesaid, apply to a person so acting, in the same way as it would have applied to the deceased or incapacitated person had that person not died or become incapacitated.

Persons acting in a representative capacity.

22. - (1) A taxable person shall, for the purpose of accounting for VAT- Records.

- (a) keep and maintain for the business that he carries on, books of accounts and other registers which shall include, amongst other things -
  - (i) particulars of invoices for his purchases;
  - (ii) particulars of invoices for his sales;
  - (iii) particulars of his daily receipts (where he uses a retail scheme);
  - (iv) an annual inventory of his business assets and stock (if any) which shall include details as to quantities and valuations;
  - (v) a register regarding those of his business assets which he has disposed of for private use or given as gifts;
  - (vi) a register regarding self-billing;
  - (vii) a register of purchases in respect of which there is no right of deduction of input tax;
  - (viii) his VAT account;
  - (ix) a register of importations and exportations by him;
  - (x) cash book;
- (b) keep for a period of 7 years, unless the Commissioner otherwise allows –
  - (i) the registers referred to in paragraph (a) above;
  - (ii) all his business documents and registers (including his business correspondence and copies of all contracts to which he is a party);
  - (iii) copies of all invoices and receipts he issues;
  - (iv) all his cash register till rolls (if he uses one);
  - (v) all invoices and receipts he receives;
  - (vi) all customs declarations and other documents relating to importations and exportations by him;

- (vii) all credit notes, debit notes or other documents evidencing an increase or decrease in consideration which he receives;
- (viii) copies of all credit notes, debit notes or other documents evidencing an increase or decrease in consideration which he issues;
- (ix) all bank statements and deposit slips relating to his business;
- (x) his annual accounts including a profit and loss account;
- (xi) certificates relating to any relief from VAT;
- (xii) dockets for orders, dispatches and receipts.

(2) The Commissioner may, by notice published in the Gazette, determine the form of the registers referred to in paragraph (1) above and the manner of keeping the same.

(3) The Commissioner may –

- (a) with regard to a trade or business of a description specified by him, or
- (b) for the purposes of any scheme enacted by or under any regulations made under the Ordinance, supplement the list of registers required by paragraph (1) above by notice published for this purpose in the Gazette.

**The VAT account.**

23. - (1) A taxable person shall keep and maintain, in accordance with this regulation, an account to be known as his VAT account.

(2) The VAT account shall be divided into separate parts relating to the prescribed tax periods of the taxable person and each such part shall be subdivided into two portions to be known respectively as “the VAT payable portion” and “the VAT allowable portion”.

(3) The VAT payable portion for each prescribed tax period shall comprise –

- (a) a total of the output tax due from the taxable person for that period;
- (b) every correction or adjustment to the VAT payable portion which is required or allowed under regulation 24, 25 or 27; and
- (c) every adjustment to the amount of VAT payable by the taxable person for that period which is required, or allowed, by or under any other regulations made under the Ordinance.

(4) The VAT allowable portion for each prescribed tax period shall comprise –

- (a) a total of the input tax allowable to the taxable person for that period by virtue of section 21 of the Ordinance;
- (b) every correction or adjustment to the VAT allowable which is required or allowed under regulation 24, 25 or 27; and

- (c) every adjustment to the amount of input tax allowable to the taxable person for that period which is required, or allowed, by or under any other regulations made under the Ordinance.

24. - (1) Subject to paragraph (2) below, this regulation applies in respect of errors where a taxable person has made a return, or returns to the Commissioner which overstated or understated his liability to VAT or his entitlement to a payment under section 20(3) of the Ordinance (which relates to a VAT credit).

(2) Subject to paragraph (3) below, any overstatement or understatement in a tax return where -

- (a) a period of three years has elapsed since the end of the prescribed tax period to which the return relates; and
- (b) the taxable person has not corrected his VAT account in accordance with this regulation before the end of the prescribed tax period during which that period of three years has elapsed,

shall be disregarded for the purposes of this regulation; and in paragraphs (4) to (8) below, "overstatement" or "understatement", and related expressions shall be construed accordingly.

(3) Paragraph (2) above does not apply where -

- (a) the overstatement or understatement is discovered in a prescribed tax period which begins before the date that these Regulations come into force; and
- (b) the return for that prescribed tax period has not been made, and was not required to have been made, before that date.

(4) In this regulation -

- (a) "understatement" means the aggregate of -
  - (i) the amount (if any) by which credit for input tax was overstated in any return, and
  - (ii) the amount (if any) by which output tax was understated in that return;
- (b) "overstatement" means the aggregate of -
  - (i) the amount (if any) by which credit for input tax was understated in any return, and
  - (ii) the amount (if any) by which output tax was overstated in that return.

(5) Where, in relation to all such overstatements or understatements discovered by a taxable person during a prescribed tax period, the difference between -

- (a) declarations of sums less than those that he is obliged to pay, and
- (b) declarations of sums greater than those that he is obliged to pay,

does not exceed £500, the taxable person may correct his VAT account in accordance with this regulation.

Correction of certain errors.

- (6) In the VAT payable portion of a person's VAT account -
- (a) where the amount of any overstatements of output tax declared is greater than the amount of any understatements of output tax declared, a negative entry shall be made for the amount of the difference; or
  - (b) where the amount of any understatements of output tax is greater than the amount of any overstatements of output tax declared, a positive entry shall be made for the amount of the difference.
- (7) In the VAT allowable portion of a person's VAT account -
- (a) where the amount of any overstatements of credit for input tax declared is greater than the amount of any understatements of credit for input tax declared, a negative entry shall be made for the amount of the difference; or
  - (b) where the amount of any understatements of credit for input tax declared is greater than the amount of any overstatements of credit for input tax declared, a positive entry shall be made for the amount of the difference.
- (8) An entry required to be made under this regulation shall -
- (a) be made in that part of a person's VAT account which relates to the prescribed tax period in which the overstatements or understatements in any earlier returns were discovered;
  - (b) refer to the return to which it relates, and
  - (c) make reference to any documents relating to the overstatements or understatements.
- (9) Where the conditions referred to in paragraph (5) above are not met, the VAT account shall not be corrected under this regulation.

**25. Where a taxable person has made an error -**

- (a) in accounting for VAT; or
- (b) in any tax return made by him,

then, unless he can correct that error in accordance with regulation 24, he shall correct it in such manner and within such time as the Commissioner may require:

Provided that where a taxable person provides information to the Commissioner concerning an error -

- (a) during a tax inspection by him; or
- (b) which is not complete,

then the Commissioner may assess any VAT due under section 49 of the Ordinance and impose a surcharge under section 45(3)(b) of the Ordinance.

**26. A claim under section 51 of the Ordinance for the recovery of an amount not owed shall be made in writing to the Commissioner and shall, by reference to such documentary evidence as is in the possession of the claimant, state the amount of the claim and the method by which that amount was calculated.**

27. - (1) Subject to paragraph (2) below, this regulation applies where -

- (a) there is an increase in the consideration for a supply; or
- (b) there is a decrease in the consideration for a supply,

which includes an amount of VAT and the increase or decrease occurs after the end of the prescribed tax period in which the original supply took place.

(2) Subject to paragraph (3) below, this regulation does not apply where any increase or decrease in the consideration occurs more than three years after the end of the prescribed tax period in which the original supply took place.

(3) Paragraph (2) above does not apply where -

- (a) the increase or decrease takes place during a prescribed tax period which began before the date that these Regulations come into force; and
- (b) the return for the prescribed tax period in which effect is given to the increase or decrease of the consideration in the business records of the taxable person has not been made, and was not required to be made, before that date.

(4) Where this regulation applies, the taxable person shall adjust his VAT account in accordance with the provisions of this regulation.

(5) Where the taxable person is the person who has supplied the goods or services in question then -

- (a) in the case of an increase in the consideration, he shall make a positive entry; or
- (b) in the case of a decrease in the consideration, he shall make a negative entry,

for the relevant amount of VAT in the VAT payable portion of his VAT account.

(6) If the recipient of the supply in question is a taxable person, he shall -

- (a) in the case of an increase in the consideration, make a positive entry; or
- (b) in the case of a decrease in the consideration, make a negative entry,

for the relevant amount of VAT in the VAT allowable portion of his VAT account.

(7) Any entry required to be made under this regulation shall, except where paragraph (8) below applies, be made in that part of the VAT account which relates to the prescribed tax period in which the increase or decrease in the consideration is given effect to in the business accounts of the taxable person concerned.

(8) Any entry required to be made under this regulation in the VAT account of an insolvent person shall be made in that part of his VAT account which relates to the prescribed tax period in which the supply was made or received.

Increase or  
decrease in the  
consideration for a  
supply.

(9) The provisions of this regulation shall not apply to any case covered by regulation 24 or 25.

Completing tax return.

28. - (1) Where a person is required by regulations to make any return to the Commissioner, the amounts to be entered on that return shall be determined in accordance with this regulation.

(2) In the box opposite the reference to "VAT due in this period on sales and other outputs" there shall be entered the aggregate of all the entries in the VAT payable portion of that part of the VAT account which relates to the prescribed tax period in respect of which the return is made.

(3) In the box opposite the reference to "VAT reclaimed in this period on purchases and other inputs" there shall be entered the aggregate of all the entries in the VAT allowable portion of that part of the VAT account which relates to the prescribed tax period in respect of which the return is made.

(4) Where any correction has been made and a return completed in accordance with these Regulations then any such return shall be regarded as correcting any earlier returns to which regulation 24 or 25 applies.

Accounting for and paying VAT.

29. - (1) Any person making a return shall in respect of the period to which the return relates account in that return for -

- (a) all his output tax;
- (b) all VAT for which he is accountable by virtue of Part X of these Regulations,

and the amounts to be entered on that return shall be determined in accordance with these Regulations.

(2) Any person required to make a return shall pay to the Commissioner such amount of VAT as is payable by him in respect of the period to which the return relates not later than the last day on which he is required to make that return.

(3) The requirements of paragraphs (1) or (2) above shall not apply where the Commissioner allows or directs otherwise.

Payments on account of VAT.

30. Where the Commissioner issues a notice under section 23 of the Ordinance as to the manner in which payments on account are to be made, a person liable to make such payments shall also pay any amount of VAT payable in respect of a return for any prescribed tax period.

## PART V

### SUPPLIES BY RETAILERS

31. In this Part -

"notice" means any notice or leaflet published by the Commissioner pursuant to this Part;

"scheme" means a method such as is referred to in regulation 32.

Retail schemes.

32. - (1) The Commissioner may permit the value of taxable supplies by a retailer (other than supplies taxable at the zero rate) to be determined by a method agreed with that retailer or by any method described in a notice published by the Commissioner in the Gazette for that purpose.

Interpretation of Part V.

(2) The Commissioner may vary the terms of any method by –

- (a) publishing a fresh notice,
- (b) publishing a notice which amends an existing notice, or
- (c) adapting any method by agreement with any retailer.

33. The Commissioner may refuse to permit the value of taxable supplies to be determined in accordance with a scheme if it appears to him that -

- (a) the use of any particular scheme does not produce a fair and reasonable valuation during any period;
- (b) it is necessary to do so for the protection of the public revenue; or
- (c) that the retailer could reasonably be expected to account for VAT in accordance with regulations made under paragraph 1(1) of the Tenth Schedule.

34. A retailer may not at any time use more than one scheme except as provided for in any notice or as the Commissioner may otherwise allow.

35. Any retailer using any scheme shall notify the Commissioner in writing on every return made by him as to which scheme he is using.

36. Save as the Commissioner may otherwise allow, a retailer who accounts for VAT on the basis of taxable supplies valued in accordance with any scheme shall, so long as he remains a taxable person, continue to use the same scheme for a period of not less than one year from his adoption of that scheme, and any change by him from one scheme to another shall be made at the end of any complete year reckoned from the beginning of the prescribed tax period in respect of which he first adopted the scheme.

37. - (1) A retailer shall notify the Commissioner before ceasing to account for VAT on the basis of taxable supplies valued in accordance with this Part.

(2) A retailer may be required to pay VAT on such proportion as the Commissioner may consider fair and reasonable of any sums due to him at the end of the prescribed tax period in which he last used a scheme.

38. Where pursuant to any enactment there is a change in the VAT charged on any supply, including a change to or from no VAT being charged on such supply, a retailer using any scheme shall take such steps relating to that scheme as are directed in any notice applicable to him or as may be agreed between him and the Commissioner.

Commissioner may refuse use of a retail scheme.

Only one scheme may be used unless otherwise allowed.

Notification of use of a scheme on tax returns.

Changing schemes.

Ceasing to use a scheme.

Effect on scheme of change of VAT charge.

## PART VI

### TIME OF SUPPLY

39. Where services such as are referred to in paragraph 4(4) of the Second Schedule (goods of a business used or made available for use for a purpose other than that of the business) are supplied in any period, they shall be treated as being supplied on the last day of the supplier's prescribed tax period, or of each such tax period, in which the goods are so used or made available.

Time of supply of services where business goods are used otherwise than for business.

Time of supply of  
deemed supply of  
services.

Time of reverse  
charge on services  
from abroad.

Time of supply of  
water, power, heat,  
refrigeration or  
ventilation.

40. Where services such as may be specified in regulations made by the Administrator under section 8(4) of the Ordinance are deemed to be supplied for any period, they shall be treated as being supplied on the last day of the supplier's prescribed tax period, or of each such tax period, in which the services are so deemed to be supplied.

41. Services which are treated as made by a taxable person under section 11 (1) of the Ordinance shall be treated as being supplied when the supplies are paid for or, if the consideration is not in money, on the last day of the prescribed tax period in which the services are performed.

42. - (1) Subject to paragraphs (2) and (3) below, a supply of –

(a) water, or

(b) any form of power, heat, refrigeration or ventilation,

shall be treated as taking place each time that a payment in respect of the supply is received by the supplier, or a VAT invoice relating to the supply is issued by the supplier, whichever is the earlier.

(2) Subject to paragraph (3) below, where the whole or part of the consideration for a supply of water or electricity is determined or payable periodically or from time to time, goods shall be treated as separately and successively supplied at the earlier of the following times –

(a) each time that a part of the consideration is received by the supplier; or

(b) each time that the supplier issues a VAT invoice relating to the supply.

(3) Where separate and successive supplies as described in paragraph (2) above are made under an agreement which provides for successive payments, and the supplier at or about the beginning of any period not exceeding one year, issues a VAT invoice containing, in addition to the particulars specified in regulation 12, the following particulars –

(a) the dates on which payments under the agreement are to become due in the said period;

(b) the amount payable (excluding VAT) on each such date; and

(c) the rate of VAT in force at the time of issue of the VAT invoice and the amount of VAT chargeable in accordance with that rate on each of such payments,

goods shall be treated as separately and successively supplied each time that payment in respect of the supply becomes due or is received by the supplier, whichever is the earlier.

(4) Where, on or before any of the dates that a payment is due as stated on an invoice issued as described in paragraph (3) above, there is a change in the VAT chargeable on supplies of the description to which the invoice relates, that invoice shall cease to be treated as a VAT invoice in respect of any such supplies for which payments are due after the change (and not received before the change).

43. - (1) Except in relation to a supply mentioned in section 9 (2)(c) (goods held on sale or return or similar terms) of the Ordinance, where goods are supplied under an agreement whereby the supplier retains the property therein until the goods or part of them are appropriated by the buyer and in circumstances where the whole or part of the consideration is determined at that time, a supply of any of the goods shall be treated as taking place at the earliest of the following dates -

- (a) the date of appropriation by the buyer, under the agreement;
- (b) the date when a VAT invoice relating to the goods is issued by the supplier; or
- (c) the date when a payment in respect of the goods is received by the supplier.

(2) If, within 14 days after appropriation of the goods or part of them by the buyer as mentioned in paragraph (1) above, the supplier issues a VAT invoice in respect of goods appropriated by the buyer, the provisions of section 9 (5) of the Ordinance shall apply to that supply.

44. Where any contract for the supply of goods or for the supply of services provides for the retention of any part of the consideration by a person pending full and satisfactory performance of the contract, or any part of it, by the supplier, goods or services (as the case may require) shall be treated as separately and successively supplied at the following times -

- (a) the time determined in accordance with section 9(2), (3), (4), (5), (6), (7), (8), or (11) of the Ordinance as the case may be; or
- (b) the earlier of the following times -
  - (i) the time that a payment in respect of any part of the consideration which has been retained, pursuant to the terms of the contract, is received by the supplier, or
  - (ii) the time that the supplier issues a VAT invoice relating to any such part.

45. - (1) Subject to paragraph (2) below, where services are supplied for a period for a consideration the whole or part of which is determined or payable periodically or from time to time, they shall be treated as separately and successively supplied at the earlier of the following times -

- (a) each time that a payment in respect of the supplies is received by the supplier; or
- (b) each time that the supplier issues a VAT invoice relating to the supplies.

(2) Where separate and successive supplies of services as described in paragraph (1) above are made under an agreement which provides for successive payments, and the supplier at or about the beginning of any period not exceeding one year, issues a VAT invoice containing, in addition to the particulars specified in regulation 12 the following particulars -

Time of supply of  
a seller's goods  
held by the buyer.

Time of supply  
when part of the  
consideration is  
retained.

Time of supply of  
continuing  
services.

- (a) the dates on which payments under the agreement are to become due in the period;
- (b) the amount payable (excluding VAT) on each such date; and
- (c) the rate of VAT in force at the time of issue of the VAT invoice and the amount of VAT chargeable in accordance with that rate on each of such payments,

services shall be treated as separately and successively supplied each time that a payment in respect of them becomes due or is received by the supplier, whichever is the earlier.

(3) Where, on or before any of the dates that a payment is due as stated on an invoice issued as described in paragraph (2) above, there is a change in the VAT chargeable on supplies of the description to which the invoice relates, that invoice shall cease to be treated as a VAT invoice in respect of any such supplies for which payments are due after the change (and not received before the change).

46. Where the whole amount of the consideration for a supply of services was not ascertainable at the time when the services were performed and subsequently the use of the benefit of those services by a person other than the supplier gives rise to any payment of consideration for that supply which is -

- (a) in whole or in part determined or payable periodically or from time to time or at the end of any period;
- (b) additional to the amount, if any, already payable for the supply; and
- (c) not a payment to which regulation 45 applies,

a further supply shall be treated as taking place each time that a payment in respect of the use of the benefit of those services is received by the supplier or a VAT invoice is issued by the supplier, whichever is the earlier.

47. Services supplied by an advocate acting in that capacity shall be treated as taking place at whichever is the earliest of the following times -

- (a) when the fee in respect of those services is received by the advocate;
- (b) when the advocate issues a VAT invoice in respect of them; or
- (c) the day when the advocate ceases to practise as such.

48. Where services, or services together with goods, are supplied in the course of the construction, alteration, demolition, repair or maintenance of a building or of any civil engineering work under a contract which provides for payment for such supplies to be made periodically or from time to time, a supply shall be treated as taking place at the earliest of the following times -

- (a) each time that a payment in respect of the services, or services together with goods, is received by the supplier where the consideration for the contract is wholly in money; or

Time of supply of services when consideration is only ascertainable later.

Time of supply of services by advocates.

Time of supply by construction contractors.

- (b) each time that the supplier issues a VAT invoice in respect of the services, or services together with goods; or
- (c) in a case where neither paragraph (a) nor paragraph (b) above applies, the day following a period of eighteen months from the date that the services are performed.

49. Where under this Part a supply is treated as taking place each time that a payment (however expressed) is received or an invoice is issued, the supply is to be treated as taking place only to the extent covered by the payment or invoice.

50. Section 55 of the Ordinance shall apply as if the references in subsection (2) of that section to section 9 (4), (5), (6) and (8) of the Ordinance included references to regulations 39 to 48 of these Regulations.

Extent of a supply under Part VI.

Supplies extending after change of rate etc.

## PART VII

### PLACE OF SUPPLY

51. In this Part -

Interpretation of Part VII.

“ancillary transport services” means loading, unloading, handling and similar activities;

“pleasure cruise” includes a cruise wholly or partly for the purposes of education or training.

52. For the purpose of this Part, the place where a supply of goods or of services is made shall be determined in accordance with the following regulations in this Part.

Place of supply is determinable under Part VII.

53. Where a supply of services consists of -

Place of supply of services relating to land.

(a) the grant or transfer of -

- (i) any interest in or right over land,
- (ii) a licence to occupy or use land or any other contractual right exercisable over or in relation to land;

(b) any works of construction, demolition, conversion, reconstruction, alteration, enlargement, repair or maintenance of a building or civil engineering work;

(c) services such as are supplied by estate agents, auctioneers, architects, or others closely involved in matters relating to land,

it shall be treated as made where the land in connection with which the supply is made is situated.

54. Services consisting exclusively in the transport of passengers or goods shall be treated as supplied in the country in which the transport takes place, and only to the extent that it takes place in that country.

Place of supply of transport services.

55. Any -

Place of supplies incidental to transport services.

- (a) goods or services provided as part of a pleasure cruise; or
- (b) services consisting of the transport of any luggage or motor vehicle accompanied (in either case) by a passenger,

shall be treated as supplied in the same place as the transport of the passenger is treated as supplied (whether or not they would

otherwise be treated as supplied separately); and, for the purpose of this regulation, a pleasure cruise shall be treated as the transport of passengers.

Place of supply of ancillary transport services.

Place of supply of an intermediary's services.

Services supplied where they are performed.

Services supplied where the recipient is.

Hire of means of transport and telecommunication services.

Place of supply of a right to services.

56. Where a supply consists of ancillary transport services, it shall be treated as made where those services are physically performed.

57. Where a supply of services consists of the performance of services by an intermediary to arrange or facilitate the making of any supply, other than of a supply of a description within regulation 56 or 59, the intermediary's supply of services shall be treated as made in the same place as the supply which he has arranged, or whose making he has facilitated, is made.

58. Where a supply of services consists of -

- (a) cultural, artistic, sporting, scientific, educational or entertainment services;
- (b) services relating to exhibitions, conferences or meetings;
- (c) services ancillary to, including those of organising, any supply of a description within paragraphs (a) and (b) above;
- (d) the valuation of, or work carried out on, any goods,

it shall be treated as made where the services are physically performed.

