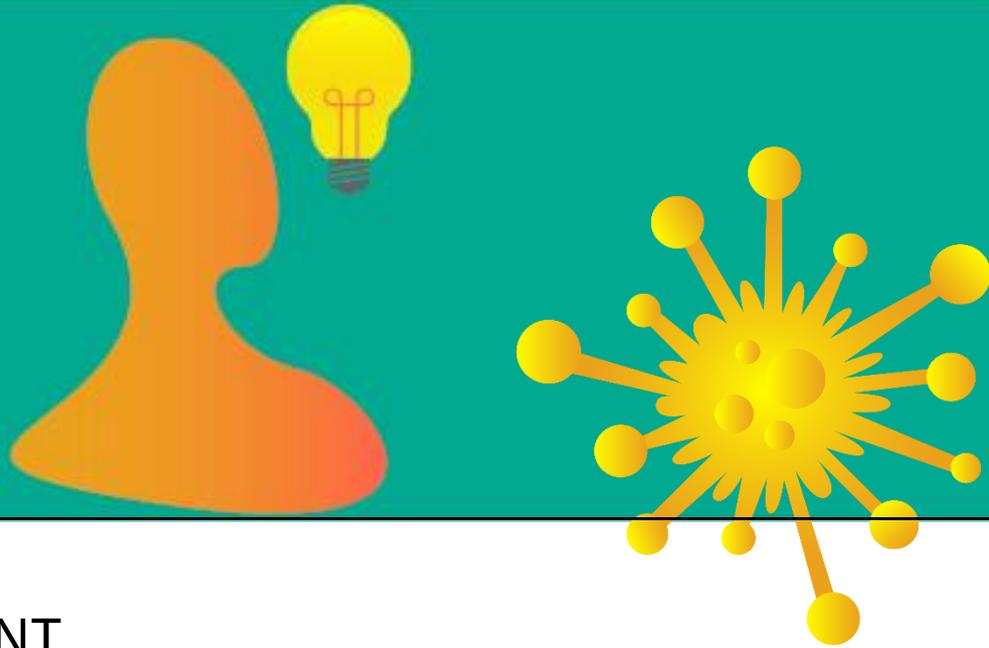


Rödl & Partner

GOOD TO KNOW

CYPRUS:

Governmental measures to tackle the effects of Covid-19



CONTENT

- Employment
- Social insurance
- Register of companies
- VAT
- General Healthcare System ("GHS" Law)
- Support to Business
- Immigration measures

→ Governmental measures to tackle the effects of Covid-19 in Cyprus

This document will exploit financial measures the Cypriot government has undertaken to aim residents of the Republic as well as businesses to overcome the difficulties caused by the pandemic Covid-19.

✓ EMPLOYMENT

SPECIAL SCHEME FOR COMPLETE SUSPENSION OF BUSINESS:

- The Special Scheme for Complete Suspension of Business and the Provision of a Special Unemployment Benefit is valid from 11 March 2020 to 12 April 2020 for businesses legal or natural persons who are employers.
- The basic requirement for participation in the Scheme is that no employee has been fired since 1 March 2020, and in case the application is approved, any employee should not be dismissed either during the period of participation in the Scheme or during an additional period equal to the period of participation in the Scheme, plus one additional month.
- For employees who qualify for unemployment benefit under the Social Insurance Law, at 60 per cent of the value of the insurance units, at a maximum amount for a period of one month of € 1,214.

For more information please visit:

https://www.pio.gov.cy/coronavirus/en/press/31032020_17.pdf

PARTIAL SUSPENSION OF BUSINESS AND PROVISION OF A SPECIAL UNEMPLOYMENT BENEFIT:

- The Special Scheme for Partial Suspension of Business and provision of a Special Unemployment Benefit is valid from 16 March 2020 to 12 April 2020 for businesses legal or natural persons who are employers and they have partially suspended their operations with turnover decline of greater than 25 per cent in March and projected corresponding drop in April 2020 in comparison with the prior year due to Covid-19.
- For employees who qualify for unemployment benefit under the Social Insurance Law, at 60 per cent of the value of the insurance units, at a maximum amount for a period of one month of 1,214 euros.

