

E-Invoicing

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Everything is electronic these days, so it would follow that paperless invoicing needs to be regulated as well. Under Cyprus Law, paperless invoicing, or as it is known e-invoicing, is allowed provided that:

- (a) the customer/client accepts receipt of invoices by electronic means,
- (b) The authenticity of its origin, the integrity of its content and the readability of it is guaranteed.

V.A.T. subsidiary legislation (regulation no. 374/2004, 207/2007, 408/2007 and 446/2013), provides that the authenticity of the origin and the integrity of the content of an e-invoice can and should be secured through:

- (i) advanced electronic signature i.e. one which is uniquely linked to the signatory, is capable of identifying the signatory, it is created by means that the signatory can maintain under his sole control and is linked to the data to which it relates in such manner that a subsequent change of such data is detectable. The advanced electronic signature should be based on a qualified certificate which is only issued by certification-service provider according to Law 188(I)/2004, or
- (ii) electronic data interchange (EDI), when the use of such process can ensure the authenticity of its origin and integrity of the data.

Additionally, the person subject to tax should also

- (i) Keep copies in electronic form of any such invoices.

- (ii) Secure the authenticity and integrity of such invoices for the duration of their storage either by advanced electronic signature or by EDI
- (iii) Maintain the data guaranteeing the authenticity of the origin and integrity of the contents throughout the storage period.

The Commissioner of VAT has a discretion to permit a person to guarantee the authenticity and integrity by using other means where the transactions are in the Republic of Cyprus.

Data guaranteeing the authenticity and integrity include electronic signature or cryptography keys.

Storage in electronic form is allowed provided the means permit full on line access to the invoice data. If on line access is not guaranteed then the place storage must be in Cyprus.

If storage is outside Cyprus then the Commissioner of VAT must be informed in writing immediately of the place of storage and he shall have a right to access by electronic means, download and use these invoices for the purpose of investigating the taxable person or verifying his returns.

Storage in a country with which there is no convention for mutual assistance in accordance with Regulation 1798/03 of the Council is not allowed.

Storage is obligatory for both invoices issued and received and the same conditions apply.

The mandatory period of storage of e-invoices for VAT purposes is seven years, and for Income Tax twelve years

For those providing electronic services and enjoying a special regime i.e. those who are not established in Cyprus who provide electronic services in Cyprus to persons who are not subject to VAT and who choose to register for VAT purposes in Cyprus, the mandatory period is ten years.