59. Where a supply consists of any services of a description specified in paragraphs 1 to 9 of the Third Schedule and the recipient of that supply is in a country other than the Areas or the Republic, it shall be treated as made where the recipient is.

60. - (1) Where a supply of services consists of -

- (a) the letting on hire of any means of transport; or
- (b) services described in paragraph 8 or 9 of the Third Schedule,

and those services would be treated, apart from this regulation, as supplied in the Areas they shall not be treated as supplied in the Areas to the extent that the effective use and enjoyment of the services takes place outside the Areas or the Republic.

(2) Where a supply of services consists of -

- (a) the letting on hire of any means of transport; or
- (b) services described in paragraph 8 or 9 of the Third Schedule,

and those services would be treated apart from this regulation, as supplied in a place outside the Areas they shall be treated as supplied in the Areas to the extent that the effective use and enjoyment of the services takes place in the Areas or the Republic.

61. - (1) The place of supply of a right to any services shall be the same as the place of supply of the services to which the right relates (whether or not the right is exercised).

(2) The reference to a right to any services in paragraph (1) above shall include a reference to any right, option or priority with respect to the supply of services, and to the supply of any interest deriving from any right to services.

## PART VIII

### INPUT TAX AND PARTIAL EXEMPTION

62. - (1) In this Part -

Interpretation of  
Part VIII.

“exempt input tax” means -

- (i) input tax, or a proportion of input tax, which is attributable to exempt supplies in accordance with the method used under regulation 64, or a method approved or directed to be used under regulation 65 as the case may be, and
- (ii) input tax, or a proportion of input tax, which is attributable to supplies made outside the Areas which would be exempt supplies if made in the Areas, in accordance with the extent to which the goods or services on which VAT was charged are used or to be used in making such supplies, or in accordance with an approved method or a method directed to be used under regulation 65, as the case may be;

“prescribed tax period” means -

- (i) a prescribed tax period such as is referred to in regulation 17, or
- (ii) a special tax period, where the first prescribed tax period would otherwise be 6 months or longer, provided that this sub-paragraph shall not apply where the reference to the prescribed tax period is used solely in order to identify a particular return;

“registration period” of a taxable person means the period commencing on his effective date of registration determined in accordance with the First Schedule and ending on the day before the commencement of his first tax year;

“special tax period” of a taxable person means each of a succession of periods of the same length as the taxable person’s next tax period which shall not exceed 3 months, and -

- (i) the last such period shall end on the day before the commencement of the next prescribed tax period of the taxable person, and
- (ii) the first such period shall commence on the taxable person’s effective date of registration determined in accordance with the First Schedule and end on the day before the commencement of the second such period of the taxable person;

“tax year” of a taxable person means –

- (i) the first period of 12 calendar months commencing on the first day of April, May or June, in accordance with the prescribed tax periods allocated to him, next following his effective date of registration determined in accordance with the First Schedule, or
- (ii) any subsequent period of 12 calendar months commencing on the day following the end of his first, or any subsequent, tax year,

save that the Commissioner may approve or direct that a tax year shall be a period of other than 12 calendar months or that it shall

commence on a date other than that determined in accordance with sub-paragraph (i) or (ii) above.

(2) In this Part, any reference to goods or services shall be construed as including a reference to anything which is supplied by way of a supply of goods or a supply of services respectively.

(3) The provisions of paragraphs (4), (5), (6) and (7) below shall be used for determining the longer period applicable to taxable persons under this Part.

(4) A taxable person who incurs exempt input tax during any tax year of his shall have applied to him a longer period which shall correspond with that tax year unless he did not incur exempt input tax during his immediately preceding tax year or registration period, in which case his longer period shall -

- (a) begin on the first day of the first prescribed tax period of his in which he incurs exempt input tax, and
- (b) end on the last day of that tax year,

except where he incurs exempt input tax only in the last prescribed tax period of his tax year, in which case no longer period shall be applied to him in respect of that tax year.

(5) A taxable person who incurs exempt input tax during his registration period shall have applied to him a longer period which shall begin on the first day on which he incurs exempt input tax and end on the day before the commencement of his first tax year.

(6) In the case of a taxable person who ceases to be a taxable person during a longer period applicable to him, that longer period shall end on the day when he ceases to be a taxable person.

(7) The Commissioner may approve in the case of a taxable person who incurs exempt input tax, or a class of such persons, that a longer period shall apply which need not correspond with a tax year of the taxable person or persons concerned.

63. Nothing in this Part shall be construed as allowing a taxable person to deduct the whole or any part of VAT on the importation or acquisition by him of any goods or the supply to him of any goods or services where those goods or services are not used or to be used by him in making supplies in the course or furtherance of a business carried on by him.

64. - (1) Subject to regulation 65, the amount of input tax which a taxable person shall be entitled to deduct provisionally shall be that amount which is attributable to taxable supplies in accordance with this regulation.

(2) In respect of each prescribed tax period -

- (a) goods imported or acquired by and, goods or services supplied to, the taxable person in the period shall be identified, for the purposes of deduction of input tax in accordance with paragraph (1);

- (b) there shall be attributed to taxable supplies the whole of the input tax on such of those goods or services as are used or to be used by him exclusively in making taxable supplies;

Non-deductibility  
of VAT on goods  
or services not  
used for business.

Provisional  
attribution of input  
tax.

- (c) no part of the input tax on such of those goods or services as are used or to be used by him exclusively in making exempt supplies, or in carrying on any activity other than the making of taxable supplies, shall be attributed to taxable supplies; and
- (d) there shall be attributed to taxable supplies such proportion of the input tax on such of those goods or services as are used or to be used by him in making both taxable and exempt supplies as bears the same ratio to the total of such input tax as the value of taxable supplies made by him bears to the value of all supplies made by him in the said period.

(3) In calculating the proportion under paragraph (2)(d) above, there shall be excluded -

- (a) any sum receivable by the taxable person in respect of any supply of capital goods used by him for the purposes of his business;
- (b) any sum receivable by the taxable person in respect of any of the following descriptions of supplies made by him, where such supplies are incidental to one or more of his business activities -
  - (i) any supply which falls within the Eighth Schedule (immovable property),
  - (ii) any supply of services which falls within paragraph 3 of Table B of the Seventh Schedule (certain financial transactions);
- (c) that part of the value of any supply of goods on which output tax is not chargeable by virtue of any regulations made under section 20 (7) of the Ordinance unless the taxable person has imported or been supplied with the goods for the purpose of selling them; and
- (d) the value of any supply which, under or by virtue of any provision of the Ordinance, the taxable person makes to himself.

(4) The ratio calculated for the purposes of paragraph (2) (d) above shall be expressed as a percentage and, if that percentage is not a whole number, it shall be rounded up to the next whole number.

65. - (1) Subject to paragraph (2) below and regulation 66 the Commissioner may approve or direct the use by a taxable person of a method other than that specified in regulation 64.

Use of other methods.

(2) Notwithstanding any provision of any method approved or directed to be used under this regulation to the contrary, in calculating the proportion of any input tax on goods or services used or to be used by the taxable person in making both taxable and exempt supplies which is to be treated as attributable to taxable supplies, the value of any supply within regulation 64 (3) shall be excluded.

(3) A taxable person using a method as approved or directed to be used by the Commissioner under paragraph (1) above shall continue to use that method unless the Commissioner approves or directs the termination of its use.

(4) Any direction under paragraph (1) or (3) above shall take effect from the date upon which the Commissioner gives such direction or from such later date as he may specify.

Attribution of  
input tax in  
relation to  
overseas and other  
specified supplies.

66. - (1) Input tax of a taxable person in any prescribed tax period on goods imported by him or goods or services supplied to him which are used or to be used by him in whole or in part in making supplies outside the Areas or the Republic which would be taxable supplies if made in the Areas or the Republic, shall be attributed to taxable supplies to the extent that the goods or services are so used or to be used, expressed as a proportion of the whole use or intended use of the goods or services concerned.

(2) Where -

- (a) input tax of the description in paragraph (1) above which has been incurred by a taxable person on goods or services which are used or to be used in making both -
  - (i) a supply within subparagraph (d) or (e) of paragraph 3 of Table B of the Seventh Schedule, and,
  - (ii) any other supply; and
- (b) the supply mentioned in sub-paragraph (a) (i) above is incidental to one or more of the taxable person's business activities, that input tax shall be attributed to taxable supplies in accordance with paragraph (1) above notwithstanding any provision of any method that the taxable person is required or allowed to use under this Part of these Regulations to the contrary.

(3) For the purpose of attributing to taxable supplies any input tax of the description in paragraph (2) above, it shall be deemed to be the only input tax incurred by the taxable person in the prescribed tax period concerned.

Input tax on a  
self-supply is not  
attributable to the  
self-supply.

Treatment of  
exempt input tax  
as attributable to  
taxable supplies.

Application of  
regulation 68 in  
relation to longer  
periods.

67. Where under or by virtue of any provision of the Ordinance a person makes a supply to himself, the input tax on that supply shall not be allowable as attributable to that supply.

68. Where in any prescribed tax period of, or in any longer period applicable to a taxable person, his exempt input tax -

- (a) does not exceed £100 pounds per month on average; and
- (b) does not exceed one half of all his input tax for the period concerned, all such input tax in that period shall be treated as attributable to taxable supplies.

69. In the application of regulation 68 above, in relation to a longer period -

- (a) any attribution of exempt input tax to taxable supplies in any prescribed tax period shall be disregarded, and
- (b) no amount or amounts which may be deducted or payable under regulation 78 shall be taken into consideration.

Adjustment of  
provisional  
attribution.

70.- (1) Where a taxable person to whom a longer period is applicable has provisionally attributed an amount of input tax to taxable supplies in accordance with a particular method, and where all his exempt input tax in that longer period cannot be treated as

attributable to taxable supplies under regulation 68 or 69, and save as the Commissioner may otherwise allow, the taxable person shall -

- (a) determine for the longer period applicable to him the amount of input tax which is attributable to taxable supplies according to the method used in his prescribed tax periods;
- (b) ascertain whether there has been declared, overall, an over-deduction or an under-deduction of input tax, having regard to the above-mentioned determination and to the total of the amounts of input tax, if any, which were deducted in the returns for the prescribed tax periods; and
- (c) include any such amount of over-deduction or under-deduction declared in his return for the first prescribed tax period next following the longer period, except where the Commissioner allows another return to be used for this purpose.

(2) Where a taxable person to whom a longer period is applicable has provisionally attributed an amount of input tax to taxable supplies in accordance with a particular method, and where all his exempt input tax in that longer period can be treated as attributable to taxable supplies under regulation 68 or 69 he shall -

- (a) calculate the difference (if any) between the total amount of his input tax for that longer period and the total of the amounts of input tax deducted in his returns for his prescribed tax periods; and
- (b) include any previously declared under-deduction in his return for his first prescribed tax period next following the longer period applicable to him, except where the Commissioner allows another return to be used for this purpose.

71. - (1) This regulation applies where a taxable person has deducted an amount of input tax which he has attributed to taxable supplies because he intended to use the goods or services in making -

- (a) taxable supplies, or
- (b) both taxable and exempt supplies,

and during a period of 6 years commencing on the first day of his prescribed tax period in which the attribution was determined and before that intention is fulfilled, he uses or forms an intention to use the goods or services concerned in making exempt supplies or, in the case of an attribution within sub-paragraph (a) above, in making both taxable and exempt supplies.

Change of  
intention regarding  
goods or services  
intended for  
taxable use.

(2) Subject to regulation 73 and save as the Commissioner may otherwise allow, where this regulation applies the taxable person shall on the return for his prescribed tax period in which the use occurs or the intention is formed, as the case may be, account for an amount equal to the input tax which has ceased to be attributable to taxable supplies in accordance with the method which he was required to use when the input tax was first attributed and he shall repay the said amount to the Commissioner.

(3) For the purposes of this regulation any question as to the nature of any supply shall be determined in accordance with the

Change of intention regarding goods or services intended for exempt use.

provisions of the Ordinance and any regulations or orders made thereunder in force at the time when the input tax was first attributed.

72. - (1) This regulation applies where a taxable person has incurred an amount of input tax which has not been attributed to taxable supplies because he intended to use the goods or services in making either -

- (a) exempt supplies, or
- (b) both taxable and exempt supplies,

and during a period of 6 years commencing on the first day of his prescribed tax period in which the attribution was determined and before that intention is fulfilled, he uses or forms an intention to use the goods or services concerned in making taxable supplies or, in the case of an attribution within sub-paragraph (a) above, in making both taxable and exempt supplies.

(2) Subject to regulation 73 and where this regulation applies, the Commissioner shall, on receipt of an application made by the taxable person in such form and manner as the Commissioner may direct, pay to the taxable person an amount equal to the input tax which would have been attributable to taxable supplies in accordance with the method which the taxable person was required to use when the input tax was first attributed.

(3) For the purposes of this regulation any question as to the nature of any supply shall be determined in accordance with the provisions of the Ordinance and any regulations or orders made thereunder in force at the time when the input tax was first attributed.

73. - (1) In this regulation and regulations 71 and 72 -

- (a) "exempt supplies" includes supplies made outside the Areas or the Republic which would be exempt supplies if made in the Areas or the Republic other than supplies within subparagraph (b) below; and
- (b) "taxable supplies" includes the supplies referred to in regulation 66.

(2) Subject to regulation 66 where -

- (a) regulation 71 or 72 applies;
- (b) the use to which the goods or services concerned are put or to which they are intended to be put includes the making of any supplies outside the Areas or the Republic; and
- (c) at the time when the taxable person was first required to attribute the input tax he was not required to use a method approved or directed under regulation 65 or that method did not provide expressly for the attribution of input tax attributable to supplies made outside the Areas or the Republic, the amount for which the taxable person shall be liable to account under regulation 71 or the amount which he is entitled to be paid under regulation 72, as the case may be, shall be calculated by reference to the extent to which the goods or services concerned are used or intended to be used in making taxable supplies, expressed as a proportion of the whole use or intended use.

Extent of use of goods or services in making taxable supplies.

74. - (1) Subject to paragraphs (2) and (8) below, on a claim made in accordance with paragraph (5) below, the Commissioner may authorise a taxable person to treat as if it were input tax -

Pre-registration  
VAT treated as  
input tax.

- (a) VAT on the supply of goods or services to the taxable person before the date with effect from which he was, or was required to be, registered, or paid by him on the importation of goods before that date, for the purpose of a business which either was carried on or was to be carried on by him at the time of such supply or payment; and
- (b) in the case of a body corporate, VAT on goods obtained for it before its incorporation, or on the supply of goods or services before that time for its benefit or in connection with its incorporation, provided that the person to whom the supply was made or who paid VAT on the importation -
  - (i) became a member, officer or employee of the body corporate and was reimbursed, or has received an undertaking to be reimbursed, by the body for the whole amount of the price paid for the goods or services,
  - (ii) was not at the time of the importation or supply a taxable person, and
  - (iii) imported or was supplied with the goods, or received the services, for the purpose of a business to be carried on by the body corporate and has not used them for any purpose other than such a business.

(2) No VAT may be treated as if it were input tax under paragraph (1) above -

- (a) in respect of -
  - (i) goods or services which had been supplied, or
  - (ii) save as the Commissioner may otherwise allow, goods which had been consumed, by the relevant person before the date with effect from which the taxable person was, or was required to be, registered;
- (b) subject to paragraph (3) below, in respect of goods which had been supplied to, or imported by the relevant person 3 or more years before the date with effect from which the taxable person was, or was required to be, registered;
- (c) in respect of services performed upon goods to which subparagraph (a) or (b) above applies; or
- (d) in respect of services which had been supplied to the relevant person 6 or more months before the date with effect from which the taxable person was, or was required to be, registered.

(3) Paragraph (2) (b) above does not apply where -

- (a) the taxable person was registered before the date that these Regulations come into force; and
- (b) he did not make any returns before that date.

(4) In paragraph (2) above references to the relevant person are references to -

(a) the taxable person; or

(b) in a case to which paragraph (1)(b) above applies, the person to whom the supply had been made, or who had imported the goods, as the case may be.

(5) Subject to paragraphs (6) and (7) below, a claim under paragraph (1) above shall, save as the Commissioner may otherwise allow, be made on the first return the taxable person is required to make and, as the Commissioner may require, be supported by invoices and other evidence.

(6) Where a taxable person was registered before the date that these Regulations come into force and has not made any returns before that date, paragraph (5) above shall have effect as if for the words "the first return the taxable person is required to make" there were substituted the words "the first return the taxable person makes".

(7) The Commissioner shall not allow any claim under paragraph (5) above in terms such that the VAT concerned be treated as if it were input tax, if the VAT was incurred more than 3 years before the date by which any return that the claimant is required to make is required to be made.

(8) A taxable person making a claim under paragraph (1) above shall compile and preserve for such period as the Commissioner may require -

(a) in respect of goods, a stock account showing separately quantities purchased, quantities used in the making of other goods, date of purchase and date and manner of subsequent disposals of both such quantities of goods; and

(b) in respect of services, a list showing their description, date of purchase and date of disposal, if any.

(9) Subject to paragraph (10) below, if a person who has been, but is no longer, a taxable person makes a claim in such manner and supported by such evidence as the Commissioner may require, the Commissioner may pay to the person concerned the amount of any VAT on the supply of services to that person after the date with effect from which he ceased to be, or to be required to be, registered and which was attributable to any taxable supply made by him in the course or furtherance of any business carried on by him when he was, or was required to be, registered.

(10) Subject to paragraph (11) below, no claim under paragraph (9) above may be made more than 3 years after the date on which the supply of services was made.

(11) Paragraph (10) above does not apply where -

(a) the person ceased to be, or ceased to be required to be registered before the date that these Regulations come into force; and

(b) the supply was made before that date.

## PART IX

### **ADJUSTMENTS TO THE DEDUCTION OF INPUT TAX ON CAPITAL ITEMS**

75. - (1) Any expression used in this Part to which a meaning is given in Part VIII shall, unless the contrary intention appears, have the same meaning in this Part as it has in that Part.

Interpretation of  
Part IX.

(2) Any reference, in this Part to a capital item shall be construed as a reference to a capital item to which this Part applies by virtue of regulation 76, being an item which a person (hereinafter referred to as "the owner") uses in the course or furtherance of a business carried on by him, and for the purpose of that business, otherwise than solely for the purpose of selling the item.

76. The capital items to which this part applies are a computer or part of computer equipment of a value of not less than twenty thousand pounds supplied to or imported by the owner.

Capital items to  
which Part IX  
applies.

77. - (1) The proportion (if any) of the total input tax on a capital item which may be deducted under Part VIII shall be subject to adjustments in accordance with the provisions of this Part.

Period of  
adjustment.

(2) Adjustments shall be made over a period determined in accordance with the following paragraphs of this regulation.

(3) The period of adjustment relating to a capital item of a description falling within regulation 76 shall consist of 5 successive intervals, determined in accordance with paragraphs (4) to (8) below.

(4) Subject to paragraphs (6), (7) and (8) below, the first interval applicable to a capital item shall be determined as follows -

- (a) where the owner is a registered person when he imports or is supplied with the capital item, the first interval shall commence on the day of the importation or supply and shall end on the day before the commencement of his tax year following that day;
- (b) where the owner is a registered person when he appropriates to use an item as a capital item, the first interval shall commence on the day he first so uses it and shall end on the day before the commencement of his tax year following that day;
- (c) where the owner is not a registered person when he first uses an item as a capital item, and subsequently -
  - (i) becomes a registered person, the first interval shall correspond with his registration period, or
  - (ii) is included among corporate bodies treated as members of a group under section 32 of the Ordinance, the first interval shall correspond with, or be that part still remaining of, the then current tax year of that group.

(5) Subject to paragraphs (6), (7) and (8) below, each subsequent interval applicable to a capital item shall correspond with a longer period applicable to the owner, or if no longer period applies to him, his tax year.

(6) The first time during the period of adjustment applicable to a capital item where the owner of such item –

- (a) while a registered person subsequently becomes a member of a group under section 32 of the Ordinance; or
- (b) ceases to be a member of such group under section 32 of the Ordinance (whether or not he subsequently becomes a member of another group); or
- (c) transfers the item in the course of the transfer of his business or a part of his business as a going concern (wherefore the item is not regarded as being supplied),

the interval then applicable to the capital item shall end on the day before the inclusion of the owner in the group or on the day that the owner ceases to be a member of the group or transfers his business or part of his business (as the case may be), and the subsequent interval (if any) applicable to the capital item shall end on the corresponding day of the following year.

(7) Where the extent of the use of a capital item in the making of taxable supplies does not change, the length of time which, apart from this paragraph, would have constituted the first and second intervals applicable to the capital item, shall, if it does not exceed 12 months, constitute the first interval applicable to it.

(8) Where the owner of a capital item transfers it during the period of adjustment applicable to it, in the course of the transfer of his business or of part of his business as a going concern, the interval then applying to the capital item shall end on the day of the transfer, and each subsequent interval (if any) applicable to the capital item shall end on the last day of a longer period applying to the new owner or, if no longer period applies, shall end on the day before the commencement of a tax year of the new owner.

78. - (1) Where in a subsequent interval applicable to a capital item, the extent to which it is used in making taxable supplies increases in comparison to the extent to which it was so used or would have been so used at the time when the original right to deduction of input tax was determined the, the owner may deduct an amount for such subsequent interval calculated as follow -

the total input tax on the capital item x the adjustment percentage.

5

(2) Where in a subsequent interval applicable to a capital item, the extent to which it is used in making taxable supplies decreases in comparison to the extent to which it was so used in the first interval applicable to it, the owner shall pay to the Commissioner for that subsequent interval an amount calculated in the manner described in paragraph (1) above.

(3) Where the whole of the owner's interest in a capital item is supplied by him, or the owner is deemed to supply a capital item pursuant to paragraph 6(1) of the Second Schedule to the Ordinance during an interval other than the last interval applicable to the capital item, then if the supply (or deemed supply) of the capital item is -

- (a) a taxable supply, the owner shall be treated as using the capital item for each of the remaining complete intervals applicable to it wholly in making taxable supplies; or

- (b) an exempt supply, the owner shall be treated as not using the capital item for any of the remaining complete intervals applicable to it in making any taxable supplies,

and the owner shall calculate for each of the remaining complete intervals applicable to it, in accordance with paragraph (1) or (2) sub-paragraph above, as the case may require, such amount as he may deduct or such amount as he shall be liable to pay to the Commissioner, provided that the aggregate of the amounts that he may deduct in relation to a capital item pursuant to this paragraph shall not exceed the output tax chargeable by him on the supply of that capital item.

