



N. XENOFONTOS LLC

Covid – 19: Updates on Support Schemes

New legislation

On the 22 May 2020, the Cypriot House of Representatives voted two important government bills into law within the framework of the plans to support the Cypriot economy.

Specifically, the new laws in place concern:

1. Incentive to landlords for reduction of rent

Incentives to reduce rents by granting a tax credit of 50% of the rent reduction, when the landlord reduced the rent for a period of up to 3 months by 2020. In order for a landlord to be eligible for this credit, the rent must be reduced between 30% - 50%. In this way, the tenant benefits and the landlord is given a significant incentive to proceed with reducing rent, whilst half of the reduction will be shared by the taxpayer.

The government is urging landlords to take advantage of the incentive and government assistance and reduce rents of businesses that have been affected by the pandemic for both the viability of the businesses from which income is earned as well as their prospect for recovery and the economy in general. In addition, it is noteworthy that the government has promoted legislation to ban evictions for a period of 2 months that has been extended until September.

2. Support to the Tourism Industry

The support of businesses and professionals in the tourism industry on which the Cypriot economy is highly relied on, but also to enhance the credibility of Cyprus aboard as a safe tourist destination. This law provides travel agents, hotels, cruise companies and car rental companies (that operate without a driver) the right, by law, to issue credit notes (vouchers) in case of any reservation cancellations due to the pandemic.

There are also provisions to provide state guarantees to the benefit of companies in case of insolvency, which aim to ensure visitors, Cypriot travelers and travel agents that they will not suffer or be harmed in case of insolvency of a company with which a reservation has been made. The amount of guarantees that the government is in a position to grant totals €86.6 million.

Department of Taxation

Submissions of income tax statements for companies and self-employed persons for the year 2018 has been extended until the 30 June 2020

Updated as at 25 May 2020