

Date: 27/02/2019

Finance Minister Ali Hassan Khalil issued a decision to extend until 31/03/2019 the deadline for filing the annual Income Tax on salaries and wages return (R5), the individual annual statements (R6) and the gross annual statement (R7) for 2018, as well as the deadline for paying the tax, if due.

He also issued another decision to renew the implementation of Article 33 bis of Law no. 379 dated 14/12/2001 and its amendments (VAT Law) pertaining to the leasing of built properties for non-residential purposes.

The decision based on decree no. 4340 of 31/01/2019 (formation of the government), on Law no. 379 dated 14/12/2001 and its amendments (VAT), particularly Article 33 bis thereof, on Law no. 79 of 14/04/2018 (2018 Public Budget Law and annexed budgets), particularly Article 37 thereof, and on the proposal of the Director general, after consulting the State Council (opinion no 175/2018-2019 dated 11/12/2018), stipulated the following:

Article 1: This decision shall determine the details of application of Article 33 bis of Law no. 379 dated 14/12/2001 and its amendments (VAT Law) pertaining to the leasing of built properties for non-residential purposes, added by virtue of Article 37 of Law no. 79 dated 18/04/2018 (2018 Public Budget Law and annexed budgets),

Article 2:

I- Transactions related to the leasing of built properties for non-residential purposes and where one of the contracting parties is a religious sect or a natural person affiliated to a religious sect, a public administration or institution, a municipality or municipal union:

1. The Value-Added Tax shall not be due on these transactions if it has not been collected from the tenant or occupier, penalties shall not be

imposed on violations directly related to these transactions and the right of deduction shall not be granted for these transactions until the end of 2018 second quarter included. In case these transactions were carried out by virtue of contracts of a duration determined in years and starting prior to the entry into force of Law no. 79 of 18/04/2018 and lasting after that date, the VAT shall not be due for these transactions if it has not been collected from the tenant or occupier, penalties shall not be imposed on violations directly related to these transaction and the right of deduction shall not be granted for these transactions until the end of the contract year during which Law no. 79 of 18/04/2018 was issued.

2. Persons who carry out these transactions, exclusively in accordance with item (1) of this article, and who did not previously register in VAT, who are still carrying out these transactions and who meet the conditions for VAT mandatory registration on 30/06/2018, shall submit to VAT Directorate a registration request by maximum 31/08/2018 or they shall be considered registered de facto in the VAT at the VAT Directorate on 01/07/2018. This date shall be considered the date on which their registration in the VAT entered into force and a late registration penalty shall not be imposed on them.
In case other taxable transactions are carried out by these persons, in addition to the abovementioned transactions, the registration and the determination of the date on which the registration enters into force for these activities shall be handled according to the procedures adopted by the Tax Administration, and a late registration penalty shall be imposed, when due. The leasing transactions referred to in Section I above shall be subject to the provisions mentioned in the previous paragraph of this item concerning the date of entry into force of the de facto registration.
3. When the filing and payment of the tax are done according to the lump-sum profit method for periods subsequent to the periods referred to in item (1) of Section I above for transactions mentioned in the latter, the taxpayer shall declare in the quarterly return of the period during which this decision was issued, all these transactions, as well as the tax due for these transactions and the deductible tax, when available, after deducting the tax already filed and paid for these transactions according to the lump-sum profit method.
The taxpayer shall also issue a document including the tax due from the transactions referred to in Section I above and shall enclose it in his records.
4. Concerned taxpayers who have been taxed by the Tax Administration or those who have declared these leasing transactions without

collecting them from the tenant or occupier, shall submit a request by no later than 20/10/2018 in order to make needed tax amendments and deduct the issued taxes and penalties for the periods covered by item (1) of Section I above.

The Objections and Appeals Department at the VAT Directorate shall undertake these amendments and deductions after verifying that these amounts were not deducted as a result of an objection before the Tax Administration or an appeal before the Objections Commission or the State Council. The taxes and penalties paid until 31/01/2014 for transactions related to the leasing of built properties for non-residential purposes shall be considered a nonrefundable acquired right for the Treasury.

II- Other transactions related to the leasing of built properties for non-residential purposes:

1. The Value-Added Tax shall not be due on these transactions if it has not been collected from the tenant or occupier, penalties shall not be imposed on violations directly related to these transactions and the right of deduction shall not be granted for these transactions until the end of 2014 second quarter included.
2. Persons who carry out transactions related to the leasing of built properties for non-residential, according to the above, and who did not register in VAT prior to 01/07/2014, and who were carrying out these transactions by 01/07/2014 and who met the conditions for VAT mandatory registration on 30/06/2014, shall be considered registered de facto in the VAT at the VAT Directorate on 01/07/2014. This date shall be considered the date on which their registration in the VAT entered into force and a late registration penalty shall not be imposed on them.

As for those who meet the conditions for VAT mandatory taxation after 30/06/2014 and until the end of 2018 first quarter, and who have not been registered before, shall be considered registered de facto two months after meeting the conditions for mandatory taxation and their registration in the VAT shall be considered effective as of the day following the end of the mentioned two-month period, subject to item (1) of Section II above. The late registration penalty shall not be imposed on these transactions.

In case there are other taxable transactions carried out by these persons in addition leasing built properties for non-residential purposes, the registration and its effective date for these activities shall be handled according to the procedures adopted by the Tax Administration. A late registration shall be imposed if due and the

leasing transactions mentioned in Section II above shall be subject to the provisions of the previous paragraph of this item concerning the effective date of the de facto registration.

3. Penalties shall not be imposed on transactions related to the leasing of built properties for non-residential purposes for the period following 30/06/2014 until 2018 first quarter included, in case the tax due on these transactions was filed and paid within a deadline ending no later than 31/08/2018, even if the tax was filed and paid according to the lump-sum profit method within the mentioned deadline.
4. In case the tax due from transactions referred to in Section II above is filed and paid for periods subsequent to 30/06/2014 according to the lump-sum profit method, the taxpayer shall declare, within the quarterly tax return for the period during which this decision was issued, all the transactions referred to in Section II above in addition to the tax due for these operations and the deductible tax, if available, after deduction of the tax previously filed and paid for these transactions according to the lump-sum profit method.
The taxpayer shall also issue a document including the tax due from the transactions referred to in Section II above and enclose it in his records
5. Concerned taxpayers who have been taxed by the Tax Administration or those who have declared these leasing transactions without collecting them from the tenant or occupier, shall submit a request by no later than 20/10/2018 in order to make needed tax amendments and deduct the issued taxes and penalties for the periods covered by item (1) of Section II above.
The Objections and Appeals Department at the VAT Directorate shall undertake these amendments and deductions after verifying that these amounts were not deducted as a result of an objection before the Tax Administration or an appeal before the Objections Commission or the State Council. The taxes and penalties paid until 31/01/2014 for transactions related to the leasing of built properties for non-residential purposes shall be considered a nonrefundable acquired right for the Treasury.

The provisions of this article shall not apply to lessors who have collected the tax from the tenants or occupiers.

Article 3:

Penalties referred to in legislative decree no. 156 dated 16/09/1983 (imposing penalties on the violation of financial laws) shall be imposed on

every person wrongfully submitting a refund request and on every person giving false information, whether the owner or the tenant.

Article 4:

This decision shall be published in the Official Gazette and on the website of the Ministry of Finance and is effective upon its publication.