(4) This paragraph applies where the aggregate of the VAT which has been deducted or may be deducted by the owner of the capital item as a result of the original deduction, any adjustments which have been made under paragraph (1) or (2) above, and the adjustment which, apart for this paragraph, should have been made under paragraph (3) above, exceeds the output tax charged by him on the supply of the capital item.

(5) Unless the Commissioner otherwise allows, where paragraph (4) above applies, the owner may deduct or, as the case may require, shall pay to the Commissioner an amount of VAT reduced to an amount equal to the amount of VAT which he himself must charge on his supply of the capital item.

(6) If a capital item is irretrievably lost or stolen or is totally destroyed, during the period of adjustment applicable to it, no further adjustment shall be made in respect of any remaining complete intervals applicable to it.

(7) For the purposes of this regulation -

“the adjustment percentage” means the difference (if any) between the extent, expressed as percentage, to which the capital item is or will be used in making taxable supplies at the time when the original right to deduction for input tax has been determined, and the extent to which it is so used or is treated under paragraph (3) above as being so used in the subsequent interval in question;

“the original right to deduction” means the right to deduction as specified in Part VIII;

“the total input tax on the capital item” means, in relation to a capital item falling within regulation 76, the VAT charged on the supply to, or on the importation by, the owner of the capital item, and shall include, in relation to any capital item, any VAT treated as input tax under regulation 74 which relates to the capital item;

and for the purposes of this paragraph references to the owner shall be construed as references to the person who incurred the total input tax on the capital item.

(8) Subject to paragraph (9) below, a taxable person claiming any amount pursuant to paragraph (1) above, or liable to pay any amount pursuant to paragraph (2) above, shall include such amount in a return for the second prescribed tax period next following the interval to which that amount relates, provided that where an interval comes to an end under regulation 77(6) -

- (a) because the owner of the capital item has ceased to be a member of a group under section 32 of the Ordinance, any amount claimable from the Commissioner or payable to him (as the case may be) in respect of that interval shall be included in a return for that group for the second prescribed tax period after the end of the tax year of the group in which the interval in question falls; or
- (b) because the owner has transferred part of his business as a going concern, and he remains a registered person after the transfer, any amount claimable from the Commissioner or payable to him (as the case may be) in respect of that interval shall be included in a return by him for the second prescribed tax period after the end of his tax year in which the interval in question fell,

except where the Commissioner allows another return to be used for this purpose.

(9) The Commissioner shall not allow a taxable person to use a return other than that specified in paragraph (8) above or sub-paragraph (a) or (b) of that paragraph, as the case may require (in each case, "the specified return"), unless it is the return for a prescribed tax period commencing within 3 years of the end of the prescribed tax period to which the specified prescribed tax period relates.

**79. - (1)** Subject to regulation 78(3) and (5) and to paragraphs (2) and (3) below, for the purposes of this Part, an attribution of the total input tax on a capital item shall be determined for each subsequent interval applicable to it in accordance with the method used under Part VIII for that interval and the proportion of the input tax thereby determined to be attributable to taxable supplies shall be treated as being the extent to which the capital item is used in making taxable supplies in that subsequent interval.

**(2)** Subject to paragraph (3) below, the attribution of the aggregate input tax for the subsequent intervals applicable to a capital item to which regulation 78(4) above applies, shall be determined in accordance with such method as is agreed with the Commissioner.

**(3)** In any particular case the Commissioner may allow another method, or give directions as to the manner in which the extent to which the capital item is used for making taxable transactions in any subsequent interval is to be determined.

## PART X

### IMPORTATIONS AND EXPORTATIONS

Interpretation of  
Part X.

**80. - (1)** For the purposes of regulation 86 "container" means an article of transport equipment (box, moveable tank or other similar structure) -

- (a) fully or partially enclosed so as to constitute a compartment intended for containing goods;
- (b) of a permanent character and accordingly strong enough to be suitable for repeated use;
- (c) specially designed to facilitate the carriage of goods, by one or more modes of transport, without intermediate reloading;

- (d) designed for ready handling, particularly when being transferred from one means of transport to another;
- (e) designed to be easy to fill and to empty; and
- (f) having an internal volume of one cubic metre or more,

and the term "container" shall include the accessories and equipment of the container, appropriate for the type concerned, provided that such accessories and equipment are carried with the container, but shall not include vehicles, accessories or spare parts of vehicles, or packaging.

(2) In regulation 84 "export house" means any registered person who in the course of his business arranges or finances the export of goods from the Areas to a place outside the Island of Cyprus.

(3) For the purposes of regulation 86 "overseas authority" means any country other than the Areas or the Republic or any part of or place in such a country or the government of any such country, part or place.

(4) In this Part "overseas visitor" means a person who, during the 2 years immediately preceding the date of a supply such as is described in regulation 87 or 88 has not been in the Island of Cyprus for more than 365 days.

81. The following sections of the Customs and Excise Ordinance shall be excepted from the enactments which are to apply as mentioned in section 13(1) of the Ordinance -

- (a) section 30(5) (provisions as to duty on re-imported goods,);
- (b) section 159 (valuation of goods for the purpose of ad valorem duties);
- (c) section 160 (charge of excise duty on manufactured or composite imported articles);
- (d) section 161 (determination of disputes as to duties on imported goods);
- (e) section 36 (relief on imported legacies);
- (f) section 37 (relief on trade samples, labels etc);
- (g) section 38 (relief on antiques, prizes etc).

82. - (1) Subject to such conditions as the Commissioner may impose, the VAT chargeable on the importation of goods from a place outside the Areas or the Republic which have been previously exported from the Areas or the Republic shall not be payable if the Commissioner is satisfied that -

- (a) the importer is not a taxable person or, if he is, the goods are imported otherwise than in the course or furtherance of his business;
- (b) the goods were last exported from the Areas or the Republic by him or on his behalf;
- (c) the goods -
  - (i) were supplied, or imported into the Areas or the Republic before their export, and any VAT or other

Enactments  
excepted.

Ordinances 12/69,  
9/71, 2/75, 4/77,  
8/77, 20/87, 19/89,  
9/91 and 19/99.

Reimportation of  
certain goods.

tax due on that supply, or importation was paid and neither has been, nor will be, refunded, or

- (ii) are imported by the person who made them;
- (d) the goods were not exported free of VAT by reason of the zero-rating provisions of subsection (6) or (8) of section 25 of the Ordinance or regulations made thereunder;
- (e) the goods have not been subject to process or repair abroad other than necessary running repairs which did not result in any increase in the value of the goods; and
- (f) the goods -
  - (i) were at the time of exportation intended to be reimported, or
  - (ii) have been returned for repair or replacement, or after rejection by a customer outside the Areas or the Republic, or because it was not possible to deliver them to such customer, or
  - (iii) were prior to the time of exportation in private use and possession in the Areas or the Republic.

(2) Subject to such conditions as the Commissioner may impose, the VAT chargeable on the importation of goods from a place outside the Areas or the Republic which have been previously exported from the Areas or the Republic shall not be payable if the Commissioner is satisfied that -

- (a) the importer is a taxable person importing the goods in the course or furtherance of his business;
- (b) the goods were last exported from the Areas or the Republic by him or on his behalf;
- (c) the goods have not been subject to process or repair abroad other than necessary running repairs which did not result in any increase in the value of the goods;
- (d) the goods -
  - (i) were owned by him at the time of exportation and have remained his property, or
  - (ii) were owned by him at the time of exportation and have been returned after rejection by a customer outside the Areas or the Republic or because it was not possible to deliver them to such a customer;
- (e) if the goods were supplied in or imported into the Areas or the Republic before their export, any VAT or other tax chargeable on that supply, or importation was accounted for or paid and neither has been, nor will be, refunded.

83. Subject to such conditions as the Commissioner may impose, VAT chargeable on the importation of goods from a place outside the Areas or the Republic which had been temporarily exported from the Areas or the Republic and are reimported after having undergone repair, process or adaptation abroad or after having been improved or reworked abroad, shall be payable as if such treatment or process had been carried out in the Areas or the Republic if the Commissioner is satisfied that -

- (a) at the time of their exportation the goods were intended to be reimported after completion of the treatment or process abroad; and
- (b) the ownership in the goods was not transferred to any other person at the time of their exportation or during the time that they were abroad.

84. Where goods are supplied to an export house but are not at any time delivered to the export house in the Areas or the Republic and -

- (a) the goods are delivered by the supplier direct to a port, or airport for immediate shipment or to an export packer for delivery direct to a port, or airport for immediate shipment to the order of the export house; and

- (b) the goods are exported to a place abroad,

the supply, subject to such conditions as the Commissioner may impose, shall be zero-rated.

85. Where the Commissioner is satisfied that a container is to be exported, its supply, subject to such conditions as he may impose, shall be zero-rated.

Supplies to export houses.

Export of containers.

Supplies to persons overseas.

86. - (1) Where the Commissioner is satisfied that -

- (a) goods intended for export have been supplied, otherwise than to a taxable person, to -
  - (i) a person not resident in the Areas or the Republic,
  - (ii) a trader who has no business establishment in the Areas or the Republic from which taxable supplies are made, or
  - (iii) an overseas authority; and

- (b) the goods were exported,

the supply, subject to such conditions as the Commissioner may impose, shall be zero-rated.

(2) This regulation shall not apply in the case of a supply to any person who is a member of the crew of any ship or aircraft departing from the Areas or the Republic.

Supplies to persons departing from the Areas or the Republic.

87. Where the Commissioner is satisfied that -

- (a) goods have been supplied to, and delivered direct to, a ship or aircraft on behalf of -
  - (i) a member, being an overseas visitor, of the crew of any ship or aircraft departing from the Areas or the Republic to an immediate destination abroad, or
  - (ii) a person who is not an overseas visitor, who has been resident in the Areas or the Republic for at least 365 days in the 2 years immediately preceding the date of the supply of the said goods and who, at the time of the said supply, intends to depart from the Areas or the Republic for an immediate destination abroad and remain abroad for a period of at least 12 months; and

- (b) save as the Commissioner may otherwise allow, the goods were produced to the proper officer on exportation; and
- (c) the goods were exported in that ship or aircraft or in such other ship or aircraft as the Commissioner may allow,

the supply, subject to such conditions as the Commissioner may impose, shall be zero-rated.

**Supplies to overseas visitors.**

**88. - (1)** Where the Commissioner is satisfied that -

- (a) goods have been supplied to a person who is an overseas visitor and who, at the time of the supply, intended to depart from the Areas or the Republic before the end of the third month following that in which the supply is effected and that the goods should accompany him;
- (b) save as the Commissioner may otherwise allow, the goods were produced to the proper officer on exportation; and
- (c) the goods were exported,

the supply, subject to such conditions as the Commissioner may impose, shall be zero-rated.

(2) This regulation shall not apply in the case of a supply to any person who is a member of the crew of any ship or aircraft departing from the Areas or the Republic.

## **PART XI**

### **BAD DEBT RELIEF**

**Interpretation of Part XI.**

**89. In this Part -**

“claim” means a claim in accordance with regulations 91 and 92 for a refund of VAT to which a person is entitled by virtue of section 27 of the Ordinance and “claimant” shall be construed accordingly;

“payment” means any payment or part-payment which is made by any person to the claimant by way of consideration for a supply regardless of whether such payment extinguishes the purchaser’s debt to the claimant or not;

“purchaser” means a person to whom the claimant made a relevant supply;

“refunds for bad debts account” has the meaning given in regulation 94;

“relevant supply” means any taxable supply upon which a claim is based;

“security” means any mortgage, right to a lien or other security.

**90. - (1)** Subject to paragraph (3) below, a claim shall be made within the period of 4 years following the later of -

- (a) the date on which the consideration (or part of it) which has been written off as a bad debt becomes due and payable to the order of the person who made the relevant supply; and
  - (b) the date of the supply.
- (2) A person who is entitled to a refund by virtue of section 27

**Time within which a claim must be made under Part XI.**

of the Ordinance, but has not made a claim within the period specified in paragraph (1) shall be regarded for the purposes of this Part as having ceased to be entitled to a refund accordingly.

(3) This regulation does not apply insofar as the date mentioned in sub-paragraph (a) or (b) of paragraph (1) above, whichever is the later, falls before the date that these Regulations come into force;

91. - (1) Save as the Commissioner may otherwise allow or direct, the claimant shall make a claim to the Commissioner by including the correct amount of the refund in the box opposite the description "VAT reclaimed in this period on purchases and other inputs" on his return for the prescribed tax period in which he becomes entitled to make the claim or, subject to regulation 90, any later return.

(2) If at a time the claimant becomes entitled to a refund he is no longer required to make returns to the Commissioner he shall make a claim to the Commissioner in such form and manner as the Commissioner may direct.

92. Where the purchaser is a taxable person the claimant shall within 7 days from the day he makes a claim give to the purchaser a notice in writing containing the following information -

- (a) the date of issue of the notice;
- (b) the date of the claim;
- (c) the date and number of any VAT invoice issued in relation to each relevant supply;
- (d) the amount of the consideration for each relevant supply which the claimant has written off as a bad debt;
- (e) the amount of the claim.

93. Save as the Commissioner may otherwise allow, the claimant, before he makes a claim, shall hold in respect of each relevant supply -

- (a) either -
  - (i) a copy of any VAT invoice which was provided in accordance with Part III, or
  - (ii) where there was no obligation to provide a VAT invoice, a document which shows the time, nature and purchaser of the relevant goods and services, and the consideration therefor;
- (b) records or any other documents showing that the claimant has accounted for and paid the VAT thereon; and
- (c) records or any other documents showing that the consideration has been written off in his accounts as a bad debt.

94. - (1) Any person who makes a claim to the Commissioner shall keep a record of that claim.

(2) Save as the Commissioner may otherwise allow, the record referred to in paragraph (1) above shall consist of the following information in respect of each claim made -

- (a) in respect of each relevant supply for that claim -

Making a claim under Part XI.

Notice to purchaser.

Evidence in support of a claim under Part XI.

Records required to be kept.

- (i) the amount of VAT chargeable,
- (ii) the prescribed tax period in which the VAT chargeable was accounted for and paid to the Commissioner,
- (iii) the date and number of any invoice issued in relation thereto or, where there is no such invoice, such information as is necessary to identify the time, nature and purchaser thereof, and
- (iv) any payment received therefor;
- (b) the outstanding amount to which the claim relates;
- (c) the amount of the claim;
- (d) the prescribed tax period in which the claim was made; and
- (e) a copy of the notice required to be given in accordance with regulation 92.

(3) Any records made in pursuance of this regulation shall be kept in a single account to be known as the "refunds for bad debts account".

Preservation of  
records and duty to  
produce them.

95. - (1) Save as the Commissioner may otherwise allow, a claimant shall preserve the documents, invoices and records which he holds in accordance with regulations 93 and 94 for a period of 4 years from the date of the making of any claim.

(2) Upon demand made by an authorised person the claimant shall produce or cause to be produced any such documents, invoices and records for inspection by the authorised person and permit him to remove them at a reasonable time and for a reasonable period.

Attribution of a  
payment.

96. - (1) Where -

- (a) the claimant made more than one supply (whether taxable or otherwise) to the purchaser; and
- (b) a payment is received in relation to those supplies,

the payment shall be attributed to each supply in accordance with the rules set out in paragraphs (2) and (3) below.

(2) The payment shall be attributed to the supply which is the earliest in time and, if not wholly attributed to that supply, thereafter to supplies in the order of the dates on which they were made, except that attribution under this paragraph shall not be made to any supply if the payment was allocated to that supply by the purchaser at the time of payment and the consideration for that supply was paid in full.

(3) Where -

- (a) the earliest supply and other supplies to which the whole of the payment could be attributed under this regulation occur on one day; or
- (b) the supplies to which the balance of the payment could be attributed under this regulation occur on one day,

the payment shall be attributed to those supplies by multiplying, for each such supply, the payment received by a fraction of which the numerator is the outstanding consideration for that supply and the denominator is the total outstanding consideration for those supplies.

## 97. - (1) Where a claimant -

Repayment of a refund.

- (a) has received a refund upon a claim; and
- (b) either -
  - (i) a payment for the relevant supply is subsequently received, or
  - (ii) such payment is, by virtue of regulation 96 treated as attributed to the relevant supply,

he shall repay to the Commissioner such an amount as equals the amount of the refund, or the balance thereof, multiplied by a fraction of which the numerator is the amount so received or attributed, and the denominator is the amount of the outstanding consideration.

(2) The claimant shall repay to the Commissioner the amount referred to in paragraph (1) above by including that amount in the box opposite the description "VAT due in this period on sales and other outputs" on his return for the prescribed tax period in which the payment is received.

(3) Save as the Commissioner may otherwise allow, where the claimant fails to comply with the requirements of any of regulations 93, 94, 95 and 96 he shall repay to the Commissioner the amount of the refund obtained on a claim to which the failure to comply relates; and he shall repay the amount by including that amount in the box opposite the description "VAT due in this period on sales and other outputs" on his return for the prescribed tax period which the Commissioner shall designate for that purpose.

(4) If at the time the claimant is required to repay any amount, he is no longer required to make returns to the Commissioner, he shall repay such amount to the Commissioner at such time and in such form and manner as the Commissioner may direct.

98. - (1) This regulation shall apply for the purpose of ascertaining whether, and to what extent, any consideration is to be taken to have been written off as a bad debt.

Writing off of debts.

(2) Neither the whole nor any part of the consideration for a supply shall be taken to have been written off in accounts as a bad debt until a period of not less than twelve months has elapsed from the time when such whole or part first became due and payable to or to the order of the person who made the relevant supply.

(3) Subject to paragraph (2) above the whole or any part of the consideration for a relevant supply shall be taken to have been written off as a bad debt when an entry is made in relation to that supply in the refunds for bad debt account in accordance with regulation 94.

(4) Where the claimant owes an amount of money to the purchaser which can be set off, the consideration written off in the accounts shall be reduced by the amount so owed.

(5) Where the claimant holds in relation to the purchaser an enforceable security, the consideration written off in the accounts of the claimant shall be reduced by the value of that security.

99. - (1) This regulation applies where, by virtue of the claimant's having exercised an option under an order made under

Writing off of debts-margin schemes.

section 40 of the Ordinance, the VAT chargeable on the relevant supply is charged by reference to the profit margin.

(2) Where this regulation applies, the consideration for the relevant supply which is to be taken to have been written off as a bad debt shall not exceed the relevant amount.

(3) For the purposes of paragraph (2) above the relevant amount is -

(a) where -

- (i) no payment has been received in relation to the relevant supply, or
- (ii) the total of such payments as have been received does not exceed the non-profit element,

the profit margin; or

(b) where the total of such payments as have been received exceeds the non-profit element, the amount (if any) by which the consideration for the relevant supply exceeds the total of the payments.

(4) In paragraph (3) above -

“non-profit element” means the consideration for the relevant supply less the profit margin.

100. - (1) This regulation applies where, by virtue of regulations made under section 41 of the Ordinance, the value of the relevant supply falls to be determined otherwise than in accordance with section 14 of the Ordinance.

(2) Where this regulation applies, the consideration for the relevant supply which is to be taken to have been written off as a bad debt shall not exceed the relevant amount.

(3) For the purposes of paragraph (2) above the relevant amount is -

(a) where -

- (i) no payment has been received in relation to the relevant supply,
- (ii) the total of any such payments as have been received does not exceed the non-profit element,

the profit element; or

(b) where the total of such payments as have been received exceeds the non-profit element, the amount (if any) by which the consideration for the relevant supply exceeds the total of the payments.

(4) In this regulation -

“non-profit element” means the consideration for the relevant supply less the profit element;

“profit element” means the sum of -

(a) the value of the relevant supply; and

(b) the VAT chargeable on the relevant supply.

## PART XII

### **REPAYMENT OF INPUT TAX WHERE CLAIM MADE UNDER PART XI**

101. Any expression used in this Part to which a meaning is given in Part XI shall, unless the contrary intention appears, have the same meaning in this Part as it has in that Part.

Interpretation of  
Part XII.

102. - (1) Where -

- (a) a claim has been made; and
- (b) the purchaser has claimed deduction of the whole or part of the VAT on the relevant supply as input tax ("the deduction"),

Repayment of  
input tax by  
purchaser.

the purchaser shall make an entry in his VAT account in accordance with paragraphs (2) and (3) below.

(2) The purchaser shall make a negative entry in the VAT allowable portion of that part of his VAT account which relates to the prescribed tax period of his in which the claim has been made.

(3) The amount of the negative entry referred to in paragraph (2) above shall be such amount as is found by multiplying the amount of the deduction by a fraction of which the numerator is the amount of the claim and the denominator is the total VAT chargeable on the relevant supply.

(4) None of the cases to which this regulation applies is to be regarded as giving rise to any application of regulations 24 and 25.

103. - (1) Where -

- (a) the purchaser has made an entry in his VAT account in accordance with regulation 102 ("the input tax repayment");
- (b) he has made the return for the prescribed tax period concerned, and has paid any VAT payable by him in respect of that period; and
- (c) the claimant has made a repayment in accordance with regulation 97 in relation to the claim concerned,

Restoration of an  
entitlement to  
credit for input  
tax.

the purchaser shall make an entry in his VAT account in accordance with paragraphs (2) and (3) below.

(2) The purchaser shall make a positive entry in the VAT allowable portion of that part of his VAT account which relates to the prescribed tax period of his in which the repayment has been made.

(3) The amount of the positive entry referred to in paragraph (2) above shall be such amount as is found by multiplying the amount of the input tax repayment by a fraction of which the numerator is the amount repaid by the claimant and the denominator is the total amount of the claim.

(4) None of the cases to which this regulation applies is to be regarded as giving rise to any application of regulations 24 and 25.

## PART XIII

### **REPAYMENTS TO EUROPEAN UNION TRADERS**

104. - (1) In this Part -

Interpretation of  
Part XIII.

