CYPRUS DOMESTIC REVERSE CHARGE

NEW AUTHORITY GUIDE

THOMSON REUTERS TAX RESEARCH
SEPTEMBER 2020 CONTENT UPDATE #1

Introduction

The authority of Cyprus Domestic Reverse Charge has been added to ONESOURCE Determination, including rates, catch-all rules and cross-border logic. It has been created in accordance with the Cyprus VAT Act to account for Domestic Reverse Charge on the sale of some of the specific products listed in Article 11 of the referred legislation.

The reverse charge for the specific Goods will be driven by the establishment of the buyer in the Ship From location. Therefore, in order to trigger the Domestic Reverse Charge authority, it is necessary to set the establishment of the buyer in the Ship From location to "Yes".

As for the specific Services products, the Domestic Reverse Charge authority will require Physical Performance or Customer Location Services transaction type and will be triggered by the Tax Code of "DRC".

PART I – UPDATES TO DETERMINATION

Zone

The authority of Cyprus Domestic Reverse Charge has been attached to the country-level zone of Cyprus.

ZONE NAME	PARENT ZONE	ZONE LEVEL	3-CHAR CODE	DEFAULT PRODUCT GROUP
CYPRUS	EUROPEAN UNION	Country	CYP	Harmonized

© 2020 Thomson Reuters. All rights reserved.

Registration Mask

The following registration mask was added:

REGISTRATION MASK
^CY\d{8}[A-Z]$|^EU

Authority Options

NAME	CONDITION	VALUE	START DATE
AT - Ancillary Transport Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
Chain transaction Transport	None	Either	01/01/1901
CL - Customer Location Reverse Charge	Both	Registration Required	01/01/1901
CR - Registration Required	Both	Registration Required	01/02/1901
DS - Default Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
ER - Establishment Required	None	Yes	01/01/1901
ES - Electronic Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
Filling Groups Goods	None	Yes	01/01/1901
Filling Groups Customer Location Service	None	Yes	01/01/1901
Filling Groups Physical Performance	None	Yes	01/01/1901
GS - Goods Reverse Charge	Domestic Transaction	Registration Required	01/01/1901

© 2020 Thomson Reuters. All rights reserved.

NAME	CONDITION	VALUE	START DATE
Intra-Company tax free sale - Goods	None	Yes	01/01/1901
Intra-Company tax free sale - Customer Location Service	None	Yes	01/01/1901
Intra-Company tax free sale - Physical Performance	None	Yes	01/01/1901
PP - Physical Performance Reverse Charge	Domestic Transaction	Registration Required	01/01/1901
PRL - Parent Registration Lookup	None	Yes	01/01/1901
SI - Supplied and Installed Reverse Charge	Not Applicable	Not Applicable	01/01/1901
Turn Off Authority	None	Yes	01/01/1901
Triangulation Simplification	None	Not Registered in Ship From and Ship To	01/01/1901
TS - Transport Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901
UE - Used and Enjoyed	Both	None	01/01/1901
WG - Work on Goods Reverse Charge	Not Applicable	Not Applicable	01/01/1901

© 2020 Thomson Reuters. All rights reserved.

Authority Specific Messages

The following messages have been adjusted in the authority of Cyprus Domestic Reverse Charge:

DPI	NEW MESSAGE
EUBG16	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
EUBG25	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
EUSG14	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
EUBPP1	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
EUBPP2	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
EUSPP1	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
EUBCL1	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
EUBCL2	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
EUSCL1	αντίστροφη χρέωση - άρθρο 11του ΦΠΑ

Rate Updates

The following rates have been added in the authority of Cyprus Domestic Reverse Charge:

RATE CODE	RATE DESCRIPTION	RATE	START DATE
SR	Standard Rate	19%	01/01/2020
RR	Reduced Rate	5%	01/01/2020
NL	Not Liable	0%	01/01/2020
ZR	Zero Rate	0%	01/01/2020

© 2020 Thomson Reuters. All rights reserved.

RATE CODE	RATE DESCRIPTION	RATE	START DATE
MR	Median Rate	9%	01/01/2020

Catch-all Rules

The following catch-all rules have been added in the authority of Cyprus Domestic Reverse Charge:

RULE ORDER	RATE CODE	TAX TYPE	TAX TREATMENT	START DATE
5000	None	Acquisition	No Tax	01/01/2020
5001	None	Import	No Tax	01/01/2020
5002	None	Zero Rate Export	No Tax	01/01/2020
5003	None	Zero Rate	No Tax	01/01/2020
5004	None	European Community Dispatch	No Tax	01/01/2020
5005	None	Triangulation	No Tax	01/01/2020
5006	None	EC Sales List Services	No Tax	01/01/2020
5007	None	Taxable Export	No Tax	01/01/2020
5008	None	Distance Sale	No Tax	01/01/2020
5009	None	Intra-EU Reverse Charge	No Tax	01/01/2020
5010	None	Intra-Company	No Tax	01/01/2020
5011	None	VAT Groups	No Tax	01/01/2020
10000	None	Any	No Tax	01/01/2020

© 2020 Thomson Reuters. All rights reserved.

Also, a new no tax rule with an authority rule qualifier has been added in the authority of Cyprus to prevent the system returning two tax blocks when the rules contained in the authority of Cyprus Domestic Reverse Charge are applied.

