



PURCHASE OF PROPERTY IN CYPRUS

1. CONTRACT OF SALE

The lawyer responsible for drafting the contract beside inserting the fair terms and conditions for the protection and interest of the buyer will examine the deeds of the property sold by obtaining a copy from the vendor or the Land Registry Office and generally he will make sure that all the details correspond to the property in question and that it can be sold to the prospective buyer. When the contract is ready at the satisfaction of the buyer it can be signed by the buyer himself or by his lawyer by virtue of a power of attorney that can also be used for all other necessary acts and documents until the completion of the transaction.

2. STAMP DUTY

Once the contract is signed the purchaser is responsible for the payment of stamp duty at the rate of CYP1.50 (~~€2.56~~) per Thousand towards the purchase price up to the value of CYP100,000 (~~€170.860.14~~) thereafter the rate is CYP2,00 (~~€3.42~~) per Thousand. This amount should be paid within 30 days of signing the contract in order to avoid the payment of a fine.

For example if the purchase price is CYP150,000 (~~€256.290.21~~)
 The first CYP100,000 (~~€170.860.14~~) ?1.50 (~~€2.56~~) =CYP150 (~~€256.29~~)
 Next CYP50,000 (~~€85.430.07~~) ?2.00 (~~€3.42~~)= CYP100 (~~€170.86~~)

 Total CYP250 (~~€427.15~~)

3. LODGING A COPY OF THE CONTRACT OF SALE WITH THE LAND REGISTRY OFFICE

As from the date of signing the contract of sale the buyer has the Right within 2 months from that date to lodge the contract with the Land Registry Office for what is called Specific Performance purposes. This is very important for the protection of the buyer mainly for two reasons. By depositing the aforementioned contract in the Land Registry, the purchaser prevents the Vendor from transferring the immovable property in the name(s) of a third party and the Purchaser acquires



the right to seek “specific performance” of the terms and conditions of the Contract of Sale and thus he can impose the transfer of title of the immovable property in the name of the Purchaser, even when the Vendor does not wish to be involved in such processes.

4. PERMISSION FROM THE COUNCIL OF MINISTERS

Before transfer of the property sold on the name of the purchaser permission must be sought from the Council of Ministers (District Office) by written application which must be submitted by the purchaser after the agreement is signed. However, this permission is granted more or less as a matter of course to all bona fide purchasers. In the meantime, purchasers can take possession of the property without any restriction.

E.U. CITIZENS

E.U citizens that are permanent citizens in Cyprus do not require a permission to buy any immovable property. Legal entities established in EU countries that have their headquarters and registered office in Cyprus, do not require permission to buy any immovable property. Legal entities established in Cyprus and controlled by citizens of the EU require permission to buy immovable property in Cyprus as well as any other legal entities.

According to the Acquisition of Immovable Property (Immigrants) (Implementary) Act 54(1)/2003, it is not necessary to obtain a permission in the following circumstances:

- a) From a citizen of a Member State who has his/her permanent residence in the Republic of Cyprus.
- b) From a Legal Entity which has been established according to the legislation of a Member State, and which has its Central Administration or its main establishment in the Republic of Cyprus.
- c) From a citizen of a Member State who does not have his/her permanent residence in the Republic of Cyprus, in the case of acquisition of immovable property, other than a secondary residence.
- d) From a Legal Entity which has been established according to the legislation of a Member State, which has its central administration



- e) Or its main establishment in a Member State, in case of acquisition of immovable property, other than a secondary residence.

Furthermore, a person who has a Residence Permit in the Republic of Cyprus, is considered to be a permanent Resident of Cyprus, and therefore there is no need to have such permission.

Also, a legal entity, which has been established according to the legislation of a Member State, means the legal entity, which has acquired, under the Company's Act, a Certified Copy of the Certificate of Registration of its legal entity or a Certificate of Registered Office.

However, after May 2009, EU members and companies will be in a position to acquire and invest in, any type of property and will be treated as Cypriot Nationals.

CITIZENS OF NON E.U. STATES

Citizens of a non EU state can acquire only:

One Apartment or

One House or

One Plot of Land of maximum 3 scales (4,014 square meters)

5. VAT PAYABLE ON PROPERTY

Since Cyprus accession to the E.U., VAT must be paid when buying a house. In cases though were an application for a town permit was filed before the 1st of May 2004, VAT will not be charged.

6. TRANSFER OF OWNERSHIP AT THE LAND REGISTRY OFFICE

The transaction is concluded with the transfer of ownership by a simple process of registration at the Land Registry Office once the necessary permissions are granted (as prescribed above) and as soon as separate title deeds for the property sold are issued by the Land Registry Office reflecting the property erected on the land. At this stage the buyer is responsible for the transfer fees.

**Fee calculation****Property purchase in Sole name**

UP TO CYP 50,000= (EUR 85,430.07) 3%

CYP 50,001- CYP 100,000= (EUR 85,431.78) - (EUR 170,860.14) 5%

CYP 100,001= (EUR 170,861,.85) AND OVER 8%

Property purchase in Joint names

UP TO CYP 100,000= (EUR 170,860.14) 3%

CYP 100,001-CYP 200,000=(EUR 170,861.85)-(EUR 341,720.28) 5%

CYP 200,001= (EUR 341,721.99) AND OVER 8%

E.G. Purchase in sole name

Purchase of property for the sum of CYP 150,000= (EUR 256.290.21)

1st CYP 50,000=	@ 3%	CYP 1,500=	EUR 2,562.90
2nd CYP 50,000=	@ 5%	CYP 2,500=	EUR 4,271.50
3rd CYP 50,000=	@ 8%	CYP 4,000=	EUR 6,834.41
Total payable to transfer title		CYP 8,000=	EUR 13,668.81

E.G. Purchase in joint names

Purchase price divided and will be CYP 75,000= (EUR 128,145.11) each purchaser

1st CYP 50,000=	@ 3%	CYP 1,500=	EUR 2,562.90
2nd CYP 25,000=	@ 5%	CYP 1,250=	EUR 2,135.75
Total payable to transfer title		CYP 5,500=	EUR 9,397.31

(being CYP 2,750= (EUR 46,98.65) per purchaser)



7. ANNUAL PROPERTY TAX

Immovable property tax is imposed annually on the market value of the property as at 1.1.1980.

The following rates to legal persons and individuals:

Property Value (CYP)	Rate ⁰ / ₁₀₀
Up to 100,000.00 (€170.860.14)	0
100,000.00 (€170.860.14) – 250,000.00 (€427.150.36)	2.5 ⁰ / ₁₀₀
250,001.00 (€427.152.07) – 500,000.00 (€854.300.72)	3.5 ⁰ / ₁₀₀
500,001.00 (€854.302.43) & above	4 ⁰ / ₁₀₀

Immovable Property Tax is payable annually.

8. INHERITANCE TAX

There is no inheritance tax in Cyprus.

9. CAPITAL GAINS TAX

Capital Gains Tax is imposed at the rate of 20% on gains from the disposal of immovable property situated in Cyprus including gains from the disposal of shares in companies which own such immovable property excluding shares listed in any recognised stock exchange.

Exemptions

Individuals can deduct from capital gain the following:

- Disposal of private residence
(Subject to certain conditions) CYP50,000 = €85,430.07
- Disposal of agricultural land by a farmer CYP15,000 = €25,629.02
- Any other disposal CYP10,000 = €17,086.01



The above exemptions are given only once and not every disposal. An individual claiming a combination of the above is only allowed a maximum exemption of CYP50,000 = €85,430.07.

For more detailed advise please contact our legal consultants.

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