“calendar year” means the period of 12 months beginning with the first day of January in any year;

“claimant” means a person making a claim under this Part or a person on whose behalf such a claim is made;

“member State” means a State which is a member of the European Union;

“official authority” means the authority in a member State designated to issue a certificate such as is referred to in regulation 109(1)(b)(i).

(2) For the purposes of this Part, a person is treated as being established in a country if -

- (a) he has there an establishment from which supplies are made; or
- (b) he has no such establishment (there or elsewhere) but his usual place of residence is there.

(3) For the purposes of this Part -

- (a) a person carrying on business through a branch or agency in any country is treated as having there an establishment from which supplies are made; and
- (b) “usual place of residence” in relation to a body corporate, means the place where it is legally constituted.

105. Subject to the other provisions of this Part a person to whom this Part applies shall be entitled to be repaid VAT charged on goods imported by him in respect of which no other relief is available or on supplies made to him in the Areas if that VAT would be input tax of his were he a taxable person in the Areas.

106. This Part applies to a person carrying on business in a member State but does not apply to such a person in any period referred to in regulation 110 if during that period -

- (a) he was established in the Areas; or
- (b) he made supplies in the Areas or the Republic of goods or services other than -
  - (i) transport of freight outside the Areas or to or from a place outside the Areas or services ancillary thereto, and
  - (ii) services where the VAT on the supply is payable solely by the person to whom the services are supplied in accordance with the provisions of section 11 of the Ordinance.

107. This Part applies to any supply of goods or services made in the Areas or to any importation of goods into the Areas on or after the day that these Regulations come into force but does not apply to -

- (a) any supply or importation of goods or any supply of services which the claimant has used or intends to use for the purpose of any supply by him in the Areas; or
- (b) any supply or importation of goods which the claimant has exported or intends to export to a place outside the Areas.

## 108. - (1) The following VAT shall not be repaid -

- (a) VAT charged on a supply which if made to a taxable person would be excluded from any credit under section 20 of the Ordinance;
- (b) VAT charged on a supply to a tour operator which is for the direct benefit of a traveller other than the tour operator or his employees.

(2) In this regulation a "tour operator" includes a travel agent acting as principal and any other person providing for the benefit of travellers services of any kind commonly provided by tour operators or travel agents.

## 109. - (1) A person claiming a repayment of VAT under this Part shall -

- (a) complete and send to the Commissioner either a form provided by a notice issued by the Commissioner and published in the Gazette, or a form designated for the purpose by any official authority, containing full information in respect of all the matters specified in the said form and a declaration as therein set out; and
- (b) at the same time furnish -
  - (i) a certificate of tax status issued by the official authority of the member State in which the claimant is established either on a form provided by a notice of the Commissioner published in the Gazette or on the form designated by the official authority for the purpose, and
  - (ii) such documentary evidence of an entitlement to deduct VAT as may be required of a taxable person claiming a deduction of input tax in accordance with the provisions of regulation 20.

(2) Where the Commissioner is in possession of a certificate of tax status issued not more than 12 months before the date of the claim, the claimant shall not be required to furnish a further certificate.

(3) The Commissioner shall refuse to accept any document referred to in paragraph (1)(b)(ii) above if it bears an official stamp indicating that it had been furnished in support of an earlier claim.

110. - (1) A claim shall be made not later than 6 months after the end of the calendar year in which the VAT claimed was charged and shall be in respect of VAT charged on supplies or on importations made during a period of not less than 3 months and not more than one calendar year, save that a claim may be in respect of VAT charged on supplies or on importations made during a period of less than 3 months where that period represents the final part of a calendar year.

(2) No claim shall be made for less than fifteen pounds.

(3) No claim shall be made for less than £120 pounds in respect of VAT charged on supplies or on importations made during a period of less than one calendar year except where that period represents the final part of a calendar year.

VAT which will  
not be repaid  
under Part XIII.

Method of  
claiming under  
Part XIII.

Time within which  
a claim must be  
made under  
Part XIII.

Deduction of costs  
of repayment  
under Part XIII.

Part XIII claim  
treated as a return.

Part XIII payments  
treated as input tax  
for purposes of  
objections.

False or forged  
documents under  
Part XIII.

Inaccurate claims  
under Part XIII.

Interpretation of  
Part XIV.

111. Where any repayment is to be made to a claimant in the country in which he is established, the Commissioner may reduce the amount of the repayment by the amount of any bank charges or costs incurred as a result thereof.

112. For the purposes of section 49 of the Ordinance (assessments) any claim made under this Part shall be treated as a return required under paragraph 1 of the Tenth Schedule.

113. For the purpose of section 52(c) of the Ordinance (objections), a repayment claimed under this Part shall be treated as an amount of input tax which may be credited to a person.

114. If any claimant furnishes or sends to the Commissioner for the purposes of this Part any document which is false or which has been forged after issue to that person, the Commissioner may refuse to repay any VAT claimed by that claimant for a period not exceeding 2 years from the date when the claim in respect of which the false or forged document was furnished or sent, was made.

115. Where any sum has been repaid to a claimant as a result of an inaccurate claim, the amount of any subsequent repayment to that claimant may be reduced by the said sum.

## PART XIV

### REPAYMENTS TO TRADERS OF COUNTRIES WHICH ARE NOT MEMBERS OF THE EUROPEAN UNION

116. - (1) In this Part -

“claimant” means a person making a claim under this Part or a person on whose behalf a claim is made and any agent acting on his behalf as his VAT representative;

“official authority” means any government body or agency in any country which is recognised by the Commissioner as having authority to act for the purposes of this Part;

“prescribed year” means the period of 12 months beginning on the first day of July in any year;

“trader” means a person carrying on a business who is established in a country which is not a member of the European Union and who is not a taxable person in the Areas;

“VAT representative” means any person established in the Areas or the Republic and registered for VAT purposes in accordance with the provisions of the First Schedule who acts as agent on behalf of a claimant.

(2) For the purposes of this Part, a person is treated as being established in a country if -

- (a) he has a business establishment there; or
- (b) he has no such establishment (there or elsewhere) but his permanent address or usual place of residence is there.

(3) For the purposes of this Part -

- (a) a person carrying on business through a branch or agency in any country is treated as being established there, and
- (b) where the person is a body corporate its usual place of residence shall be the place where it is legally constituted.

117. Subject to the other provisions of this Part a trader shall be entitled to be repaid VAT charged on goods imported by him into the Areas in respect of which no other relief is available, or VAT charged on supplies of goods or services made to him in the Areas if that VAT would be input tax of his were he a taxable person in the Areas.

Repayment of  
VAT under  
Part XIV.

118. The Commissioner may, as a condition of allowing a repayment under this Part, require a trader to appoint a VAT representative to act on his behalf.

Requirement  
for appointment  
of a VAT  
representative.

119. - (1) Save as the Commissioner may otherwise allow, a trader to whom this Part applies who is established in a country which is not a member State of the European Union but having a comparable system of turnover taxes, shall not be entitled to any repayment under this Part unless that country provides reciprocal arrangements for repayments to be made to taxable persons who are established in the Areas or the Republic.

Persons to whom  
Part XIV applies.

(2) This Part shall apply to any trader unless if during any period determined under regulation 123 -

- (a) he was established in any of the member States of the European Union; or
- (b) he made supplies in the Areas of goods or services other than -
  - (i) transport of freight outside the Areas to or from a place outside the Areas or services ancillary thereto,
  - (ii) services where the VAT on the supply is payable solely by the person to whom they are supplied in accordance with the provisions of section 11 of the Ordinance, and
  - (iii) goods where the VAT on the supply is payable solely by the person to whom they are supplied.

120. This Part applies to any supply of goods or services made in the Areas or to any importation of goods into the Areas on or after the day that these Regulations come into force but does not apply to any supply or importation of goods or to any supply of services which -

Supplies and  
importations to  
which Part XIV  
applies.

- (a) the trader has used or intends to use for the purpose of any supply by him in the Areas, or
- (b) have been or are intended to be exported from the Areas by or on behalf of the trader.

121. - (1) The following VAT shall not be repaid -

- (a) VAT charged on a supply which if made to a taxable person would be excluded from any credit under section 20 of the Ordinance,
- (b) VAT charged on a supply to a tour operator which is for the direct benefit of a traveller other than the tour operator or his employees.

VAT which will  
not be repaid  
under Part XIV.

(2) In this regulation a tour operator includes a travel agent acting as principal or any other person providing for the benefit of travellers services of any kind commonly provided by tour operators or travel agents.

122. - (1) A person claiming a repayment of VAT under this Part shall -

- (a) complete and send to the Commissioner either a form provided by a notice of the Commissioner published in the Gazette, or a like form produced by any official authority, containing full information in respect of all the matters specified in the said form and a declaration as therein set out; and
- (b) at the same time furnish -
  - (i) a certificate of tax status issued by the official authority of the country in which the trader is established either on a form provided by a notice of the Commissioner published in the Gazette or on a like form produced by the official authority, and
  - (ii) such documentary evidence of an entitlement to deduct input tax as may be required of a taxable person claiming a deduction of input tax in accordance with the provisions of regulation 20.

(2) Where the Commissioner is in possession of a certificate of tax status issued not more than 12 months before the date of the claim, the claimant shall not be required to furnish a further such certificate.

(3) The Commissioner shall refuse to accept any document referred to in paragraph (1) (b) (ii) above if it bears an official stamp indicating that it had been furnished in support of an earlier claim which has been satisfied.

123. - (1) A claim shall be made not later than 6 months after the end of the prescribed year in which the VAT claimed was charged and shall be in respect of VAT charged on supplies or on importations made during a period of not less than 3 months and not more than 12 months, provided that a claim may be made in respect of VAT charged on supplies or on importations made during a period of less than 3 months where that period represents the final part of the prescribed year.

(2) No claim shall be made for less than £15.

(3) No claim shall be made for less than £120 in respect of VAT charged on supplies or on importations made during a period of less than the calendar year except where that period represents the final part of the calendar year.

124. Where any repayment is to be made to a claimant in the country in which he is established, the Commissioner may reduce the amount of the repayment by the amount of any bank charges or costs incurred as a result thereof.

125. For the purposes of section 49 of the Ordinance (assessments) any claim made under this Part shall be treated as a tax return required under paragraph 1 of the Tenth Schedule.

126. For the purpose of section 52(c) of the Ordinance (objections) a repayment claimed under this Part shall be treated as an amount of input tax which may be credited to a person.

127. If any claimant furnishes or sends to the Commissioner for the purposes of this Part any document which is false or which has been forged after issue to that person the Commissioner may refuse to repay any VAT claimed by that claimant for a period not exceeding 2 years from the date when the claim in respect of which the false or forged documents were furnished or sent, was made.

False or forged documents under Part XIV.

128. Where any sum has been repaid to a claimant as a result of an inaccurate claim, the amount of any subsequent repayment to that claimant may be reduced by the said sum.

Inaccurate claims under Part XIV.

## PART XV

### TOUR OPERATORS

129. This Part shall apply to any supply of goods or services by a tour operator where the supply is for the benefit of travellers.

Supplies to which Part XV applies.

130. - (1) Subject to paragraphs (2), (3) and (4) of this regulation, a "designated travel service" is a supply of goods or services -

Meaning of "designated travel service".

- (a) acquired for the purposes of his business; and
- (b) supplied for the benefit of a traveller without material alteration or further processing,

by a tour operator who has established his business or has a fixed establishment in the Areas.

(2) The supply of one or more designated travel services, as a part of a single transaction, shall be treated as a single supply of services.

(3) The Commissioner may on being given notice by a tour operator that he is a person who to the order of a taxable person -

- (a) acquires goods or services from another taxable person; and
- (b) supplies those goods or services, without material alteration or further processing, to the taxable person who ordered the supply for use in the Areas by that person for the purpose of that person's business other than by way of re-supply,

treat supplies within sub-paragraph (b) as not being designated travel services.

(4) The supply of goods and services of such description as the Commissioner may specify shall be deemed not to be a designated travel service.

131. - (1) Subject to paragraph (3) below, all supplies comprising in whole or in part a designated travel service shall, at the election of the tour operator making the supplies, be treated as taking place either-

Time of supply of designated travel service.

- (a) when the traveller commences a journey or occupies any accommodation supplied, whichever is the earlier; or
- (b) when any payment is received by the tour operator in respect of that supply which, when aggregated with any earlier such payment, exceeds 20 per cent of the total consideration, to the extent covered by that and any earlier such payment, save in so far as any earlier such payment has already been treated as determining the time of part of that supply.

(2) Save as the Commissioner may otherwise allow, all supplies comprising in whole or in part a designated travel service made by the same tour operator shall, subject to paragraph (3) below, be treated as taking place at the time determined under one only of the methods specified in paragraph (1) above.

(3) Where -

- (a) a tour operator uses the method specified in paragraph (1)(b) above to determine the time of a supply; and
- (b) payment is not received in respect of all or part of the supply,

then notwithstanding paragraph (2) above, the time of any part of that supply which has not already been determined under paragraph (1)(b) above, shall be determined in accordance with paragraph (1)(a) above.

**Place where a designated travel service is supplied.**

132. - (1) The application of sections 10 and 12 of the Ordinance shall be modified in accordance with paragraph (2) below.

(2) A designated travel service shall be treated as supplied in the country in which the tour operator has established his business or, if the supply was made from a fixed establishment, in the country in which the fixed establishment is situated.

**Value of a designated travel service.**

133. Subject to regulation 134 below, the value of a designated travel service shall be determined by reference to the difference between sums paid or payable to and sums paid or payable by the tour operator in respect of that service, calculated in such manner as the Commissioner shall specify.

**Value of a supply to a tour operator by a connected person.**

134. - (1) Where -

- (a) a supply of goods or services is acquired for a consideration in money by a tour operator, for the purpose of supplying a designated travel service; and
- (b) the value of the supply is, apart from this regulation, greater than its open market value; and
- (c) the person making the supply and the tour operator to whom it is made are connected,

the Commissioner may direct that the value of the supply shall be deemed to be its open market value for the purpose of calculating the value of the designated travel service.

(2) A direction of the Commissioner for the purpose of paragraph (1) above shall be given by notice in writing to the tour operator acquiring the supply, but no direction may be given more than three years after the time of the supply.

(3) A direction served on a tour operator under this regulation, in respect of a supply received by him, may include a direction that the value of any supply -

- (a) which is received by him after the giving of the notice, or after such later date as may be specified in the notice, and
- (b) as to which the conditions in sub-paragraph (a) to (c) of paragraph (1) above are satisfied,

shall be deemed to be its open market value for the purpose of calculating the value of the designated travel service.

(4) For the purposes of this regulation any question whether a person is connected with another shall be determined in accordance with paragraph 1(4) of the Fourth Schedule.

135. VAT charged on goods or services acquired by a tour operator for re-supply as a designated travel service shall be excluded from credit under sections 20 and 21 of the Ordinance.

VAT excluded from credit.

136. A tour operator shall not be eligible to be treated as a member of a group for the purposes of section 32 of the Ordinance if any other member of the proposed or existing group -

- (a) has an overseas establishment;
- (b) makes supplies outside the Areas which would be taxable supplies if made within the Areas; and
- (c) supplies goods or services which will constitute, or are intended to constitute, a designated travel service.

Limitation on tour operator joining a VAT group.

137. - (1) Where a tour operator supplies a designated travel service he may treat that supply as not being a designated travel service if -

- (a) there are valid grounds for believing that the value of all such supplies in the period of one year beginning from the time of the said supply will not exceed one per cent of the value of all supplies made by him during that period; and
- (b) he makes no supplies of designated travel services consisting of accommodation or transport.

Option to treat a designated travel service as not being a designated travel service.

(2) For the purpose of this regulation the value of any supplies shall be calculated in accordance with section 14 of the Ordinance.

## PART XVI SURCHARGES

138. Any person who fails to comply with the provisions of -

Surcharges.

- (a) regulation 9(2);
- (b) regulation 10(4);
- (c) regulation 11(5);
- (d) regulation 68 or 69;
- (e) regulation 93, 94, 95, 96 or 97,

shall be liable to a surcharge of £50.

## PART XVII REVOCATIONS AND SAVINGS

139. - (1) Without prejudice to paragraphs (2) and (3) below, the following public instruments are hereby revoked -

Revocations and savings.

- (a) the Value Added Tax (Keeping of Books, Records and Archives) Order; P.I. 51/92.
- (b) the Value Added Tax (Correction of Accounts) Regulations; P.I. 56/92.
- (c) the Value Added Tax (Tax Invoices) Regulations; P.I. 57/92.

- P.I. 59/92. (d) the Value Added Tax (Time of Supply) Regulations;
- P.I. 67/92. (e) the Value Added Tax (Services from outside the Areas) Regulations;
- P.I. 68/92. (f) the Value Added Tax (Accounting and Payment) Regulations;
- P.I. 69/92. (g) the Value Added Tax (Input Tax) (Apportionment) Regulations;
- P.I. 70/92. (h) the Value Added Tax (Refunds and Credits) Regulations;
- P.I. 71/92. (i) the Value Added Tax (Input Tax) Regulations;
- P.I. 72/92. (j) the Value Added Tax (Exportation) Regulations;
- P.I. 73/92. (k) the Value Added Tax (Relief for Re-imported Goods) Regulations;
- P.I. 74/92. (l) the Value Added Tax (Supplies by Retailers) Regulations;
- P.I. 75/92. (m) the Value Added Tax (Supplies by Another Person) Regulations;
- P.I. 76/92. (n) the Value Added Tax (Customs and Excise Ordinance) (Exceptions and Adaptations) Regulations;
- P.I. 77/92. (o) the Value Added Tax (Public Corporations) Regulations;
- P.I. 78/92. (p) the Value Added Tax (Government and Local Authorities) Regulations;
- P.I. 85/92. (q) the Value Added Tax (Bad Debt Relief) Regulations;
- P.I. 86/92. (r) the Value Added Tax (Transfers of Going Concerns) Regulations;
- P.I. 123/92. (s) the Value Added Tax (Transitional Provisions) (Time of Supply) Order;
- P.I. 35/94. (t) the Value Added Tax (Slaughter-house Services and Transportation of Meat) Regulations;
- P.I. 58/94. (u) the Value Added Tax (Transfers of Going Concerns) (Amendment) Regulations;
- P.I. 59/94. (v) the Value Added Tax (Changes of Particulars in the V.A.T. Register) Regulations.

(2) Without prejudice to regulation 3 (which provides that the Interpretation Ordinance shall apply to these Regulations as it applies to an Ordinance, subject to appropriate modifications), the continuity of the application to any person of the regulations and orders relating to VAT shall not be affected by the revocations made by paragraph (1) above, and accordingly any right conferred on any person, or any obligation or duty imposed upon him under any of the public instruments revoked by paragraph (1) above shall remain unaffected by the revocations.

(3) Without prejudice to paragraph (2) above, any obligation or duty imposed upon any person by any of the public instruments revoked by paragraph (1) above which would have required that person to do any act, or to refrain from doing any act, or to do any thing whatsoever at any time on or after the day that these Regulations come into force, shall continue to be imposed upon him under the corresponding provision of these Regulations, and the

running of any period of time which commenced before the day that these Regulations come into force and which is applicable to, or in relation to any person, shall not be treated as having ended by reason only of the revocations made by paragraph (1) above, but shall instead continue to run until the time that it would have ended had the revocations not been made, or until the time provided by these Regulations for the ending of that period, or until such time as may be agreed between the Commissioner and the person concerned.

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Dated this 18th day of January 2002.

By the Administrator's Command,

D.J. BONNER,

Chief Officer,

Sovereign Base Areas.

(119/8/2)

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**THE VALUE ADDED TAX ORDINANCE  
(Ordinance 10 of 2001)**

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**REGULATIONS MADE BY THE ADMINISTRATOR UNDER  
SECTIONS 8(3), (4), (5), (6) AND (8), 20(7) AND 40.**

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In exercise of the powers vested in him by sections 8(3), (4), (5), (6) and (8), 20(7) and 40 of the Value Added Tax Ordinance 2001, the Administrator hereby makes the following Regulations:-

**PART I**

**PRELIMINARY**

**Short title.**

1. These Regulations may be cited as the Value Added Tax (Special Provisions) Regulations 2002.

**PART II**

**PROVISIONS REGARDING CERTAIN SUPPLIES**

- Interpretation.**
2. - (1) In this Part -

“antiques” means objects other than works of art or collectors’ items which are more than 100 years old;

“auctioneer” means a person who sells or offers for sale goods at any public sale where persons become purchasers by competition, being bidders;

“collectors’ items” means the following goods -

(a) postage, revenue stamps, letters with postmarks but without postage stamps, first-day covers, pre-stamped stationery and the like, franked, or unfranked not intended for circulation;

(b) collections and collectors’ pieces of zoological, botanical, mineralogical, anatomical, or pieces with historical archaeological, palaeontological, ethnographic or numismatic interest;

“finance agreement” means an agreement for the sale of goods whereby the property in those goods is not to be transferred until the whole of the price has been paid and the seller retains the right to repossess the goods;

“insurer” means a person permitted, in accordance with the Insurance Companies Law of the Republic to effect and carry out contracts of insurance against risks of loss of or damage to goods;

“motor car” means any motor vehicle of a kind normally used on public roads which has three or more wheels and is constructed or adapted solely or mainly for the carriage of passengers, but does not include -

- (a) vehicles capable of accommodating only one person;
- (b) vehicles suitable for accommodating ten or more persons including the driver;
- (c) vehicles of not less than three tonnes unladen weight;

Laws Nos. 72/84,  
166/90, 47(I)/98  
(Republic).

- (d) caravans, ambulances and vans or other vehicles registered as commercial vehicles by the Department of Transport of the Republic;
- (e) vehicles constructed for a special purpose other than the carriage of persons including the general purpose of carriage of goods, and having no other accommodation for carrying persons other than such as is incidental to that purpose;

“second-hand goods” means tangible movable property that is suitable for further use as it is or after repair, other than motor cars, works of art, collectors’ items or antiques and other than precious metals or precious stones;

“the Ordinance” means the Value Added Tax Ordinance 2001;

Ordinance  
10/2001.

