



SBA CUSTOMS



BRITISH FORCES CYPRUS

TAX-FREE GOODS and SERVICES
for
Official Use

This notice is not law. It is SBA Customs view of what the law says about goods and services for official use and their eligibility with regard to relief from customs duty and tax. Nothing in this notice changes the law.

The information shown in this notice was up to date as at 1st November 2004.

If you need further help or advice or if you have any suggestions regarding the contents of this notice you may contact SBA Customs at the following locations:

**SBA Customs
RAF Akrotiri
Akrotiri
BFPO 57**

**Fiscal Office
HQ SBAA
Episkopi
BFPO 53**

**SBA Customs
Dhekelia
BFPO 58**

**Tel (2527) 6762
Fax (2595) 2101**

**Tel (2596) 3342
Fax (2596) 2189**

**Tel (2474) 4226
Fax (2472) 3533**

1 TAX- FREE GOODS AND SERVICES

Entitlement to relief from duty and tax on goods and services for official use is derived from the Treaty of Establishment. These entitlements have been retained following the accession of Cyprus to the EU by amendment of EU legislation. Relief is provided for both local and supplies from outside Cyprus. It is important to remember that the Sovereign Base Areas are treated as within the EU for customs purposes.

1.1 How do I obtain tax relief on official goods and services?

There are two schemes concerning tax-free goods and services:

- Supplies by EU VAT registered retailers (See section 2); and
- Supplies imported from non-EU countries or from bonded warehouses (including excise goods) (See section 3).

2 SUPPLIES FROM EU VAT REGISTERED TRADERS

Most businesses in Cyprus are registered for VAT in the same way as those in the UK. Cyprus VAT currently has three rates; a standard rate of 15% a reduced rate of 5% and a zero% rate. It should be noted that although the liability of goods to these rates is similar to the UK there are some notable exceptions. Children's clothing and books for example are not zero rated as in the UK, and hotel accommodation and restaurant meals are subject to the reduced rate of 5%.

2.1 What is the legal basis for relief from VAT?

General relief from tax on new goods and services is provided by the Treaty of Establishment, this was extended to include VAT (introduced to Cyprus in 1992) by agreement with the Republic of Cyprus government and subsequent amendment to EU legislation.

Relief from VAT on the supply from EU member states of goods or services to British Forces Cyprus, the civilian component and Authorised Service Organisations for official purposes is specifically provided by the Sixth Council Directive 77/388/EEC Article 14(1)(g).

2.2 How do I buy these goods VAT free?

To obtain VAT free goods or services from suppliers in the EU you must give him a certificate of entitlement form V6A available from an authorised issue point (see 2.4). To complete this form you will need to provide the following details;

- Suppliers name, address and VAT number;
- An official order or contract number;
- Details of the goods or services, including value; and,
- Your unit details.

Note: This is not a tax refund scheme. It is therefore important to confirm with the supplier that you are only required to pay the VAT exclusive amount.

2.3 What copies of the form are required?

V6A forms are supplied in sets of three,

- White top original for you to give to the retailer,
- Pink second copy to be retained by the receiving unit; and,
- Yellow third copy to be retained in the pad.

Completed pads are to be returned to SBA Customs by the issuing units.

2.4 Where can I obtain V6As?

For control purposes there are only a limited number of authorised issue points as listed in Appendix A. If you have any doubt as to the appropriate issue point you should contact SBA Customs.

2.5 How do I explain this procedure to the supplier?

Many suppliers will be unfamiliar with the use of form V6A and may question the validity of the certificate for use in the UK. Should your supplier have any doubts you should refer them in the first instance to UK VAT notice 725 paragraphs 10.16 and 10.18. Alternatively they may contact the UK National Advice Service 0845 010 9000. In the event of any further difficulties you should speak to SBA Customs for assistance.

3 CUSTOMS BONDED SUPPLIERS

Some retailers supply goods from Customs bonded warehouses. These goods are free from import duty as well as VAT. It should be noted that there is no import duty on European Union goods, therefore bonded goods are mainly imported from non-EU countries. You should confirm with the retailer the status of the goods to confirm the method of tax relief.

3.1 What is the legal basis for relief from duty and VAT?

As with VAT, relief from tax on goods imported into the EU (or released from bond) is provided by the Treaty of Establishment. This has now been enshrined in EU legislation.

Relief from duty and tax on the importation from non-EU countries, or for the release from bond, of goods for British Forces Cyprus, the civilian component and Authorised Service Organisations for official purposes is provided by EU legislation as follows;

Customs Duty – Council Regulation (EEC) 918/83(d)

Excise Duty – Council Directive 92/12/EEC Article 23(1)

VAT - Sixth Council Directive 77/388/EEC Article 14(1)(g).

3.2 How do units buy these goods duty and VAT free?

To obtain duty and VAT free goods from suppliers you must give him a certificate of entitlement form C6D. This form can only be obtained from SBA Customs (see 3.4. To obtain this form you will need to provide the following;

- Details of the goods including make and model and value;
- Suppliers name, address and VAT number (if applicable); and,
- Receiving unit details.

3.3 What copies of the form are required?

C6D forms are supplied in sets of three,

- White top original and Pink second copy for you to give to the retailer:
and,
- Yellow third copy sent directly to SBA Customs by the issuing unit.

3.4 Where can I obtain C6Ds?

For control purposes C6Ds can only be obtained from SBA Customs offices.

LIST OF AUTHORISED V6A ISSUE POINTS

Episkopi

1. Fiscal Office, HQ SBAA
2. Episkopi Support Unit
3. Defence Estates Facility Management (West)

Akrotiri

4. SBA Customs
5. Supply Squadron SCAF
6. Defence Estates Facility Management (West)

Dhekelia

7. SBA Customs
8. Forces Workshop (east)