- The Special Scheme does not apply to public and wider public sector organisations and other organisations which have not actually reduced their turnover (i.e. supermarkets. Sale of fruits, vegetables, meat and fish, satellite and telecommunications services, production of electricity, waste collection and management, hospitals, doctors, pharmaceuticals, pharmacies etc)

For more information please visit:

https://www.pio.gov.cy/en/press-releases_article.html?id=12971#flat

SPECIAL LEAVE FOR CHILD CARE:

- Special Leave for Child Care is applicable from 16 March 2020 to 12 April 2020. It applies for work-ing parents responsible for the care of children up to 15 years old and/or children with disabilities who cannot work either remotely or at home or with flexible working hours and there is no in-house help.
- The Special Leave for Child care allowance is calculated based on the last salary: for the first 1,000 euros of the monthly salary, an allowance of 60 per cent is calculated for that part of the salary. For the part of the salary from 1,000 to 2,000 euros an allowance of 40 per cent is calculated. The maximum amount of allowance for a period of one month cannot exceed the amount of 1,000 euros.
- For single parent families the above rates increase to 70 and 50 per cent respectively and the maximum allowance for a one-month period cannot exceed the amount of 1,200 euros.

For more information please visit:

https://www.pio.gov.cy/coronavirus/en/press/31032020_15.pdf

SPECIAL SICK LEAVE ALLOWANCE:

- The Special Sick Leave Allowance applies until 12 April 2020 for private sector employees or self-employed persons who fall into any of the following categories:
- persons who are on the list of vulnerable groups
- persons subject to compulsory isolation and self-isolation and cannot work from home
- persons infected with Covid-19, holding a certificate from the Ministry of Health

- persons aged 63–65 years who do not receive a statutory pension and fall under the above categories.
- For employees and self employed persons who qualify under the Social Insurance Law, at 60 per cent of the value of the insurance units, at a maximum amount for a period of one month of 1,214 euros.

For more information please visit:

https://www.pio.gov.cy/coronavirus/en/press/31032020_16.pdf

SPECIAL SCHEME FOR SELF-EMPLOYED WORKERS

- The Special Scheme for Self-employed Workers is applicable from 16 March 2020 until 12 April 2020 for:
- Self-employed workers who have fully suspended their operations according with the decrees
- Self-employed workers who have partially suspended their operations, meaning that their turnover has decreased more than 25 euros during the month March 2020 and the predictions for April 2020 include an equivalent decrease in comparison to the prior year.
- Self-employed workers who are practicing any of the below cannot participate (i.e. pharmacologists, doctors, veterinarians, pharmacists, insurance agents, manufacturers of dairy products, operators of medical appliances and equipment).
- The Special Allowance for Self-employed Workers (weekly) will equal 60 per cent of the amount of the weekly total of insurable earnings, based on which the beneficiary had the obligation of paying contributions to the Social Insurance Fund for the fourth trimester of 2019.
- The Special Allowance for Self-employed Workers cannot amount to less than 300 euros if applies to a period of four weeks and holds a maximum limit of 900 euros if it applies to a period of four weeks.

For more information please visit:

https://www.pio.gov.cy/coronavirus/en/press/31032020_14.pdf

✓ **SOCIAL INSURANCE**

ARRANGEMENTS FOR SOCIAL INSURANCE PAYMENTS

- The Ministry of Labour, Welfare and Social Insurance announced on 26th March 2020

that it has made all the necessary arrangements for the payment of the current contributions to the Social Insurance Services through the JCC Smart application / website (www.jccsmart.com/).

- Based on the decision of the Ministry of Labor, Welfare and Social Security the arrangement of payment of current contributions for the salaries of February through the JCC Smart application/website was extended until April 14, 2020, without imposing an additional fee.

✓ **REGISTRAR OF COMPANIES**

ARRANGEMENTS FOR REGISTRAR OF COMPANIES DEADLINES

- All companies which have received a reminder letter for the submission of overdue Annual Returns (form HE32) in the previous months were given a deadline of 6 months from the date of the letter. The registrar has extended the deadline until January 2021.
- The deadline for settlement of the annual levy for the year 2020 is extended to 31 December 2020 without the imposition of any penalties.
- Filing of the Annual Return (HE32) for the year 2020: The Annual Return with a compilation date between 1 January 2020 and 31 December 2020 (i.e. the Annual Return for the year 2020) can be filed to the Registrar until 28 January 2021 without the application of a late filing fee of 20 euros.

✓ **VAT**

ARRANGEMENT FOR VAT PAYMENTS AND SUBMISSION OF RETURNS

- The final shape of amending VAT legislation provides for temporary VAT payment deferral to 10 November 2020 applicable for:
- Majority of entities (except from the list of sectors that have been expressly excluded in the amending law, see below) regardless of turnover volume, total outputs or their respective de-creases.
- Relevant VAT quarters are: December 2019 – 29 February 2020, January – March 2020 and February – April 2020
- Given that the entities timely submit their VAT returns for the abovementioned quarters i.e. by 10 April, 10 May and 10 June 2020 accordingly.