“works of art” means the following goods -

- (a) pictures, collages and similar small plaques, paintings and drawings executed entirely by hand by the artist, other than plans and drawings of architectural, engineering, industrial, commercial, topographical or similar plans and drawings, hand-decorated manufactured articles, theatrical scenery, studio back cloths or of the like usages;
- (b) original engravings, chalcography and lithographs, being impressions produced in limited numbers directly in black or coloured or one or of several plates executed entirely by hand by the artist irrespective of the process or of the material employed by him, excluding any mechanical or photomechanical process;
- (c) original sculptures and statuary, in any material, provided that they are executed entirely by the artist; sculpture casts the production of which is limited to eight copies and supervised by the artist or his successors in title provided that, by exception, in a case prescribed by a member state, the limit of eight copies of artists sculpture may be increased if they were produced before 1 January 1989;
- (d) tapestries and wall textiles made by hand from original designs, provided by artists, provided that there are not more than eight copies of each;
- (e) individual pieces of ceramics executed entirely by the artist and signed by him;
- (f) enamels on copper, executed entirely by hand, limited to eight numbered copies bearing the signature of the artist or the studio, excluding articles of jewellery and goldsmiths’ and silversmiths’ wares;
- (g) photographs taken by the artist, printed by him or under his supervision, signed and numbered and limited to 30 copies, irrespective of size and material of foundation.

(2) The Interpretation Ordinance shall apply to these Regulations as it applies to an Ordinance, subject to appropriate modifications.

3. - (1) Each of the following descriptions of transactions shall be treated as neither a supply of goods nor a supply of services -

Cap.1 (Laws of Cyprus).

Boats, aircraft,  
works of art,  
antiques, collectors’  
items and  
second-hand goods.

- (a) the disposal of any of the goods described in paragraph (3) below -
  - (i) by a person who repossessed them under the terms of a finance agreement;
  - (ii) an insurer who has taken possession of them in settlement of a claim under a policy of insurance;
- (b) the disposal of a boat by a mortgagee after he has taken possession thereof under the terms of a marine mortgage;
- (c) the disposal of an aircraft by a mortgagee after he has taken possession thereof under the terms of an aircraft mortgage;

if, in each case, the goods so disposed of are in the same condition at the time of disposal as they were when they were repossessed or taken into possession, as the case may be, and if a supply of them in the Areas by the person from whom in each case they were obtained would not have been chargeable to VAT, or would have been chargeable to VAT on less than the full value of such supply.

(2) Paragraph (1) of this regulation shall not apply to reimported goods which were previously exported from the Areas or the Republic free of VAT chargeable by reason of the zero-rating provisions of the Ordinance or regulations made thereunder or to imported goods which have not borne VAT chargeable under the Ordinance in the Areas or under the corresponding law of the Republic.

(3) The goods referred to in subparagraphs (a) and (b) of paragraph (1) above are as follows -

- (a) works of art, antiques and collectors' items;
- (b) second - hand goods.

4. - (1) The following supplies by a person of the assets of his business shall be treated as neither a supply of goods nor a supply of services –

- (a) their supply to a person to whom he transfers his business as a going concern, where -
  - (i) the assets are to be used by the transferee in carrying on the same kind of business, whether or not as part of any existing business, as that carried on by the transferor; and
  - (ii) in a case where the transferor is a taxable person, the transferee is already, or immediately becomes as a result of the transfer, a taxable person;
- (b) their supply to a person to whom he transfers part of his business as a going concern where -
  - (i) that part is capable of separate operation;
  - (ii) the assets are to be used by the transferee in carrying on the same kind of business, whether or not as part of any existing business, as that carried on by the transferor in relation to that part; and
  - (iii) in a case where the transferor is a taxable person, the transferee is already, or immediately becomes as a result of the transfer a taxable person.

(2) There shall be treated as neither a supply of goods nor a supply of services the assignment by an owner of goods comprised in a hire-purchase or conditional sale agreement of his rights and interests thereunder, and the goods comprised therein, to a bank or other financial institution.

5. - (1) The exchange of a reconditioned article for an unserviceable article of a similar kind by a person who regularly offers in the course of his business to provide a reconditioning facility by that means shall be treated as a supply of services and not a supply of goods.

(2) The supply of water insofar as it is not otherwise a supply of goods shall be treated as a supply of goods and not as a supply of services.

6. There shall be treated as neither a supply of goods nor a supply of services, services in relation to the supply of goods provided by an agent acting in his own name to the purchaser of the goods the consideration for which is taken into account by virtue of regulation 8(6) below in calculating the price at which the agent obtained the goods.

7. There shall be treated as neither a supply of goods nor a supply of services, services in relation to the sale of goods provided by an auctioneer acting in his own name to the vendor or the purchaser of the goods the consideration for which is taken into account by virtue of regulation 8(7) below in calculating the price at which the auctioneer obtained(or as the case may be) sold the goods.

8. - (1) Without prejudice to regulation 9 below and subject to complying with such conditions as the Commissioner may direct in a notice published in the Gazette or may otherwise direct and subject to paragraph (4) below, where a person supplies goods of a description in paragraph (2) below, of which he took possession in any of the circumstances set out in paragraph (3) below, he may opt to account for the VAT chargeable on the supply by reference to the profit margin on the supply instead of by reference to its value.

(2) The supplies referred to in paragraph (1) above are supplies of-

- (a) works of art, antiques and collectors' items;
- (b) second-hand goods.

(3) The circumstances mentioned in paragraph (1) above are -

- (a) that the taxable person took possession of the goods pursuant to -
  - (i) a supply in respect of which no VAT was chargeable under the Ordinance;
  - (ii) a supply on which VAT was chargeable on the profit margin in accordance with paragraph (1) above;
  - (iii) a transaction except one relating to the transfer of the assets of a business or part of a business as a going concern which was treated by virtue of any regulation made under section 8(3) of the Ordinance as being neither a supply of goods nor a supply of services;

Reconditioned articles: water.

Agents.

Auctioneers.

Profit margin schemes.

- (iv) a transaction relating to the transfer of the assets of a business or part of a business as a going concern which was treated as neither a supply of goods nor a supply of services if the transferor took possession of the goods under the circumstances described in this sub-paragraph; or
- (v) if the goods are a work of art, a supply to the taxable person by its creator or his successors in title;
- (b) if the goods are a work of art, an antique or a collectors' item, that they were imported by the taxable person himself.

**(4) A taxable person -**

- (a) shall not opt under paragraph (1) above where -
  - (i) the supply is a letting on hire;
  - (ii) an invoice or similar document showing an amount as being VAT or as being attributable to VAT is issued in respect of the supply;
  - (iii) the supply is of goods which are being disposed of in the circumstances mentioned in regulation 3(1) (a), (b) or (c) above but which is not disregarded by virtue of that regulation;
- (b) may only exercise the option under paragraph (1) above in relation to supplies of -
  - (i) works of art of which he took possession in the circumstances mentioned in paragraph 3(a) (v) above, or
  - (ii) works of art, antiques or collectors' items of which he took possession in circumstances set out in paragraph 3(b) above, if at the same time he exercises the option in relation to his other supplies.

**(5) Subject to paragraph (6) below, for the purposes of determining the profit margin -**

- (a) the price at which goods were obtained shall be determined as follows -
  - (i) where the taxable person took possession of the goods pursuant to a supply, in the same way as the consideration for the supply would be determined for the purposes of the Ordinance;
  - (ii) where the taxable person is a sole proprietor and the goods were supplied to him in his private capacity, in the same way as the consideration for the supply to him as a private individual would be determined for the purposes of the Ordinance;
  - (iii) where the goods are a work of art, an antique or a collectors' item which the taxable person has imported himself, in the same way as the value of the goods for the purposes of VAT on their importation for the purposes of the Ordinance is determined, plus any VAT chargeable on their importation;

- (iv) where the taxable person took possession of the goods as a result of a transaction concerning the transfer of assets of a business as a going concern which was treated by virtue of section 8(3) of the Ordinance as being neither a supply of goods nor a supply of services, the price at which his predecessor acquired the goods;
- (b) the price at which goods are sold shall be determined in the same way as the consideration for the supply would be determined for the purposes of the Ordinance;
- (c) concerning any goods, a person shall be treated as being the predecessor of another for the purpose of this regulation if –
  - (i) that person is the person to whom he transferred the assets of his business with the transfer of that business or part thereof, as a going concern;
  - (ii) such assets constituted or included those goods; and
  - (iii) the transfer of the assets is not treated as neither supply of goods nor a supply of services by virtue any regulations made under section 8(3) of the Ordinance,

and the reference in subparagraph (a) above to the predecessor of any person shall include a reference also to the predecessor of his predecessor through any number of transfers.

(6) Subject to paragraph (7) below, where the taxable person is an agent acting in his own name the price at which the goods were obtained shall be determined in accordance with paragraph (5)(a) above, but the selling price which is determined in accordance with paragraph (5)(b) above shall be increased by the amount of any consideration payable to the taxable person in respect of services supplied by him to the purchaser in connection with the supply of the goods.

(7) Instead of determining the price at which goods were obtained or supplied in accordance with paragraph (6) above an auctioneer acting in his own name may -

- (a) determine the price at which they were obtained by deducting from the successful bid the consideration for any services supplied by him to the vendor in connection with the sale of the goods;
- (b) determine the price at which they were supplied by adding to the successful bid the consideration for any supply of services by him to the purchaser in connection with the sale of the goods,

in either (or both) cases excluding the consideration for supplies of services that are not chargeable to VAT.

(8) Where a taxable person opts under paragraph (1) above in respect of goods of which he took possession in the circumstances set out in paragraph (3) (a)(v) and (b) above –

- (a) the exercise of the option shall be notified by him to the Commissioner in writing;
- (b) the option shall have effect from the date of the notification or such later date as may be specified therein;

(c) subject to paragraph (9) below, the option shall apply to all supplies of such goods made by the taxable person during the period ending 2 years after the date on which the option became effective or the date on which a written notification of its revocation is given to the Commissioner, whichever is the later.

(9) Notwithstanding paragraph (8)(c) above a taxable person may elect to account for VAT chargeable on any particular supply of such goods by reference to the value of such supply.

Global accounting.

9. - (1) Subject to complying with such conditions as the Commissioner may direct in a notice published in the Gazette for the purposes of this Part or otherwise, and subject to paragraph (2) below, a taxable person who has opted under regulation 8(1) above may account for VAT by reference to the global profit margin on goods supplied by him during a prescribed tax period, determined in accordance with paragraph (3) below, instead of by reference to the profit margin on each supply.

(2) Paragraph (1) above does not apply to supplies of -

- (a) motor vehicles;
- (b) aircraft;
- (c) sea going vessels and outboard motors;
- (d) caravans and motor caravans;
- (e) any other individual items whose value calculated in accordance with regulation 8(5) (a) above, exceeds £300.

(3) The global profit margin for a prescribed tax period shall be the amount (if any) by which the total selling price calculated in accordance with paragraph (5) below, exceeds the total purchase price calculated in accordance with paragraph (4) below.

(4) For the purposes of paragraph (3) above the total selling price shall be calculated by aggregating for all goods sold during the period, the prices calculated in accordance with regulation 8 (5) or (6) above, as appropriate, for which they were sold.

(5) For the purposes of paragraph (3) above the total purchase price shall be calculated by aggregating for all goods obtained during the period, the prices calculated in accordance with regulation 8(5) above at which they were obtained and adding to that total the amount (if any) carried forward from the previous period in accordance with paragraph (6) below.

(6) If in any prescribed tax period the total purchase price calculated in accordance with paragraph (5) above exceeds the total selling price, the excess amount shall be carried forward to the following prescribed tax period for inclusion in the calculation of the total purchase price for that period.

### PART III INPUT TAX

10. - (1) Subject to paragraph (4) below, VAT charged on the -

- (a) supply; or
- (b) importation,

of any goods such as are described in paragraph (2) below which are supplied to, or imported by, a taxable person in the circumstances described in paragraph (3) below shall be excluded from any credit under section 20 of the Ordinance.

(2) The goods referred to in paragraph (1) above are -

- (a) works of art, antiques and collectors' items;
- (b) second-hand goods.

(3) The circumstances of the supply or importation referred to in paragraph (1) above are -

- (a) a supply on which, by virtue of any regulations made under section 40 of the Ordinance, VAT was chargeable on the profit margin;
- (b) if the goods were a work of art, an antique or a collectors' item, the taxable person imported it himself;
- (c) if the goods are a work of art, they were supplied to the taxable person by its creator or his successors in title.

(4) Paragraph (1) above shall only apply to exclude from credit, VAT chargeable on a supply of goods to or importation of goods by a taxable person in the circumstances set out in paragraph (3) (b) and (c) above if the taxable person -

- (a) has opted to account for VAT chargeable on his supplies of such goods by reference to his profit margin; and
- (b) has not opted to account for VAT chargeable on his supply of the goods by reference to its value, in accordance with the provisions of any regulations made under section 40 of the Ordinance.

11. - (1) VAT charged on any goods or services supplied to a taxable person, or on any goods imported by a taxable person, are to be excluded from any credit under section 20 of the Ordinance, where the goods or services in question are used or are to be used by the taxable person for the purposes of business entertainment.

Business  
entertainment.

(2) For the purposes of this regulation "business entertainment" means entertainment, including hospitality of any kind, provided by a taxable person in connection with a business carried on by him, but does not include the provision of any such entertainment -

- (a) to employees of the taxable person; or
- (b) if the taxable person is a body corporate, to its directors or persons otherwise engaged in its management,

unless the provision of entertainment to persons such as are mentioned in sub-paragraph (a) and (b) above is incidental to its provision to others.

12. - (1) Subject to paragraphs (2) to (5) below, VAT charged on-

Motor cars.

- (a) the supply to a taxable person;
- (b) a letting on hire to a taxable person; and
- (c) the importation by a taxable person,

of a motor car shall be excluded from any credit under section 20 of the Ordinance.

(2) Paragraph (1) above does not apply where the letting on hire, the supply or the importation of a motor car, as the case may be, is made to or by a taxable person, who intends to use the motor car -

- (a) either as stock for resale or disposal by sale or hire purchase, exclusively for the purpose of the business carried out by him, subject to paragraph (3) below;
- (b) for any of the following purposes -
  - (i) to provide it for the purpose of carrying passengers;
  - (ii) to use it as a vehicle in which instruction in the driving of a motor car is to be given;
  - (iii) to provide it for self-hire, on the condition that there is in force, for such motor car a licence for self-hire.

(3) Paragraph (2) above does not apply where the letting on hire, or the supply, or importation, as the case may be, is carried out or by a taxable person if he intends to -

- (a) let it on hire to any person either for no consideration or for a consideration which is less than that which would be payable in money if it were a commercial transaction conducted on equal terms; or
- (b) make it available otherwise than by letting it on hire to any person including where the taxable person is an individual, to himself, or where the taxable person is a partnership, to a partner for private use, whether or not for a consideration.

## PART IV

### MOTOR CARS

Transactions  
relating to  
motor cars.

13. - (1) Subject to paragraphs (2) and (3) below, each of the following descriptions of transactions shall be treated as neither a supply of goods nor a supply of services -

- (a) the disposal of a used motor car by a person who repossessed it under the terms of a finance agreement, where the motor car is in the same condition as it was in when it was repossessed;
- (b) the disposal of a used motor car by an insurer who has taken it in the settlement of a claim under a policy of insurance, where the motor car is disposed of in the same condition as it was in when it was so taken;
- (c) the disposal of a motor car for no consideration;
- (d) services in connection with a supply of a used motor car provided by an agent acting in his own name to the purchaser of the motor car, the consideration for which is taken into account in calculating the price at which the agent sold the motor car;
- (e) services in connection with the sale of a used motor car provided by an auctioneer acting in his own name to the vendor or the purchaser of the motor car, the consideration for which is taken into account in calculating the price at which the auctioneer obtained or sold the motor car, as the case may be;

- (f) a relevant supply of services by a taxable person to whom a motor car has been let on hire or supplied or by whom a motor car has been imported.
- (2) Paragraph (1) above shall not apply in relation to a case falling within sub-paragraphs (1) (a) to (c) and (f) above, unless the VAT on any previous letting, or importation was wholly excluded from credit under section 20 of the Ordinance.

(3) For the purposes of paragraph (1)(f) above a relevant supply of services is -

- (a) the letting on hire of a motor car to any person for no consideration or for a consideration which is less than that which would be payable in money if the transaction were a commercial transaction conducted on equal terms; or
- (b) the making available of a motor car otherwise than by letting it on hire to any person including, where the taxable person is an individual, to himself, and where the taxable person is a partnership, to a partner for private use, whether or not for a consideration.

14. Paragraph 4(4) of the Second Schedule to the Ordinance shall not apply in relation to a motor car to which either regulation 15 or regulation 16 below applies and which is used or made available in circumstances where, without applying that paragraph, it would be treated by virtue of regulation 15 or 16 as supplied to and by a taxable person.

Private use of a motor car.

15. - (1) This regulation applies to any motor car -

- (a) which has been produced by a taxable person otherwise than by the conversion of a vehicle obtained by him;
- (b) which has been produced by the taxable person by the conversion of another vehicle whether a motor car or not and in relation to which the condition in paragraph (2) below is satisfied; or
- (c) which was supplied to, or imported by, a taxable person and in relation to which the condition in paragraph (2) below is satisfied,

but does not apply to any motor car to which regulation 16 below applies.

(2) The condition referred to in paragraph (1) (b) and (c) above is that the VAT on the supply to, or importation by, the taxable person of the motor car or the vehicle from which it was converted, as the case may be, was not wholly excluded from credit under section 20 of the Ordinance.

Self-supply of a motor car where the VAT on its supply or importation is not wholly excluded from credit.

(3) Where a motor car to which this regulation applies -

- (a) has not been supplied by the taxable person in the course or furtherance of a business carried on by him; and
- (b) is used by him, but not exclusively used for the purposes of a business carried on by him,

it shall be treated for the purposes of the Ordinance as both supplied to him for the purposes of a business carried on by him and supplied by him for the purposes of that business.

Self-supply of a motor car where the VAT on its supply or importation is wholly deductible.

16. - (1) This regulation applies to any motor car which has been supplied to, or imported by, a taxable person primarily for the purpose of -

- (a) being provided by him for hire with the services of a driver as a taxi for the purpose of carrying passengers;
- (b) being provided by him for self-drive hire; or
- (c) being used as a vehicle in which instruction in the driving of a motor car is to be given.

(2) Where a motor car to which this regulation applies -

- (a) is neither supplied nor converted into another vehicle, whether a motor car or not, by the taxable person, in either case, in the course or furtherance of any business carried on by him; and
- (b) is used by him primarily for a purpose other than one of the purposes described in paragraph (1) above, but is not used exclusively for the purposes of a business carried on by him,

it shall be treated for the purposes of the Ordinance as both supplied to him for the purposes of that business and supplied by him in the course or furtherance of that business.

Application of regulations 15 and 16 to groups.

17. Regulations 15 and 16 above shall apply in relation to any bodies corporate which are treated for the purposes of section 32 of the Ordinance as members of a group as if those bodies were one person, but any motor car which would fall to be treated as supplied to and by that person shall be treated as supplied to and by the representative member.

Margin scheme for dealers in used cars.

18. - (1) Subject to complying with such conditions including the keeping of such records and accounts as the Commissioner may direct in a notice published in the Gazette or may otherwise direct, and subject to paragraph (3) below, where a person supplies a used motor car of which he took possession in any of the circumstances set out in paragraph (2) below, he may opt to account for the VAT chargeable on the supply by reference to the profit margin on the supply instead of by reference to its value.

(2) The circumstances referred to in paragraph (1) above are that the taxable person took possession of the motor car pursuant to -

- (a) a supply in respect of which no VAT was chargeable under the Ordinance;
- (b) a supply on which VAT was not chargeable by reference to the profit margin in accordance with regulation 8(1);
- (c) a transaction, except one relating to the transfer of the assets of a business or part of a business as a going concern, which was treated by virtue of section 8(3) of the Ordinance as being neither a supply of goods nor a supply of services;
- (d) a transaction relating to the transfer of the assets of a business or part of a business as a going concern which was treated as neither a supply of goods nor a supply of services if the transferor took possession of the goods in any of the circumstances described in this paragraph.

(3) This regulation does not apply to -

- (a) a supply which is a letting on hire;
- (b) a supply by any person of a motor car which was produced by him, if it was neither previously supplied by him in the course or furtherance of any business carried on by him nor treated as so supplied by virtue of regulation 15 above;
- (c) any supply if an invoice or similar document showing an amount as being VAT or as being attributable to VAT is issued in respect of the supply.

(4) Subject to paragraph (5) below, for the purposes of determining the profit margin -

- (a) the price at which the motor car was obtained shall be determined as follows -
  - (i) where the taxable person took possession of the used motor car pursuant to a supply, in the same way as the consideration for the supply would be determined for the purposes of the Ordinance;
  - (ii) where the taxable person is a sole proprietor of the business and the used motor car was supplied to him in his private capacity, in the same way as the consideration for the supply to him as a private individual would be determined for the purposes of the Ordinance;
  - (iii) where the taxable person took possession of the goods as a result of a transaction concerning the transfer of the assets of the business as a going concern which was treated under any regulation made pursuant to section 8(3) of the Ordinance, as being neither a supply of goods nor a supply of services, the price at which his predecessor obtained the goods;
- (b) the price at which the motor car is sold shall be determined in the same way as the consideration for the supply would be determined for the purposes of the Ordinance;
- (c) in relation to any goods, a person is regarded as being the predecessor of another for the purpose of this regulation if -
  - (i) that person is the person to whom he has transferred the assets of his business with the transfer of that business, or part thereof, as a going concern;
  - (ii) those assets constituted or included those goods; and
  - (iii) the transfer of the assets is regarded as neither a supply of goods nor as a supply of services by virtue of any regulations made under section 8(3) of the Ordinance, and the reference in sub-paragraph (a) above to the predecessor of any person also includes a reference to the predecessor of his predecessor through any number of transfers.

(5) Subject to paragraph (6) below, where the taxable person is an agent acting in his own name, the price at which the motor car was obtained shall be determined in accordance with paragraph

(4)(a) above but the selling price calculated in accordance with paragraph 4(b) above shall be increased by the amount of any consideration payable to the taxable person in respect of services supplied by him to the purchaser in connection with the supply of the motor car.

