

**Question for written answer E-003409/2023
to the Commission**

Rule 138

Giorgos Georgiou (The Left)

Subject: Right of Member States to apply reduced VAT rate of 5% for first homes

The right Member States have to apply a reduced VAT rate of 5% for first homes stems from Directive 2006/112/EC.

On 16 June 2023, the Cypriot Parliament passed Amending Law 42(I) of 2023, in order to comply with the European Directive, after an infringement procedure had been launched.

Under the new law concerning planning applications submitted after 31 October 2023, a reduced VAT rate is applied for the first 130 square metres of buildable area up to a value of EUR 350 000, provided that the value of the dwelling does not exceed EUR 475 000 and the total buildable area does not exceed 190 square metres.

In view of this, can the Commission answer the following:

Has it approved the new law and is the law being implemented in full?

Bearing in mind that the transitional provisions of the law (Article 63) lay down a special rule under which the provisions of the previous law will be applicable for a period of three years, i.e. until 15 June 2026, can the Commission say how compatible the transitional provision is with the VAT Directive?

Submitted: 17.11.2023