ARRANGEMENT FOR VAT PAYMENTS AND SUBMISSION OF RETURNS (Cont'd)

- The aforesaid deferral suspends additional 10 per cent tax penalty, interest and criminal sanctions on VAT payable for taxable persons promptly submitting their VAT returns and arrange set-tlement by 10 November 2020.
- Major excluded sectors include:
 - Electricity Production & Water Distribution
 - Groceries – Food supermarkets & Kiosks – Mini-market
 - Retail multi-stores where food, drink, smoking items not predominant
 - Internet & Satellite & telecommunications Services
 - Retail Computing, peripheral and software trading
 - Retail Fuel trading

For more information please visit:

<https://www.pio.gov.cy/en/press-releases-article.html?id=12964#flat>

✓ GENERAL HEALTHCARE SYSTEM (“GHS” LAW)

ARRANGEMENT FOR GHS CONTRIBUTIONS:

- Given the amending law, the reduced contributions rates to the General Healthcare System (“GHS”) that were applicable during Phase A of GHS will apply for all the categories set out in the below table, also for the months of April, May and June 2020. It is noted that the increased contribution rates applicable for Phase B of GHS will apply for the months of March 2020 and as of July 2020 (inclusive) onwards. Consequently, the GHS contribution rates are as follows:

		March 2020	April-June 2020	July 2020 onwards
(a)	Employees	2,65%	1,70%	2,65%
(b)	Employers	2,90%	1,85%	2,90%
(c)	Self-employed	4,0%	2,55%	4,0%
(d)	Pensioners	2,65%	1,70%	2,65%
(e)	Every person who holds or exercises an office	2,65%	1,70%	2,65%
(f)	Persons responsible for paying the emoluments of an officer	2,90%	1,85%	2,90%
(g)	Persons earning income such as rental, dividend and interest income	2,65%	1,70%	2,65%
(h)	The consolidated fund of the Republic on the emoluments and pensions of the persons referred to in (a), (c), (d) and (e) above	4,70%	1,65%	4,70%

✓ SUPPORT TO BUSINESS

ARRANGEMENT FOR LOAN INSTALMENTS

- The Parliament has voted measures for the suspension of loan instalments which are outlined as follows by the Ministry of Finance:
 - The obligation to pay instalments, including interest on credit facilities granted and/or purchased and/or managed by financial institutions, is suspended for all beneficiaries.
 - The beneficiaries are natural persons, legal persons governed by public law, self-employed persons and businesses who have had no delays in paying the instalment more than 30 days from the date provided for by existing contractual obligations on 29 February 2020.
 - The above extraordinary measures are valid from March 30, 2020 (date of issuance of the Decree) until December 31, 2020.
- The suspension of instalments and interest shall apply from the date of issue of the Decree, provided that the beneficiaries send in writing or by mail or by e-mail or fax to the financial institutions the expression of interest as set out in the Annex to the Decree concerned.
- All instalments of capital and interest for which the payment period is suspended at the date of expiry of the decree shall not become immediately chargeable.
- On the expiry date of the decree, the payment of instalments and interest shall resume, and the period of payment shall be deemed to have been automatically extended for any period required.

ARRANGEMENT FOR TAX FORM EXTENSIONS

- A two-month extension of the submission deadline of income tax returns which were previously due by 31 March 2020. The new submission deadline for the 2018 corporate income tax returns (TD.4s) and for the personal income tax returns (TD.1s) of individuals preparing audit-ed financial statements is 31 May 2020.
- Further special arrangements that will support taxpayers who have been included in the scheme regulating the Settlement of Overdue Taxes.

✓ IMMIGRATION MEASURES

IMMIGRATION MEASURES FOLLOWING THE COVID-19 OUTBREAK IN CYPRUS

- Since 3 a.m of March 21st and for a period of 14 days, all flights to Larnaca and Paphos airports from ALL Countries (except cargo flights) are banned.
- The Civil Registry and Migration Department (CRMD), announced officially on the 23rd of March that in line with the Decision of the Council of Ministers, dated 15 March 2020, concerning the operation of the Public Sector, no applications for the issue or renewal of

- residence permits are accepted for submission, except in cases of extreme urgency.
- Effective from March 16th and until the 30th of April, any Citizen that wishes to return to the Republic of Cyprus, should have a valid medical certificate issued within the last 4 days by a certified Medical Centre proving that he/she was tested negative for Coronavirus.
- The following categories will be allowed to enter Cyprus provided they present the right documentation:
 - Cypriot citizens
 - Legal residents in the Republic of Cyprus
 - European nationals or third-country nationals working in the Republic
 - Nationals of countries who are in a designated diplomatic service or mission under bilateral or international conventions
 - Individual cases of European nationals or third-country nationals for unavoidable professional obligations, provided that the relevant authorisation has been obtained from the competent Ministry
 - European or third country citizens attending educational institutions in the Republic of Cyprus.

For more information please visit:

<https://www.pio.gov.cy/en/press-releases-article.html?id=12756#flat>

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