(6) Instead of calculating the price at which the motor car was obtained or supplied in accordance with paragraph (5) above, an auctioneer acting in his own name may –

- (a) determine the price at which the motor car was obtained by deducting from the successful bid the consideration for any services supplied by him to the vendor in connection with the sale of the motor car;
- (b) determine the price at which the motor car was supplied by adding to the successful bid the consideration for any supply of services by him to the purchaser in connection with the sale of the motor car;

in either or both cases excluding the consideration for supplies of services that are not chargeable to VAT.

## PART V

### SUPPLY OF SERVICES

Private use of services.

19. Subject to regulations 22 and 23 below, where a person carrying on a business puts services which have been supplied to him to any private use or uses them, or makes them available to any person for use, for a purpose other than a purpose of the business he shall be treated for the purposes of the Ordinance as supplying those services in the course or furtherance of the business.

Application of Part V to individuals.

20. In the case of a business carried on by an individual this Part shall apply to services used, or made available for use, by himself personally.

Value of supply under Part V.

21. The value of a supply which a person is treated as making by virtue of this Part shall be taken to be that part of the consideration for the supply of the services to him as fairly and reasonably represents the cost to him of providing the services.

Services to which Part V does not apply.

22. This Part shall not apply in relation to any services –

- (a) which are used, or made available for use, for a consideration;
- (b) other than those in respect of which the person carrying on the business was entitled under sections 20 and 21 of the Ordinance to credit for the whole or any part of the VAT on their supply to him;
- (c) in respect of which any part of the VAT on their supply to the person carrying on the business was not counted as being input tax of his by virtue of section 19(5) of the Ordinance; or
- (d) described in paragraph 7(1) of the Fourth Schedule to the Ordinance.

Maximum VAT chargeable.

23. No provision in this Part shall be construed as making any person liable for any VAT which, taken together with any VAT for which he was liable as a result of a previous supply of the same

services which he was treated as making by virtue of this Part, would exceed the amount of input tax for which he was entitled to credit under sections 20 and 21 of the Ordinance in respect of the services used, or made available for use, by him; and, where the VAT chargeable would otherwise exceed the amount of such credit -

- (a) he shall not be treated as making a supply of the services where the amount of that credit has already been equalled or exceeded; and
- (b) in any other case, the value of the supply shall be reduced accordingly.

## PART VI

### REVOCATIONS, SAVINGS AND COMMENCEMENT

24. Without prejudice to regulation 2(2) (which applies the Interpretation Ordinance to these Regulations, subject to appropriate modifications), and subject to paragraph (2) below, the following public instruments are hereby revoked -

- (a) the Value Added Tax (Second-hand Goods) Regulations; P.I. 58/92.
- (b) the Value Added Tax (Treatment of Transactions) Regulations; P.I. 65/92.
- (c) the Value Added Tax (Self-Supplies) Regulations; P.I. 66/92.

25. These Regulations shall come into force on a day to be appointed by the Administrator and published in the Gazette.

Revocations.

Commencement.

Dated this 18th day of January 2002.

By the Administrator's Command,

D.J. BONNER,

Chief Officer,

Sovereign Base Areas.

(119/8/2)

**No. 8**

**THE VALUE ADDED TAX ORDINANCE  
(Ordinance 10 of 2001)**

**REGULATIONS MADE BY THE ADMINISTRATOR  
UNDER SECTION 28(1).**

In exercise of the powers vested in him by section 28(1) of the Value Added Tax Ordinance, the Administrator hereby makes the following Regulations:-

**PART I**  
**PRELIMINARY**

**Short title.**

1. These Regulations may be cited as the Value Added Tax (Reliefs for Imported Goods) Regulations 2002.

**Interpretation**

2. - (1) In these Regulations, unless the context otherwise requires-

“alcoholic beverages” means products (beers, wines, aperitif from wine or liquor, distillates, liquors and alcoholic drinks, etc.) falling within headings C.N. 22.03 to 22.08 from time to time in force of the Customs and Excise Tariff;

“Council” means the Council of the European Communities; “declared for relief” has the meaning assigned to it by regulation 5 below;

“household effects” means personal items, household materials and furnishings or equipment intended for the personal use of the persons concerned or for their household needs;

“member State” means a State which is a member of the European Union;

“motor vehicle” includes a trailer;

“normally resident” has the meaning assigned to it by regulation 3 below;

“occupational ties” does not include attendance by a pupil or student at a school, college or university;

“personal effects” means such items as are intended for the personal use of the persons concerned or for their household needs, and includes –

(a) household effects;

(b) cycles and motor cycles, motor vehicles for personal use, caravans, pleasure boats and private aircraft;

(c) household supplies intended to cover the usual family needs, household pets and animals for riding:

Provided that they do not indicate by their nature or quantity any commercial purpose nor are they intended for any business within the meaning of section 3 of the Ordinance; however, it includes portable instruments for the applied or liberal arts which are necessary for the carrying on of the trade or profession of the person concerned;

“supply”means lending, letting on hire, pledging, transferring (whether or not for consideration) or any grant made in any manner, and cognate expressions shall be construed accordingly;

“the Ordinance” means the Value Added Tax Ordinance 2001;

“third country” means any country other than the Areas or the Republic;

“used”, in relation to consumable goods by any person, includes his having the goods at his disposal.

(2) The Interpretation Ordinance shall apply to these Regulations as it applies to an Ordinance, subject to appropriate modifications.

3. - (1) This regulation shall apply for determining, for the purposes of these Regulations, where a person is normally resident.

(2) A person shall be treated as being normally resident in the country where he usually lives –

- (a) for a period of, or periods together amounting to, at least 185 days in a period of twelve months;
- (b) by reason of his occupational ties;
- (c) by reason of his personal ties.

(3) In the case of a person with no occupational ties, paragraph (2) above shall apply with the omission of sub-paragraph (b), provided that his personal ties show close links with that country.

(4) Where a person has his occupational ties in one country and his personal ties in another country, he shall not be treated as being normally resident in that other country unless –

- (a) his stay in the former country is in order to carry out a task of a definite duration; or
- (b) he returns regularly to the country where he has his personal ties.

(5) Notwithstanding the provisions of paragraph (4) above, a citizen of the Republic whose personal ties are in the Island of Cyprus but whose occupational ties are in a third country may, for the purposes of relief under these Regulations, be treated as normally resident in the country of his occupational ties, provided that he has lived there for a period of, or periods together amounting to, at least 185 days within a period of twelve months.

#### 4. For the purposes of these Regulations -

- (a) any reference to a person who has been normally resident in a third country and who intends to become normally resident in the Areas shall be taken as a reference to a person who intends to comply with the requirements of paragraph (2), (3) or (4) of regulation 3, as the case may be, for being treated as normally resident in the Areas;
- (b) the date on which a person becomes normally resident in the Areas shall be the date when having given up his normal residence in a third country he is in the Areas for the purpose of fulfilling such intention as is mentioned in paragraph (a) above.

Ordinance  
10/2001.

Cap.1 (Laws of  
Cyprus).

Where a person is  
normally resident.

Supplementary  
provisions on  
residence.

**PART II****PROVISIONS COMMON TO ALL RELIEFS**

Goods to be declared for relief.

Ordinances 12/69,  
9/71, 2/75, 4/77,  
8/77, 20/87, 19/89,  
9/91, 19/99.

Fulfilment of intention to be a condition.

VAT to be payable where any condition of the relief is not complied with.

Relief on personal effects imported on change of residence.

Conditions for the relief.

5. - (1) A person shall not be entitled to relief from VAT in respect of any goods under any Part of these Regulations, unless the goods are declared for relief to the proper customs officer.

(2) For the purposes of these Regulations, the expression "declared for relief" shall refer to the act by which the person applies for relief on the importation of any goods or on their removal from another customs procedure and shall include, as the case may be, any declaration under the Customs and Excise Ordinance.

6. Where relief from payment of VAT is given under any Part of these Regulations subject to a specified intention on the part of a person in relation to his becoming normally resident in the Areas, or the use of the goods in respect of which relief is given, it shall be a condition of the relief that such intention be fulfilled.

7. Where relief from payment of VAT has been given under any Part of these Regulations and subsequently the Commissioner is not satisfied that any condition subject to which such relief was given has been complied with, then, unless the Commissioner sanctions the non-compliance, the VAT shall become payable forthwith by the person to whom relief was given (except to the extent that the Commissioner may see fit to waive payment of the whole or any part thereof).

**PART III****PERSONS TRANSFERRING THEIR NORMAL RESIDENCE FROM A THIRD COUNTRY**

8. - (1) Subject to the provisions of this Part, a person transferring his normal residence to the Areas from a third country shall not be required to pay VAT in respect of the importation of his personal effects. The relief shall be limited to personal effects which-

(a) have been in the person's possession and used by him in the country where he has been normally resident, for a period of at least six months before their importation;

(b) are intended for his personal use in the Areas.

(2) A person shall not be given relief under this Part unless the Commissioner is satisfied that the goods have borne, in their country of origin or exportation, the customs or other duties and taxes to which goods of that class or description are normally liable and that such goods have not, by reason of their exportation, been subject to any exemption from, or refund of, such duties or taxes as aforesaid, or any turnover tax, consumption tax, or other similar tax.

9. - (1) Relief under this Part shall be given only to persons who have been normally resident outside the Areas for a period of at least twelve continuous months immediately preceding the importation of the goods.

(2) The relief shall be given only in respect of personal effects declared for final importation before the end of the twelve month period commencing on the day on which the person concerned transferred his normal residence to the Areas.

(3) The importation of personal effects may be carried out in stages within the time period provided in paragraph (2) above.

10. Where any goods are declared for relief under this Part before the day on which a person acquires normal residence in the Areas and such person undertakes to transfer his normal residence to the Areas within a period of six months, the relief shall be given on condition that suitable security as determined by the Commissioner is provided.

11. For the purposes of this Part, "personal effects" does not include -

- (a) alcoholic beverages;
- (b) tobacco or tobacco products;
- (c) any motor vehicle which has been designed and is capable by reason of its construction and equipment of transporting more than nine persons including the driver, or any special purpose vehicle or any mobile workshop; and
- (d) articles for use in commerce or in any trade or profession other than portable instruments used in the applied or liberal arts.

12. Where the Commissioner is satisfied that a person has relinquished his normal residence in a third country but he is prevented by reason of occupational ties from acquiring normal residence in the Areas immediately, he may permit the personal effects of such person to be declared for relief either as provided in regulations 8(1)(a) and 9(2), or earlier, subject to any conditions and restrictions that the Commissioner may think appropriate to impose.

13. - (1) Where relief is given under this Part, it shall be a condition of such relief that none of the personal effects in question shall be disposed of to another person before the end of the period of twelve months commencing with the day on which the relief was given, unless any earlier disposal is authorised by the Commissioner.

(2) Where the Commissioner authorises such disposal as is mentioned in paragraph (1) above, he may discharge the relief and the person to whom the relief was given shall forthwith pay the VAT at the rate in force at the date of disposal according to the description and value at that date of the personal effects concerned, accepted by the Commissioner.

Security for relief afforded before person changes his normal residence.

Meaning of "personal effects" in Part III.

Commissioner may allow relief when change of residence not yet achieved.

Restriction on early unauthorised disposal of goods relieved under Part III.

## PART IV

### ADDITIONAL RELIEF FOR PERSONAL ITEMS IMPORTED ON MARRIAGE FROM A THIRD COUNTRY

14. - (1) Subject to the provisions of this regulation, in addition to the relief given by Part III, a person entering the Areas shall not be required to pay any VAT chargeable in respect of personal effects imported into the Areas on condition that -

- (a) he has been normally resident in a third country for a continuous period of at least twelve months;
- (b) he intends to become normally resident in the Areas on the occasion of his marriage;

Relief on personal effects imported on marriage.

- (c) he submits proof of his marriage; and
- (d) the personal effects are declared for relief within the period provided by regulation 16.

(2) In this regulation "personal effects" shall be limited to household effects and trousseaux, other than tobacco products and beverages containing alcohol.

**Relief on wedding gifts.**

15. - (1) Subject to the provisions of this regulation, a person to whom regulation 14(1) above applies shall not be required to pay any VAT chargeable in respect of any wedding gifts imported into the Areas by him or on his behalf on condition that such wedding gifts are –

- (a) given or intended to be given to him on the occasion of his marriage by a person who is normally resident in a third country;
- (b) declared for relief within the period provided by regulation 16.

(2) Relief shall not be given under this regulation in respect of any wedding gift the value of which exceeds £600.

(3) For the purpose of giving relief from VAT under this regulation, a wedding gift shall be treated as if it were liable to customs duty and valued in accordance with the rules applicable to such duty.

(4) In this regulation "wedding gifts" means any property customarily given on the occasion of a marriage, other than tobacco products and beverages containing alcohol.

**Time limit for relief under Part IV.**

16. - (1) The personal effects and wedding gifts to which this Part applies shall be declared for relief -

- (a) not earlier than two months before the intended date of the marriage; and the relief shall be given on the condition that suitable security, to be determined by the Commissioner, is provided; and
- (b) not later than four months following the date of marriage.

(2) The importation of wedding gifts such as are referred to in regulation 15 may be carried out in stages, within the time periods referred to in paragraph (1) above.

**Restriction on early unauthorised disposal of goods relieved under Part IV.**

17. - (1) Where relief is given under this Part, it shall be a condition of such relief that the goods in question shall not be disposed of to another person before the twelve month period commencing with the day that the relief was given, unless such disposal is authorised by the Commissioner.

(2) Where the Commissioner authorises such disposal as is mentioned in paragraph (1) above, he may discharge the relief and the person to whom the relief was given shall forthwith pay the VAT at the rate in force at the date of disposal according to the description and value of the goods concerned accepted by the Commissioner.

## PART V

### PUPILS AND STUDENTS

18. - (1) Without prejudice to any relief given under any other Part, and subject to the provisions of this regulation, a person entering the Areas shall not be required to pay VAT chargeable in respect of scholastic equipment imported into the Areas on condition that –

Relief on  
scholastic  
equipment.

- (a) he is a pupil or student normally resident in a third country who has been accepted to attend a full-time course at a school, college or university in the Areas; and
- (b) such equipment is intended for his personal use during the period of his studies.

(2) For the purposes of this regulation, "scholastic equipment" means –

- (a) scholastic articles, namely objects and instruments (including calculators and typewriters), normally used by pupils and students for the purposes of their studies;
- (b) used movable effects which represent the normal furnishings for the room of a pupil or student;
- (c) cloth goods, namely personal clothing (including uniforms) and household materials and furnishings, whether or not used.

(3) The relief shall be given to an entitled pupil or student at least once in each school year.

## PART VI

### IMPORTATIONS OF GOODS RELATING TO CERTAIN INTERNATIONAL EVENTS

19. No VAT shall be payable on the importation into the Areas of the following goods, provided that the person concerned furnishes relevant evidence to the Commissioner and the goods do not relate to any commercial activity –

Relief on  
honours etc.

- (a) honorary decorations conferred by the government of a third country to a person normally resident in the Areas;
- (b) cups, medals and similar articles of a mainly symbolic character, awarded in a third country to a person normally resident in the Areas as a tribute to his activities such as in the arts, sciences, sport, or the public service or in recognition of his contribution at a particular event, and which are imported by that person;
- (c) cups, medals and similar articles of a mainly symbolic character, provided free of charge by authorities or persons established in a third country and conferred for the same purposes referred to in paragraph (b) above in the Areas;
- (d) prizes, trophies, souvenirs of symbolic character and small value which are intended to be distributed free of charge to persons normally resident in countries outside the Island of Cyprus on the occasion of business conferences or similar events of an international character and which are shown by their nature, their individual value and other characteristics as not being imported for commercial purposes.

Relief on gifts  
bestowed in the  
framework of  
international  
relations.

20. Subject to regulations 21 and 23 below, and the provisions in force relating to international travellers, no VAT shall be payable on articles which -

- (a) are imported by a person who has made an official visit to a country outside of the country where he is normally resident and who, on the occasion of that visit, has accepted the articles as gifts from the host authorities;
- (b) are imported by a person making an official visit in the Areas and who intends, on the occasion of that visit, to give the articles as gifts to the host authorities;
- (c) are offered as gifts or as a mark of friendship or goodwill by a public authority or body of persons carrying on activities of public interest in a third country, to a public authority, or body of persons carrying on activities of public interest in the Areas, provided that they are authorised by the competent authority to receive such gifts free of VAT.

Conditions for  
relief under  
regulation 20.

21. The relief referred to in regulation 20 above, shall be given only if such gifts -

- (a) are offered in the event of certain circumstances;
- (b) do not indicate by their description, value or quantity any interest;
- (c) are not used for any commercial purpose.

Reliefs for  
sovereigns and  
heads of State.

22. No VAT shall be payable, in accordance with the restrictions and pre-conditions imposed by the competent authority -

- (a) on gifts given to sovereigns and heads of State or to persons who, internationally, hold privileges equivalent to those of sovereigns and heads of State;
- (b) subject to the condition of reciprocity, goods intended to be used or consumed by sovereigns and heads of State, as well as of the dignitaries who represent them officially, during their official visits, to the Areas.

Goods not  
relieved under  
Part VI.

23. No relief shall be given under this Part in respect of alcoholic beverages, tobacco, or tobacco products or importations of goods of a commercial character.

## PART VII

### PERSONAL PROPERTY ACQUIRED BY INHERITANCE

Relief on imported  
legacies.

24. - (1) Without prejudice to any relief given under any other Part, a person who has become entitled as a legatee whether by will or not, to personal property situated in a third country shall not be required to pay VAT on the importation thereof into the Areas on condition that -

- (a) such person either -
  - (i) is normally resident in the Areas; or
  - (ii) is an eligible body;
- (b) he furnishes proof to the customs officer of his entitlement as legatee to the personal property; and

(c) save as the Commissioner may otherwise allow, the personal property is imported by or for such person not later than two years from the date on which his entitlement as legatee is finally determined.

(2) No relief shall be afforded under paragraph (1) above in respect of the following goods –

- (a) alcoholic beverages;
- (b) tobacco or tobacco products;

(c) any motor vehicles which, by their construction or equipment, have been designed and are capable of transporting more than nine persons including the driver, or for transporting goods, or any special purpose vehicles or mobile workshops;

(d) materials for professional use, other than portable instruments for the applied or liberal arts which were essential for the exercise of the profession of the person from whom the legatee has inherited them;

(e) stocks of raw materials and finished or semi-finished products;

(f) livestock and stocks of agricultural products exceeding the quantities appropriate to normal family requirements.

(3) For the purposes of this Part:

“eligible body” means a body corporate concerned with carrying on non-profit activities and established in the Island of Cyprus.

## PART VIII

### IMPORTATION OF GOODS OF INSIGNIFICANT VALUE

25. Subject to regulation 26, no VAT shall be payable on goods imported into the Areas whose aggregate value does not exceed £10.

Relief on goods of insignificant value.

26. No relief shall be given under this Part in respect of alcoholic beverages, perfumes and colognes and tobacco or tobacco products.

Goods not relieved under Part VIII.

## PART IX

### CAPITAL GOODS AND EQUIPMENT IMPORTED ON THE TRANSFER OF THE ACTIVITIES OF A BUSINESS

27. - (1) Subject to the provisions of this Part, no VAT shall be payable on the importation into the Areas of capital goods and equipment belonging to a business which has ceased its economic activities in the country from which the goods and equipment are imported, for the purpose of carrying on a similar business in the Areas, provided that such business is notified to the Commissioner in advance of the commencement of trading under section 6(2) of, and paragraphs 1 to 13 of the First Schedule to, the Ordinance.

Relief for a business transferred from abroad.

(2) For the purposes of paragraph (1) above –

“economic activities” means the economic activities referred to in section 3 of the Ordinance;

“business” means an independent economic unit which makes supplies of goods or services.

(3) Where the business transferred is agricultural, relief shall also be given in respect of the stock-breeding.

28. Relief under regulation 27 shall be given on condition that the capital goods and equipment -

- (a) save in special cases justified by the circumstances, have in fact been used in the business for at least 12 months before the date of cessation of the economic activities of the business in the country from which the business is transferred;
- (b) are intended for the same use after such transfer;
- (c) are intended for an economic activity which does not involve the making of exempt supplies under section 26 of, and the Seventh or Eighth Schedule to, the Ordinance;
- (d) are appropriate to the nature and size of the particular business; and
- (e) are goods in respect of which deduction of the input tax is not excluded by virtue of any regulations under section 20(7) of the Ordinance.

29. No relief shall be given under this Part in respect of a business established outside the Areas, where the reason for its transfer into the Areas is for the purpose of its amalgamation with or absorption by, a business established in the Areas, without creating new economic activities.

30. No relief shall be given under this Part in respect of -

- (a) means of conveyance which do not constitute means for the production of goods or the provision of services;
- (b) any kind of goods intended for human consumption or for feeding animals;
- (c) fuels and stocks of raw materials or processed or partly-processed products;
- (d) animals in the possession of animal traders.

31. Save in special cases justified by the circumstances, the relief under regulation 27 above shall be given only in respect of capital goods and equipment imported before the end of a period of twelve months commencing on the date of cessation of the economic activities of the business in the country of origin.

## PART X

### IMPORTATION OF THERAPEUTIC SUBSTANCES, MEDICINES, EXPERIMENTAL ANIMALS AND BIOLOGICAL OR CHEMICAL SUBSTANCES

32. - (1) No VAT shall be payable on importation into the Areas-

- (a) of animals specially prepared and offered free of charge to be used in laboratories;
- (b) biological or chemical substances which –
  - (i) are imported free of charge and originate from a member State; or

- (ii) are imported from countries which are not member States on the condition that there is no equivalent production in the European Union, and, if they are included in Schedule 1, are imported exclusively for non-commercial purposes.

Schedule 1.

(2) The relief given under paragraph (1) above shall be restricted to animals and biological or chemical substances intended for –

- (a) public institutions or institutions for the public benefit which have as their main activity education or scientific research, as well as the services which are dependent on a public institution or an institution for the public benefit and which have as their main activity education or scientific research; or
- (b) private institutions which have as their main activity education or scientific research, and have been authorised by the Commissioner to receive such goods free of VAT.

33. - (1) Subject to the provisions of regulation 34, no VAT shall be payable on the importation into the Areas of -

Relief on therapeutic substances.