The rule added to the authority of Cyprus is the following:

RULE ORDER	RATE CODE	TAX TYPE	TAX TREATMENT	START DATE
5000.0001	None	Any	No Tax	01/01/2020

The authority rule qualifier added to the above-mentioned rule is the following:

CONDITION EXPRESSION	OPERATOR	VALUE	START DATE
Cyprus Domestic Reverse Charge	NOT_APPLIED_TAX_TYPE	S	01/01/2020

© 2020 Thomson Reuters. All rights reserved.

PART II – USING THE AUTHORITIES

Turning On the authority

The Cyprus Domestic Reverse Charge authority is turned off by default. To turn it on, access the Advanced Configuration section by selecting Tax Data, then Authorities.

On the Advanced Configuration screen below, search for the authority and select it.

On the Advanced Configuration screen below, select the Options tab, and then click the Actions button and select Add from the dropdown. Select the name of the option “Turn Off Authority” and set the condition to None, the value to No and the start date of 01/01/2020.

© 2020 Thomson Reuters. All rights reserved.

PART III – TAX RESULT EXAMPLES

Test 1: Shipment of goods subject to Domestic Reverse Charge from Cyprus to Cyprus

WORKBENCH ELEMENTS	VALUES
Transaction Type	Goods
Ship From	Cyprus
Ship To	Cyprus
Seller Registration	CY12345678A
Buyer Registration	CY12345679A
Buyer Establishment in Ship From	Yes

The following example of the Tax Calculation Results for a Company Role:Buyer shows the shipment of goods.

Tax Calculation Results

Scenario 2020 September 1st Update - Cyprus DRC (New authority):

View Results: 1 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT	IT
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge 2012.811292 -- Unwrought; waste and scrap (Article 11C of the VAT Laws)	RC	O	19%	19.00		
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge 2012.811292 -- Unwrought; waste and scrap (Article 11C of the VAT Laws)	RC	I	19%	19.00		
						0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Cyprus Domestic Reverse Charge	6595.7446	EUBG16: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
Cyprus Domestic Reverse Charge	6595.7446	EUBG25: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ

The following example of the Company Role: Seller shows the shipment of goods.

Scenario 2020 September 1st Update - Cyprus DRC (New authority):

View Results: 1 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT	IT
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge 2012.811292 -- Unwrought; waste and scrap (Article 11C of the VAT Laws)	NL	O	0%	0.00		
						0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Cyprus Domestic Reverse Charge	6595.7447	EUSG14: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ

© 2020 Thomson Reuters. All rights reserved.

Test 2: Supply of customer location services subject to Domestic Reverse Charge from Cyprus to Cyprus

WORKBENCH ELEMENTS	VALUES
Transaction Type	Customer Location Services
Seller Primary	Cyprus
Buyer Primary	Cyprus
Seller Registration	CY12345678A
Buyer Registration	CY12345679A
Tax Code	DRC

The following image of the Tax Calculation results of the Company Role: Buyer for location services.

Tax Calculation Results

Scenario 2020 September 1st Update - Cyprus DRC (New authority):

View Results: 3 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT	IT
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge CONSTRUCTION (Article 11B of VAT Laws)	RC	O	19%	19.00		
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge CONSTRUCTION (Article 11B of VAT Laws)	RC	I	19%	19.00		
						0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Cyprus Domestic Reverse Charge	6959.9855	EUBCL1: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
Cyprus Domestic Reverse Charge	6959.9855	EUBCL2: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ

The following image shows the Tax Calculation Results of the Company Role: Seller for location services.

Tax Calculation Results

Scenario 2020 September 1st Update - Cyprus DRC (New authority):

View Results: 3 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT	IT
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge CONSTRUCTION (Article 11B of VAT Laws)	NL	O	0%	0.00		
						0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Cyprus Domestic Reverse Charge	6959.9856	EUSCL1: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ

© 2020 Thomson Reuters. All rights reserved.

Test 3: Supply of physical performance services subject to Domestic Reverse Charge in Cyprus

WORKBENCH ELEMENTS	VALUES
Transaction Type	Physical Performance
Supply	Cyprus
Seller Registration	CY12345678A
Buyer Registration	CY12345679A
Tax Code	DRC

The following image shows the Tax Calculation Results of the Company Role: Buyer for the supply of physical performance services.

Tax Calculation Results

Scenario 2020 September 1st Update - Cyprus DRC (New authority):

View Results: 2 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge CONSTRUCTION (Article 11B of VAT Laws)	RC	O		19%	19.00		
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge CONSTRUCTION (Article 11B of VAT Laws)	RC	I		19%	19.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Cyprus Domestic Reverse Charge	6959.9855	EUBPP1: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ
Cyprus Domestic Reverse Charge	6959.9855	EUBPP2: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ

The following image shows the Tax Calculation Results of the Company Role: Seller for the supply of physical performance services.

Tax Calculation Results

Scenario 2020 September 1st Update - Cyprus DRC (New authority):

View Results: 2 **Gross Amount: 100.00** **Eff%: 0%**

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: CYPRUS	Cyprus Domestic Reverse Charge	Domestic Reverse Charge CONSTRUCTION (Article 11B of VAT Laws)	NL	O		0%	0.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Cyprus Domestic Reverse Charge	6959.9856	EUSPP1: αντίστροφη χρέωση - άρθρο 11του ΦΠΑ

© 2020 Thomson Reuters. All rights reserved.

CONCLUSION

This guide explains changes made in ONESOURCE Indirect Tax Determination in connection with the authority of Cyprus Domestic Reverse Charge. Please contact Customer Support with any additional questions.

© 2020 Thomson Reuters. All rights reserved.