- (a) therapeutic substances of human origin;
- (b) reagents for the determination of blood groups;
- (c) reagents for the determination of bone groups.

(2) For the purposes of this Part –

“therapeutic substances of human origin” means human blood and its derivatives, dried plasma of human blood, human protein and stable solutions of proteins from human plasma immunoglobulin, and human fibrin;

“reagents for the determination of blood groups” means any reagent of human, animal, plant or other origin for the determination of blood groups and the detection of incompatibility of blood;

“reagents for the determination of bone groups” means any reagent of human, animal, plant or other origin for the determination of human bone groups.

34. Relief under regulation 33 shall be restricted to products which -

Restrictions on relief under regulation 33.

- (a) are intended for organisations or laboratories approved by the Commissioner, if they are to be used exclusively for medical or scientific purposes, excluding any commercial activity;
- (b) are accompanied by a certificate of authenticity issued by a competent organisation in the country of origin;
- (c) are contained in packages bearing a special ticket with their names.

35. Relief under regulation 33 shall apply also to any special packaging necessary or the transport of the therapeutic substances or reagents in question, as well as to the solvents and equipment which are essential for their use and which may be contained in the consignments.

Relief to apply also to special packaging etc.

Relief on samples  
of chemical  
reference  
substances.

Relief on  
pharmaceutical  
products in  
connection with  
sporting events.

Relief on goods  
for charitable  
purposes.

Exemptions from  
relief under  
regulation 38.

Accounts for  
relief under  
regulation 38.

Conditions on  
relief under  
regulation 38.

36. No VAT shall be payable on the importation into the Areas of consignments which contain samples of chemical reference substances approved by the World Health Organisation and which are intended for the quality control of matter used for the preparation of pharmaceutical products, and which are sent to recipients authorised by the Commissioner to receive similar substances relieved from VAT.

37. No VAT shall be payable on the importation into the Areas of pharmaceutical products for medical or veterinary purposes intended to be consumed by humans or animals respectively who or which take part in international sporting events, within the quantities necessary to cover their requirements during their stay in the Areas.

## PART XI

### GOODS RECEIVED BY CHARITABLE OR PHILANTHROPIC ORGANISATIONS

38. - (1) Subject to regulations 39 to 41, no VAT shall be payable on the importation into the Areas of -

- (a) basic necessities obtained without charge and imported by the Administration or an approved charitable or philanthropic organisation, for distribution free of charge to persons in need;
- (b) any goods donated by persons or organisations established in a third country and with no commercial purpose on the part of the donors, to the Administration or approved charitable or philanthropic organisations, for use to raise funds at occasional charity events for the benefit of persons in need;
- (c) equipment and office materials donated by persons or organisations established in a third country and with no commercial purpose on the part of the donors, to approved charitable or philanthropic organisations, for meeting their operating needs and the carrying out of their charitable aims.

(2) For the purposes of this Part "basic necessities" means goods necessary for meeting immediate human needs, such as food, medicines, clothing and bed clothes.

39. No relief shall be granted under regulation 38 in respect of-

- (a) alcoholic beverages;
- (b) tobacco and tobacco products;
- (c) coffee and tea;
- (d) motor vehicles other than ambulances.

40. Relief under regulation 38 shall be given only to organisations which -

- (a) keep books of account which allow the proper officer to inspect their work; and
- (b) furnish any guarantees considered necessary.

41. - (1) The goods referred to in regulation 38 shall not be the subject of lending, letting on hire or transfer whether or not for consideration for purposes other than those specified in regulation 38(1)(a) and (b), by the party entitled, unless the Commissioner is notified in advance.

(2) In the case of lending, letting on hire or transfer whether or not for a consideration to an organisation entitled to relief pursuant to regulations 38 and 40, the relief shall continue in force provided that such organisation uses the goods for purposes which justify the relief. In other cases, the lending, letting on hire or transfer whether or not for consideration shall be subject to the prior payment of VAT in respect of the importation at the rate applicable at the date of the lending, letting on hire or transfer, and on the basis their description and value on that date, recognised or accepted by the Commissioner.

42. - (1) Organisations such as are referred to in regulation 38 which cease to fulfil the conditions for relief or which intend to use the goods so relieved for purposes other than those provided in that regulation, shall be required to notify the Commissioner accordingly.

Conditions ceasing  
to be met in  
respect of  
relief under  
regulation 38.

(2) Organisations which cease to fulfil the conditions required for relief, shall pay the VAT in respect of the importation of goods remaining in their possession, at the rate in force at the date when the conditions ceased to be fulfilled, and on the basis of the description and value of the goods in question on that date, recognised or accepted by the Commissioner.

(3) An entitled organisation which uses goods for purposes other than those provided in regulation 38 above, shall pay the VAT in respect of the importation of those goods, at the rate in force at the date that the goods are so used, and on the basis of their description and value on that date, recognised or accepted by the Commissioner.

43. - (1) No VAT shall be payable on the importation into the Areas of goods which have been invented specially for the training, work or social advancement of persons who are blind and other persons with special needs and which are -

Relief on goods  
for persons with  
special needs.

- (a) imported by an institution or organisation whose main activity is the training of persons with special needs or the giving of assistance to such persons, and which is authorised by the Commissioner to receive such goods without payment of VAT; and
- (b) donated without any commercial purpose on the part of the donor, to such an institution or organisation.

(2) Relief under this regulation shall apply also to spare parts, components or special accessories for the said goods, as well as to instruments used for their maintenance, inspection, precision inspection or repair, provided that the spare parts, components, accessories or instruments are imported at the same time as the goods, or if they are imported subsequently, it is evident that they are intended for goods which have been relieved or which might have been relieved at the time when relief was requested for the said spare parts, components, accessories or instruments.

(3) The goods relieved shall not be used for purposes other than the training, work or social advancement of persons who are blind and other persons with special needs.

44. - (1) Goods in respect of which relief is given under regulation 43 above may be the subject of lending, letting on hire or transfer whether or not for a consideration, but without any motive of profit on the part of the entitled organisations, to the persons referred to in the said regulation, without payment of VAT in respect of the importation of the goods.

Conditions of  
relief under  
regulation 43.

(2) The lending, letting on hire or the transfer whether or not for a consideration shall not be carried out under conditions other than those provided in paragraph (1) above, unless the Commissioner is notified in advance.

(3) In the case of lending, letting on hire or transfer whether or not for a consideration of such goods to an institution or organisation which is also entitled to relief, the relief shall continue in force, provided that such institution or organisation uses the relevant goods for purposes which justify such relief. In other cases, the lending, letting on hire or transfer whether or not for a consideration of such goods shall depend on the prior payment of VAT, at the rate applicable at the date of the lending, the letting on hire or transfer, and on the basis of their description and value on that date recognised or accepted by the Commissioner.

45. - (1) Institutions or organisations referred to in regulation 43, which cease to fulfil the required conditions for relief or which intend to use any goods in respect of which relief was given for purposes other than those provided for in that regulation, shall be required to notify the Commissioner accordingly.

(2) Institutions or organisations, which cease to fulfil the conditions for relief, shall pay the VAT in respect of the importation of goods remaining in their possession, at the rate in force on the date when such conditions ceased to be fulfilled, and on the basis of the description and value of the goods in question on that date, recognised or accepted by the Commissioner.

(3) Entitled organisations or institutions which use goods for purposes other than those provided for by regulation 43, shall pay the VAT in respect of the importation of those goods at the rate in force on the date that the goods are so used, and on the basis of their description and value on that date, recognised or accepted by the Commissioner.

46. - (1) Subject to regulations 47 to 51, no VAT shall be payable on the importation of goods into the Areas imported by Administrative or other approved charitable or philanthropic organisations for the purpose of –

- (a) distributing them free of charge to victims of disasters which strike the Areas;
- (b) placing them at the disposal of the victims of such disasters, while they remain in the ownership of the said organisations.

(2) The relief provided by paragraph (1) above shall apply also to goods imported by rescue teams to cover their needs during their efforts.

47. No relief shall be granted under regulation 46 in respect of building and other materials intended to be used for the reconstruction of the areas which have been struck.

48. Relief under regulation 46 shall be given only if the Administrator has determined and published in the Gazette the conditions and limitations subject to which such relief is to be granted, and shall be subject to any such conditions and limitations.

Conditions ceasing  
to be met in  
respect of  
relief under  
regulation 43.

Relief on goods for  
disaster victims.

Goods exempted  
from relief under  
regulation 46.

Conditions for  
relief under  
regulation 46.

49. Relief under regulation 46 shall be granted only to organisations which –

- (a) keep books of account which allow the proper officer to inspect their work; and
- (b) furnish any guarantees considered necessary.

Accounts for relief under regulation 46.

50. - (1) The goods referred to in regulation 46(1) shall not be the subject of lending, letting on hire or transfer whether or not for a consideration, on the part of the entitled organisations, for purposes other than those provided for in that regulation, unless the Commissioner is notified accordingly.

(2) In the case of lending, letting on hire or transfer whether or not for a consideration to an organisation entitled to relief under regulation 46, the relief shall continue in force, provided that such organisation use the goods for purposes which justify such relief; in other cases, the lending, letting on hire or transfer whether or not for a consideration shall depend on the prior payment of VAT, at the rate applicable at the date of the lending, letting on hire or transfer of the goods and on the basis of their description on that date, recognised or accepted by the Commissioner.

51. - (1) When goods such as are referred to in regulation 46(1)(b), cease to be used by the victims of disasters, they shall not be the subject of lending, letting on hire or transfer whether or not for a consideration, if the Commissioner is not notified in advance accordingly.

(2) In the case of lending, letting on hire or transfer whether or not for a consideration to an organisation entitled to relief in the application of regulation 46 or regulation 38(1)(a), the relief shall continue in force, provided that such organisation uses the said goods for purposes which justify the giving of similar reliefs; in other cases, the lending, letting on hire or the transfer whether or not for a consideration, shall depend on the prior payment of VAT, at the rate applicable at the date of lending, letting on hire or transfer of the goods, and on the basis of their description and value on that date, recognised or accepted by the Commissioner.

52. - (1) An organisation such as is referred to in regulation 46 above, which ceases to fulfil the required conditions for relief or which intends to use any goods in respect of which relief was given for a purpose other than one provided for in that regulation, shall be required to notify the Commissioner accordingly.

End of use of relieved goods.

(2) With regard to goods remaining in the possession of an organisation which ceases to fulfil the conditions for relief, such relief shall continue in force provided that the goods are transferred to an organisation which is entitled to relief under this Part and that such organisation uses the said goods for purposes which justify the giving of similar relief. Where such goods remain in the possession of an organisation which ceases to fulfil the conditions for relief, the organisation concerned shall pay the VAT in respect of the importation of the goods at the rate in force on the date at which such conditions ceased to be fulfilled and on the basis of the description and value of the goods in question on that date, recognised or accepted by the Commissioner.

Conditions ceasing to be met in respect of relief under regulation 46.

(3) An organisation which uses goods in respect of which relief has been given for purposes other than those provided for in this Part shall pay the VAT in respect of the importation of the goods, at the rate in force on the date that the goods were used for such other purposes, and on the basis of their description and value on that date, recognised or accepted by the Commissioner.

## PART XII

### IMPORTATION OF GOODS FOR THE PROMOTION OF TRADE

Relief on commercial samples.

53. - (1) Subject to regulation 57(1)(a), no VAT shall be payable on the importation into the Areas of commercial samples of negligible value, which may be used only for obtaining orders of goods of the same description.

(2) For the purpose of giving such relief, the Commissioner may require the rendering of certain goods completely unusable by tearing, perforation, indelible and manifest marking or by any other method, provided such action does not detract from the quality of the sample.

(3) For the purposes of this regulation "commercial samples" means goods which are representative of a category of goods and whose manner of presentation and quantity, of each description or quality of goods, makes their use impossible for purposes other than market research.

54. Subject to regulation 54, no VAT shall be payable on the importation into the Areas of advertising literature such as catalogues, price lists, directions for use or commercial brochures relating to -

- (a) goods sold or hired by persons established in a third country; or
- (b) services supplied by a person established in a member State; or
- (c) services in the sector of transport, commercial insurance or banking, which are supplied by a person established in a third country.

55. - (1) Relief under regulation 54 shall be limited to advertising literatures in relation to which the following conditions are met -

- (a) the name of the business which produces, sells or hires the goods or supplies the relevant services is written clearly on all literature;
- (b) each consignment shall contain only one document, or if it contains more than one document, only one copy of each such document. However, a consignment containing several copies of the same document may be exempted from VAT, if the total gross weight of the consignment does not exceed 1 kilogram;
- (c) a consignment shall not be one of a number of contemporaneous consignments from the consignor to the same consignee.

(2) The conditions described in sub-paragraphs (b) and (c) of paragraph (1) above, shall not apply to advertising literature relating

Relief on advertising literature.

Conditions for relief under regulation 54.

either to goods for sale or hire, or to services supplied by a person established in a third country, provided such advertising literature has been imported for the purpose of being distributed free of charge.

56. No VAT shall be payable on the importation into the Areas of advertising articles which have no commercial value, which are offered free of charge by suppliers to their customers and which cannot be used for any purpose other than advertising.

Relief on advertising articles.

57. - (1) Subject to regulations 58 to 61, no VAT shall be payable on the importation into the Areas of -

Relief on goods for exhibitions etc.

- (a) small representative samples intended for an exhibition or similar event;
- (b) goods imported solely for the purpose of being exhibited or of being used in the demonstration of any machine or apparatus exhibited at an exhibition or similar event;
- (c) sundry goods of small value, such as colours, varnishes, wall paper used for the construction, dressing and decoration of temporary stands at exhibitions or similar events and which after use are destroyed;
- (d) leaflets, catalogues, prospectuses, price lists, advertising posters, calendars, whether or not illustrated, unframed photographs and other articles supplied without charge as advertisements for the goods exhibited at an exhibition or similar event.

(2) For the purposes of this regulation "exhibition or similar event" means -

- (a) exhibitions, trade fairs, trade reception rooms and similar events of trade, industry, agriculture and craft;
- (b) exhibitions or shows organised mainly for philanthropic purposes;
- (c) exhibitions organised mainly for scientific, technical, craft, art, educational or cultural, athletic, religious or worship, trade union or tourism purposes or to promote mutual understanding between nations;
- (d) conferences of representatives of international organisations or groups;
- (e) ceremonies and demonstrations of an official or commemorative character,

but does not include exhibitions organised for private purposes in a shop or on business premises with a view to the sale of the goods displayed.

58. Relief under regulation 57(1)(a) shall be limited to samples which -

Conditions on relief under regulation 57(1)(a).

- (a) are imported free of charge as samples or are taken at the event from unpacked imported goods;
- (b) are intended to be distributed free of charge to the public at the event, to be used or consumed by the persons to whom they are distributed;
- (c) are identifiable as samples of an advertising character of low value per unit;

- Conditions on relief under regulation 57(1)(b).**
- (d) are not appropriate for marketing and are offered, where appropriate, in packages containing quantities which are lower than the lowest quantity of the same goods sold in the trade;
  - (e) if they are foodstuffs or beverages which are not packed in the manner described in paragraph (d) above, are consumed at the event;
  - (f) the aggregate value and quantity thereof is appropriate to the nature of the event, the number of visitors and the extent of the exhibitor's participation in it.

59. Relief under regulation 57(1)(b) shall be limited to goods which -

- (a) are consumed or destroyed at the event; and
- (b) are of an aggregate value and quantity which are appropriate to the nature of the event, the number of visitors and the extent of the exhibitor's participation in it.

60. Relief under regulation 57(1)(d) shall be limited to advertising literature and articles which are -

- (a) intended solely for distribution to the public at the event; and
- (b) of an aggregate value and quantity which are appropriate to the nature of the event, the number of visitors and the extent of the exhibitor's participation in it.

61. No relief shall be given under regulation 57(1)(a) or (b) in respect of -

- (a) alcoholic beverages;
- (b) tobacco or tobacco products;
- (c) fuel of any kind.

### PART XIII

#### GOODS IMPORTED FOR EXAMINATIONS, ANALYSES OR TESTS

**Relief on goods to be examined etc.**

62. Subject to regulations 63 to 68, no VAT shall be payable on the importation into the Areas of goods intended to be subjected to examinations, analyses or tests to determine their composition, their quality or their other technical characteristics, for the purpose either of acquiring relevant information or for the purpose of industrial or commercial research.

63. Subject to regulation 66, relief given under regulation 62 is on condition that the goods subjected to examinations, analyses or tests, shall be completely exhausted or destroyed during such examinations, analyses or tests.

64. Goods which are used for examinations, analyses or tests which in themselves constitute acts of commercial promotion shall not be the subject of relief.

65. Relief shall be given only in respect of such quantities of goods as are absolutely necessary for carrying out the purpose for which they are imported. Such quantities shall be determined in each case by the Commissioner.

**Goods excluded from relief under regulation 62.**

**Quantitative limits.**

66. - (1) Relief under regulation 62 shall also apply to goods which are not completely exhausted or destroyed during their examinations, analyses or tests, provided that the remaining goods, under the control of the Commissioner and with his approval -

Relief on certain remaining goods.

- (a) are destroyed completely or lose any commercial value after the examination, analyses or tests; or
- (b) are donated to the Administration; or
- (c) are exported from the Areas, if the circumstances adequately justify it.

(2) For the purposes of this Part "remaining goods" means goods which result from the examinations, analyses or tests or such of the goods in respect of which relief was given and which have not been used for such purposes.

67. With the exception of the cases to which regulation 66(1) applies, the person in possession of remaining goods following the examinations, analyses or tests, of or on the goods which are referred to in regulation 62, shall pay the VAT in respect of the importation of the remaining goods at the rate applicable at the date that the examinations, analyses or tests end, and on the basis of the description and value of the remaining goods in question at that date, recognised or accepted by the Commissioner:

VAT on other remaining goods.

Provided that the person concerned may, with the acquiescence and under the control of the Commissioner, convert the remaining goods into waste or fragments. In such a case, the VAT payable in respect of the importation shall be that which is applicable in relation to such waste or fragments at the date on which the remaining goods are wasted or fragmented.

68. The Commissioner shall set a time limit within which the examinations, analyses or tests shall be carried out and for the administrative procedures to be completed for the purpose of ascertaining that the goods are used for the purposes provided.

Time limit for completing examinations etc.

## PART XIV

### MISCELLANEOUS RELIEFS

69. No VAT shall be payable on the importation into the Areas of trademarks, patents or designs or of files relating to them or of files of applications for the grant of patents or similar rights, intended for organisations competent in matters for the protection of copyrights or the protection of industrial and commercial intellectual property.

Relief on trademarks etc.

70. No VAT shall be payable on the importation into the Areas of-

- (a) folded sheets of printed matter, leaflets, books, guide books, placards whether or not framed, photographs and photographic enlargements whether or not framed, illustrated calendars intended for free distribution and the main aim of which is to encourage the public to visit foreign countries, especially to take part in cultural, touristic, athletic, religious or professional meetings or demonstrations, on condition that such printed matter does not contain personal commercial advertising of over twenty five percent (25%) in total and that it is evident that it has as its aim the dissemination of information generally;

Relief on tourist information.

- (b) catalogues and foreign hotel guides published by official tourism organisations or under their auspices, and timetables of foreign transport services, where such printed matter is intended for distribution free of charge and does not contain personal commercial advertising of over twenty five percent (25%) in total;
- (c) technical material sent to official delegates appointed by national tourism organisations, and which is not intended for distribution, that is to say statements, lists of subscribers of telephone or teletype, hotel guides, trade fairs, samples of handicraft products of insignificant value, printed matter with information regarding museums, universities, mineral springs or other similar amenities.

Relief on other documents.

71. No VAT shall be payable on the importation into the Areas of -

- (a) documents offered free of charge in the Areas;
- (b) foreign government publications and publications of official international bodies intended for free distribution;
- (c) ballot papers for elections organised by bodies established in third countries;
- (d) objects intended to be used as evidence in a court or other official bodies in the Areas;
- (e) specimen signatures and printed circulars concerning signatures sent in the course of normal exchanges of information between public services or banking organisations;
- (f) reports, annual reports of activities, information notes, registration reports and other documents prepared by companies the head office of which is not in the Areas and which are intended for the bearer of, or subscriber to, securities issued by such companies;
- (g) recorded media (punched cards, sound recordings, microfilms etc.) offered free of charge to the recipient for transmission of information, provided that the relief does not allow for abuse or significant distortions of competition;
- (h) drawings, technical drawings, traced original plans, descriptions and other similar documents imported for the purpose of securing or executing orders in third countries or for the purpose of taking part in a competition organised in the Areas;
- (i) files, archives, printed matter and other documents for use at international meetings, conferences or congresses and reports of such gatherings;
- (j) documents to be used in examinations organised in the Areas by bodies established in the Island of Cyprus;
- (k) printed matter to be used as official documents in the international movement of vehicles or goods pursuant to international conventions;
- (l) printed matter, labels, tickets and similar documents sent to travel agents established in the Areas by transport or hotel undertakings in a third country;

- (m) transport documents and forms, bills of lading, truck-waybills and other commercial documents or office papers;
- (n) official documents originating from national or international authorities, and forms conforming to international standards sent by associations from third countries to corresponding associations in the Areas for distribution;
- (o) photographs, slides and stereotype plaques made of cardboard or paper pulp for photographs, whether or not captioned, where they are addressed to news agencies or editors of newspapers or magazines;
- (p) goods referred to in Schedule 2 for any use, provided that they have been produced by the United Nations Organisation or any of its Specialised Organisations;
- (q) collectors' items and works of art, of an educational scientific or cultural character, not intended for sale and imported by museums, exhibition galleries and other institutions which the Commissioner allows to receive such articles with relief, provided that such relief is given only when the articles are imported free of charge or, if for a consideration, are supplied by a person who is not a taxable person;
- (r) importations of official publications constituting a means of expression of the public authorities of the exporting country, international organisations, local authorities and public bodies, established in the exporting country, as well as printed matter distributed on the occasion of elections to the European Parliament or national elections organised by the country in which the printed matter originates by foreign political organisations officially recognised in the Areas, provided that the said publications and printed matter have been subject to VAT in the country from which they are exported and the VAT has not been refunded upon exportation.

72. No VAT shall be payable on the importation into the Areas of miscellaneous materials, such as rope, straw, cloths, paper and card board, timber, plastic substances, used for the packaging and protection (including temperature control) of goods during their transport into the Areas, on the condition that –

- (a) normally the materials cannot be reused; and
- (b) their value is included in the basis for charging VAT on the goods.

73. No VAT shall be payable on the importation into the Areas of bedding, fodder and feeding stuffs of any kind carried in means of transport used for the transport of animals into the Areas, for distribution to those animals in the course of their transport.

74. - (1) Subject to regulations 75 and 76, no VAT shall be payable on the importation into the Areas of -

- (a) fuel contained in standard fuel tanks –
  - (i) of motor vehicles for public or private use and motor cycles;
  - (ii) of special purpose containers;

Schedule 2.

Relief on  
packaging  
material.Relief on animal  
bedding etc.

Relief on fuel.

- (b) fuel not exceeding 10 litres for each vehicle, contained in portable tanks carried by a vehicle for private use and motor cycles.

(2) For the purposes of this Part –

“vehicle for public use” means any road vehicle with an engine (including towing vehicles whether or not towing), which, in proportion to the type of its manufacture and equipment, is appropriate and is intended to transport, whether or not for payment –

- (a) more than nine persons, including the driver;
- (b) goods,

as well as any other special purpose vehicle, other than one solely for transport;

“vehicle for private use” means any motor vehicle not covered by the definition above of vehicle for public use;

“standard fuel tanks” means –

- (a) tanks which the manufacturer fits to all vehicles of the same type as the vehicle in question and whose fitting permits the direct supply of fuel for the purpose of propulsion and, where appropriate, for the operation, during transport, of refrigeration systems and other systems; gas tanks fitted to vehicles designed for the direct use of gas as a fuel, shall also be deemed to be standard fuel tanks, as well as tanks fitted to ancillary systems with which a vehicle may be equipped;
- (b) tanks which the manufacturer fits to all containers of the same type as the container in question and whose fitting permits the direct supply of fuel for the operation, during transport, of refrigeration systems and other systems with which all special purpose containers of that type are fitted;

“special purpose container” means any container fitted with specially designed apparatus for refrigeration systems, oxygenation systems, thermal insulation systems and other systems.

Limits on relief on  
fuel.

75. - (1) With respect to fuels contained in the standard fuel tanks of motor vehicles for public use and of special purpose containers, the relief under regulation 74 shall be limited in accordance with the provisions of paragraphs (2) and (3) below.

(2) Where the vehicle originates from a third country, the limit shall be 200 litres for each vehicle per journey.

(3) Where the vehicle originates from a country which is a member State at any time when the Republic has itself become a member State, the limits shall be –

- (a) 200 litres for each vehicle per journey, in the case of vehicles which are suitable and are intended for the transport of goods whether or not for payment;
- (b) 600 litres for each vehicle per journey, in the case of vehicles which are suitable and are intended for the conveyance, of more than nine persons, including the driver, whether or not for payment;
- (c) 200 litres for each special purpose container per journey.

76. - (1) Fuel that has been the subject of relief under regulation 74 shall not be used in a vehicle other than the vehicle in which it has been imported nor shall it be extracted from such vehicle or stored (except during necessary repairs to the vehicle) or transferred whether or not for consideration, by or on behalf of the entitled person.

Conditions on  
relief under  
regulation 74.

(2) Non-compliance with the provisions of paragraph (1) above shall lead to the requirement for the payment of the VAT applicable to the fuel at the time of its importation, at the rate applicable at that date, and on the basis of its description and value at that date, recognised or accepted by the Commissioner.

77. Relief under regulation 74 shall apply also in respect of the lubricants which are in motor vehicles and which are there to fulfil the normal operational needs of such vehicles during their journey.

Relief on  
lubricants.

78. No VAT shall be payable on the importation into the Areas on any goods imported by organisations which have the relevant consent of the Commissioner, for the purpose of constructing, maintaining or ornamenting cemeteries, tombs and memorials which commemorate war victims of a foreign country and who have been buried in the Areas.

Relief on goods  
for certain  
cemeteries etc.

79. No VAT shall be payable on the importation into the Areas of -

Relief on  
coffins etc.

- (a) coffins containing human remains and urns containing the ashes of deceased persons, as well as of flowers, wreaths and other ornamental objects which normally accompany them;
- (b) flowers, wreaths and other ornamental objects imported by persons resident in a member State who are attending a funeral or coming to the Areas for the purpose of adorning a grave, provided that the goods do not indicate, by their kind or their quantity, that they are being imported for any commercial purpose.

## PART XV

### FINAL PROVISIONS

80. In any case where these Regulations provide that a relief shall depend upon the continuing fulfilment of certain conditions, the burden of proving to the competent authorities that the conditions continue to be fulfilled shall lie on the other party.

Burden of proof.

81. Nothing in these Regulations shall affect any relief granted in the framework of conventions with regard to educational, scientific or technical co-operation between third countries and the Areas.

Other  
educational etc.  
reliefs unaffected.

82. Nothing in these Regulations shall affect the special reliefs given to workers who are repatriated having remained outside the Areas for a period of at least six months due to their professional activities.

Repatriation relief  
unaffected.

83. The Value Added Tax (Foreign Companies) (Exemptions) Regulations 1992 are hereby revoked.

Revocation.  
P.I.99/92.

84. These Regulations shall come into force on a day to be appointed by the Administrator and published in the Gazette.

Commencement.

**SCHEDULE 1**  
 (Regulation 32(1)(b)(ii)).

C.N. Code	Description
ex 2845 90 90 00	Helium-3
ex 2845 90 90 00	(Oxygen-18) Water
ex 2901 29 80 00	3-methylpent-1-ene
ex 2901 29 80 00	4-methylpent-1-ene
ex 2901 29 80 00	2-methylpent-2-ene
ex 2901 29 80 00	3-methylpent-2-ene
ex 2901 29 80 00	4-methylpent-2-ene
ex 2902 19 10 00	P-metha-1(7)2-diene (beta phellandrene)
ex 2903 69 90 00	4,4-dibromobiphynyl
ex 2904 10 00 00	Ethyl-methanesulphonate
ex 2923 90 00 00	Decamethonium bromide (INN)
ex 2926 90 99 00	1-Naphtonitrile
ex 2926 90 99 00	2-Naphtonitrile
ex 2936 21 00 00	Retinyl acetate
ex 3507 90 90 00	Phosphoglucomutase
ex 3204	Orcoacid Sulphorhodamine G

**SCHEDEULE 2**  
 (Regulation 71(p)).

**Table A.**

1. Holograms for laser projection
2. Multi-media games
3. Material for programmed instruction, including material in kit form, with the corresponding printed materials.

**Table B.**

<i>C.N. Code</i>	<i>Description</i>
3704 00	Photographic plates, film, paper, paperboard and textiles, exposed but not developed:
ex 3704 0010	Plates and film: Cinematographic film, positive, of an educational scientific or cultural character.
ex 3705	Photographic plates and film, exposed and developed, other than cinematographic film: Educational, scientific or cultural character.
3706	Cinematographic film, exposed and developed, whether or not incorporating sound track or consisting only of sound track:
3706 10	Of a width of 35 mm or more: Other
ex 3706 10 99	Other positives:  Films of current events (with or without sound) presenting facts of a current nature at the time of importation, imported for reproduction, with a limit of two copies for each subject.  Archive films (with or without sound) intended to accompany films of current events.  Recreational films, particularly for children and young persons.  Untitled of an educational, scientific or cultural character.
ex 3706 90	Others: Others: Other positives: Films of current events (with or without sound) presenting facts of a current nature at the time of importation, imported for reproduction, with a limit of two copies for each subject.

ex 3706 90 51	Archive films (with or without sound) intended to accompany films of current events.
ex 3706 90 91	Recreational films, particularly for children and young persons.
ex 3706 90 99	Untitled of an educational, scientific or cultural character.
4911	Other printed matter, including printed pictures and photographs: Other: Other:
ex 4911 99 00 00	Microcards or other material used by the information and media services by means of electronic computers, of an educational, scientific or cultural character.
	Wall boards intended exclusively for exhibiting and teaching.
ex 8524	Records, tapes and other recorded media for sound or other similar recorded phenomena, including matrices and masters for the production of records, but excluding products of Chapter 37: Educational, scientific or cultural character.
ex 9023 00	Instruments, apparatus and models, designed for demonstrational purposes (for example, in education or exhibitions) unsuitable for other uses: Models, mock-ups and wall boards of an educational, scientific or cultural character intended exclusively for exhibiting and teaching. Mock-ups or small visual illustrations of abstract meanings such as chemical formulae or mathematical formulae.

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Dated this 18th day of January 2002.

By the Administrator's Command,

D.J. BONNER,

Chief Officer,

(119/8/2)

Sovereign Base Areas.

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No. 9

**THE VALUE ADDED TAX ORDINANCE**  
**(Ordinance 10 of 2001)**

**REGULATIONS MADE BY THE ADMINISTRATOR**  
**UNDER SECTION 25(5)**

In exercise of the powers vested in him by section 25(5) of the Value Added Tax Ordinance, the Administrator hereby makes the following Regulations:-

1. These Regulations may be cited as the Value Added Tax (Reliefs for International Organisations and Diplomatic Missions) Regulations 2002.

Short title.

2. In these Regulations -

Interpretation.

“consular authority” has the meaning given to that term by the Vienna Convention on Consular Relations (Ratification) Law of the Republic;

Law No. 7/76  
(Republic).

“diplomatic mission” has the meaning given to that term by the Diplomatic Rights, Immunities and Privileges Law of the Republic;

Laws Nos 60/65,  
67/77 and 47/85  
(Republic).

“disposal” means the lending, letting on hire, giving as a security, or transfer with or without consideration or in any other way, and cognate expressions shall be construed accordingly;

“the Ordinance” means the Value Added Tax Ordinance 2001.

3. – (1) Any entitled body or person to which or to whom any relief from VAT is given under these Regulations shall be bound by the conditions in the following paragraphs of this regulation.

Ordinance  
10/2001.  
Conditions subject  
to which reliefs are  
given.

(2) It shall be a condition of the relief that any goods in relation to which the relief is given shall not be disposed of without the prior authorization in writing of the Commissioner.

(3) Where the Commissioner authorises such a disposal as is mentioned in paragraph (2) above, he may withdraw the relief and the entitled body or person to which or to whom the relief was given shall forthwith pay the VAT relieved at the rate then in force, provided that where a lower rate was in force when relief was given, the amount payable shall be determined by reference to that lower rate.

(4) It shall be a condition of any relief given that the goods or service concerned are used exclusively for the official purposes of the entitled body or person to which or to whom the relief is given.

(5) Where any relief has been given and subsequently the Commissioner is not satisfied that any condition attaching to such relief, whether by virtue of these Regulations or otherwise, has been complied with, then unless the Commissioner sanctions the non-compliance in writing, the amount of VAT relieved shall become payable forthwith and any goods involved shall be liable to forfeiture.

(6) Where any relief has been given, but any amount subsequently becomes payable by virtue of paragraph (5) above, the following shall be jointly and severally liable to pay it –

- (a) the entitled body or person to which or to whom the relief was given;
- (b) any person who, at or after the time of the non-compliance with the condition which caused the VAT to become payable, has been in possession of the goods, or has used the services in question.

## Reliefs from VAT.

4. – (1) Subject to regulation 3 and the following paragraphs of this regulation, no VAT shall be payable on the following supplies made in the Areas –

- (a) supplies made within the framework of diplomatic and consular relations;
- (b) supplies of goods or services intended for international organisations recognised by the authorities of the Areas, as well as for the members of such organisations, within the limits and conditions prescribed by the international conventions concerning the establishment of such organisations or by conventions regarding their headquarters.

(2) Any relief given under this regulation shall be given by way of a refund by the Commissioner to the entitled body or person, of the VAT charged on the supply to that body or person of the goods or services concerned.

(3) For a refund of VAT under paragraph (2) above, an entitled body or person shall submit to the Commissioner a written claim accompanied by the relevant invoice.

(4) In respect of a consular authority headed by an honorary consul, the provisions of the preceding paragraphs shall not apply except in relation to the supply in reasonable quantities of coats-of-arms, flags, emblems, books, official printed matter, office furniture or articles used as office equipment.

(5) The Value Added Tax (International Organisations and Diplomatic Missions) (Exemptions) Regulations are hereby revoked.

Revocation.  
P.I. 8/93.

Commencement.

(6) These Regulations shall come into force on a day to be appointed by the Administrator and published in the Gazette.

Dated this 18th day of January 2002.

By the Administrator's Command,

D.J. BONNER,

Chief Officer,

Sovereign Base Areas.

(119/8/2)

No. 10

**THE VALUE ADDED TAX ORDINANCE**  
**(Ordinance 10 of 2001)**

**REGULATIONS MADE BY THE ADMINISTRATOR**  
**UNDER SECTION 25(5)**

In exercise of the powers vested in him by section 25(5) of the Value Added Tax Ordinance, the Administrator hereby makes the following Regulations:-

1. These Regulations may be cited as the Value Added Tax (Reliefs under the Treaty of Establishment) Regulations 2002.

Short title.

Zero-rated supplies.

2. - (1) Supplies of the following descriptions shall be zero-rated-

- (a) a supply of goods made to a person who, or to an organisation which, is entitled under the Treaty of Establishment, to relief from import duties in respect of goods of the same description as the goods supplied;
- (b) a supply of services -
  - (i) to any of the United Kingdom authorities such as are referred to in paragraph 1(c) of Part I of Annex B to the Treaty,
  - (ii) to any of the forces described in paragraph 1(a) of section 1 of Annex C to the Treaty, and
  - (iii) to any authorised service organisation referred to in the Schedule to Part I of Annex B to the Treaty:

Provided that the services supplied are intended exclusively for official use or military purposes.

(2) The provisions of paragraph (1) above shall not apply, unless the person to whom the supply of goods or services is made has secured a written permit from the Commissioner or any other person duly authorised by him –

- (a) authorising the supply to be zero-rated; and
- (b) specifying the purpose for which the goods or services supplied are to be used.

3. - (1) Any goods or services supplied at the zero-rate under regulation 2(1) shall be used only for the purposes specified in the permit issued by the Commissioner, in accordance with regulation 2(2).

Restrictions on use of goods or services.

(2) Any breach of paragraph (1) above shall result in the supply of the goods or services in question being chargeable to VAT at the rate in force at the time of the breach and where the breach is in respect of any goods, the goods shall be liable to forfeiture.

4. The Value Added Tax (Exemption under the Treaty of Establishment) Regulations, 1992 are hereby revoked.

Revocation.  
P.I. 95/92.

Commencement.

5. These Regulations shall come into force on a day to be appointed by the Administrator and published in the Gazette.

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Dated this 18th day of January 2002.

By the Administrator's Command,

D.J. BONNER,

Chief Officer,

Sovereign Base Areas.

(119/8/2)

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No. 11

**THE VALUE ADDED TAX ORDINANCE  
(Ordinance 10 of 2001)**

**REGULATIONS MADE BY THE ADMINISTRATOR  
UNDER SECTION 42(3)**

In exercise of the powers vested in him by section 42(3) of the Value Added Tax Ordinance, the Administrator hereby makes the following Regulations:-

1. These Regulations may be cited as the Value Added Tax (Special Scheme for Farmers) (Designated Activities) Regulations 2002.

Short title.

2. In these Regulations -

Interpretation.

“the Ordinance” means the Value Added Tax Ordinance 2001;

Ordinance  
10/2001.

“the Schedule” means the Schedule to these Regulations.

The Schedule.

3.- (1) Subject to paragraph (2) below, the activities described in any Part of the Schedule are designated activities for the purposes of section 42 of the Ordinance.

Designated  
activities.

(2) The activities described in Part VI of the Schedule are not designated activities for the purposes of section 42 of the Ordinance, unless –

(a) the person performing them also carries out designated activities falling within one or more of Parts I to V of the Schedule (other designated activities); and

(b) in carrying out the activities described in Part VI –

(i) he performs them himself, or they are performed by his employees (or both), and

(ii) any equipment he uses in carrying them out or hires to another, for agricultural purposes, is equipment which he also uses for carrying out his other designated activities.

4. These Regulations shall come into force on a day to be appointed by the Administrator and published in the Gazette.

Commencement.

**SCHEDULE**

**Part I  
Agriculture**

1. General agriculture, including viticulture.
2. Cultivation of fruit-bearing trees (including olive trees), vegetables, flowers and ornamental plants.
3. Production of mushrooms, spices, seeds for sowing and propagating materials, and nurseries.

**Part II  
Stock Farming**

1. General stock farming.
2. Poultry farming.
3. Rabbit farming.

4. Beekeeping.
5. Silkworm farming.
6. Snail farming.

**Part III  
Forestry**

1. Growing, felling and general husbandry of trees in a forest grove.

**Part IV  
Fishing**

1. Fishing.
2. Fish farming.
3. Breeding of mussels, oysters and other molluscs and crustaceans.
4. Frog farming.

**Part V  
Processing**

1. The processing by a person of products deriving from his activities falling within Parts I to IV above, using only such means as are normally employed in the course of such activities.

**Part VI  
Services**

1. Manual work, cultivation, reaping, mowing, threshing, baling, collecting, harvesting, sowing and planting.
2. Packing and preparing for sale (including drying, cleaning, grinding, disinfecting and ensilaging) of agricultural products.
3. Storage of agricultural products.
4. Stock minding, rearing and fattening.
5. Hiring out of equipment for use in any of the activities described in this Schedule.
6. Technical assistance in relation to any of the activities described in this Schedule.
7. Combating of weeds and pests, dusting and spraying of crops and land.
8. Operation of irrigation and drainage equipment.
9. Lopping, tree felling and other forestry services.

Dated this 18th day of January 2002.

By the Administrator's Command,

D.J. BONNER,  
Chief Officer,

(119/8/2)

Sovereign Base Areas.

No. 12

**THE VALUE ADDED TAX ORDINANCE**  
**(Ordinance 10 of 2001)**

**REGULATIONS MADE BY THE ADMINISTRATOR**  
**UNDER SECTION 53(7)**

In exercise of the powers vested in him by section 53(7) of the Value Added Tax Ordinance, the Administrator hereby makes the following Regulations –

1. These Regulations may be cited as the Value Added Tax (Objections) Regulations 2002.

Short title.

2. In these Regulations –

Interpretation.

“disputed decision” means any decision, direction, notice or other act of the Commissioner against which a person may object pursuant to section 52 of the Ordinance;

“objector” means a person who submits an objection under these Regulations;

“the Ordinance” means the Value Added Tax Ordinance 2001.

Ordinance  
10/2001.

3.- (1) An objection shall be made by notice in writing.

Form and manner  
of objection.

(2) A notice of objection shall be signed by or on behalf of the objector and shall –

- (a) state the name and address of the objector;
- (b) state the address of the office of the Commissioner from which the disputed decision emanated;
- (c) state the date of any document containing the disputed decision and the address to which it was sent;
- (d) set out, or have attached thereto, a copy of any document containing the disputed decision; and
- (e) set out the grounds of the objection.

4.- (1) Before deciding on the objection, the Chief Officer may require the objector to provide –

- (a) further and better particulars of the grounds of his objection;
- (b) evidence of any fact alleged by the objector upon which his objection is based.

Consideration of  
objection by the  
Chief Officer.

(2) An objector of whom a requirement has been made pursuant to paragraph (1)(a) above shall comply therewith in writing, and without delay.

(3) An objector of whom a requirement has been made pursuant to paragraph (1)(b) above shall provide such evidence as he may have of any fact relevant to his objection or, as the case may be, shall state in writing that he has no such evidence.

(4) The powers of the Chief Officer under paragraph (1)(a) or (b) above may be exercised more than once in respect of the same objection and paragraphs (2) and (3) above shall apply in respect of each such exercise of the powers of the Chief Officer.

(5) The days between the time when any requirement is made by the Chief Officer under paragraph (1)(a) or (b) above (including any further such requirement made in pursuance of paragraph (4) above) and the time when the objector complies with that requirement shall be disregarded for the purposes of section 53(4) of the Ordinance.

Revocation.  
P.I. 79/92.

Commencement.

5. The Value Added Tax (Appeals) Regulations are hereby revoked.

6. These Regulations shall come into force on a day to be appointed by the Administrator and published in the Gazette.

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Dated this 18th day of January 2002.

By the Administrator's Command,

D.J. BONNER,

Chief Officer,

Sovereign Base Areas.

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(119/8/2)

No. 13

**THE VALUE ADDED TAX ORDINANCE  
(Ordinance 10 of 2001)**

**NOTICES GIVEN BY THE ADMINISTRATOR  
UNDER SECTION 59(1) AND (3)**

The Administrator, in exercise of the powers vested in him by section 59(1) and (3) of the Value Added Tax Ordinance 2001 hereby gives notice as follows –

1. The date that all such provisions of the Value Added Tax Ordinance 2001 as did not, in accordance with section 59(2) of the Ordinance, come into force on the date of publication of that Ordinance in the Gazette, is hereby specified to be 1st February 2002.
2. The date that the Value Added Tax Ordinance 1992 is repealed is hereby specified to be 1st February 2002.

Dated this 18th day of January 2002.

By the Administrator's Command,

D.J. BONNER,

Chief Officer,

Sovereign Base Areas.

(119/8/2)

No. 14

THE ADVOCATES ORDINANCE  
(Ordinance 13/62, 24/63, 5/75, 12/86 and 18/91)

**AUTHORISATION BY THE ATTORNEY GENERAL  
AND LEGAL ADVISER UNDER PARAGRAPH (f) OF SECTION 3.**

In exercise of the powers vested in me by paragraph (f) of section 3 of the Advocates Ordinance, I, the Attorney General and Legal Adviser, do hereby authorise Ms. Alki K. Vakana, Junior Crown Counsel in the Sovereign Base Areas Administration, to appear and plead in any criminal proceedings before the Judge's Court of the Sovereign Base Areas.

Dated this 21st day of January 2002.

By the Administrator's Command,

P.W. VISAGIE,

Attorney General and Legal Adviser,  
Sovereign Base Areas.

(128/17)