

Potential taxes and other obligations upon the disposal of immovable property in Cyprus by individuals

Introduction

Irrespective of your tax residency status, if you are an individual planning to dispose immovable property (land and/or buildings) in Cyprus, it is important to be aware of your tax and other obligations. In this article, we outline the tax and other considerations that an individual should be aware of, when intending to dispose land and/or buildings.

What are the main tax and other obligations that may arise from the disposal of immovable property in Cyprus by an individual?

On the disposal of immovable property situated in Cyprus, the two parties may be subject to the following taxes and contributions:

- Capital Gains Tax (**CGT**)
- Transfer fees (**TF**)
- Value Added Tax (**VAT**)
- Stamp Duty (**SD**) and
- Contribution of 0,4% to the Central Agency for Equal Distribution of Burdens (**CAEDB**).

Points to consider

The taxes that may arise mainly depend on the following factors:

- whether the individual has made any other disposals of immovable property in Cyprus in the past, to claim his/her lifetime exemption (€17.086).
- whether the individual's principal activity is the trading of immovable property or whether the individual is expected to be considered exercising an economic activity for VAT purposes due to the specific disposal (under certain conditions).
- whether the disposal of immovable property is subject to VAT.
- whether the immovable property was acquired by the seller from a non-related party, between 16th July 2015 and 31st December 2016 (where an exemption was granted).

What taxes is the seller liable to, when disposing immovable property in Cyprus?

The table below outlines the obligations that arise for the seller, on the disposal and subsequent transfer of immovable property situated in Cyprus.

Tax/Contribution	Application
CGT	<p>The capital gain arising from the disposal of immovable property situated in Cyprus, by an individual whose principal activity is not the trading of immovable property, is subject to CGT at the rate of 20% and is payable to the Cyprus Tax Authorities (CTA).</p> <p>In case the immovable property was acquired by the seller from a non-related party to the seller between 16th July 2015 and 31st December 2016, no CGT arises on the disposal of such immovable property.</p>
Contribution of 0,4% to the Central Agency for Equal Distribution of Burdens (CAEDB)	<p>As from 22 February 2021, a contribution of 0,4% is imposed on the transfer of immovable property in Cyprus or on the transfer of shares in a company that owns such immovable property, provided that the buyer takes control of the company.</p> <p>The contribution is payable to the CAEDB.</p> <p>Since the relevant Regulations governing the implementation and collection of the contribution have not been issued up until now, the contribution has not been paid on the sale or transfer of immovable property or shares which took place on or after 22 February 2021. Nevertheless, sellers of Cyprus immovable property should consider the effect of the payment of the contribution when considering the sale of property falling within its scope.</p>

It should be noted that CGT should be paid to the CTA within thirty (30) days from the date of the disposal of the immovable property, which is stated in the relevant declaration form which is submitted to the CTA. Non-payment within the deadline will give rise to a fixed penalty of 5% and interest at the public interest rate calculated on a monthly basis.

VAT implications

In case the disposal of the immovable property is subject to VAT, the seller has the following obligations:

- obligation to register for VAT purposes (provided that the conditions laid down in [VAT Circular 233](#) are met),
- submit VAT returns and remit the VAT due to the VAT Authorities within the predetermined deadline.

The deadline for submitting the VAT return and remitting the VAT due to the VAT Authorities, is the 10th day of the second month from the end of the relevant VAT period.

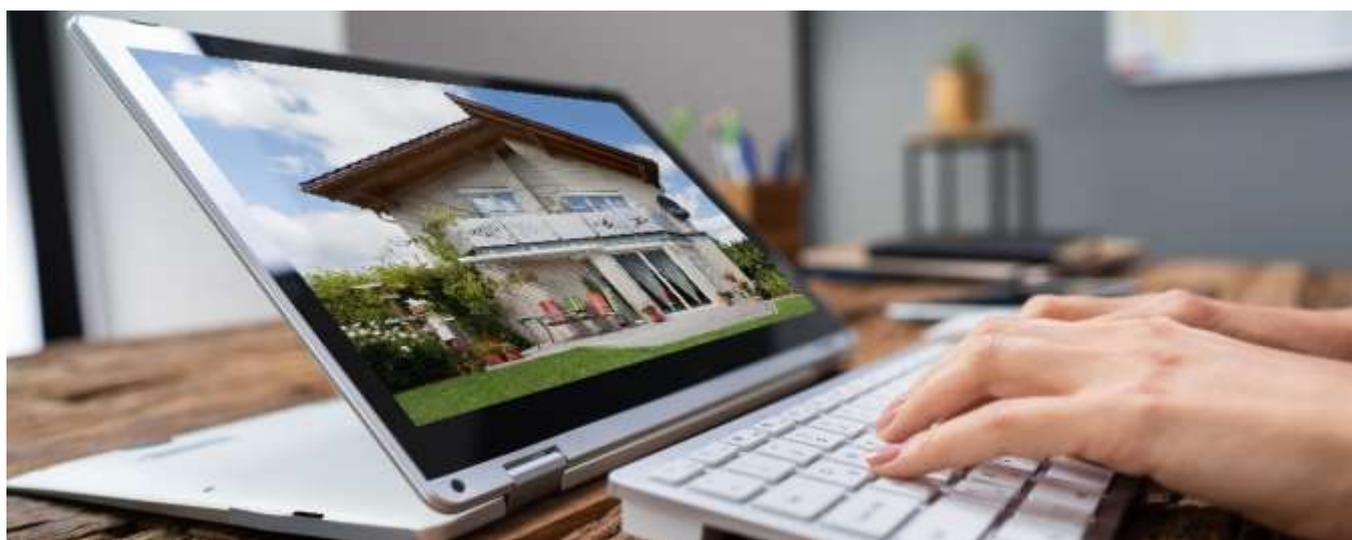
What taxes is the buyer liable to, when acquiring immovable property in Cyprus?

On the transfer of immovable property, obligations arise for the buyer too, as shown in the below table:

Transfer Fees	Application																				
TF	Transfer fees are payable to the Department of Land and Surveys (DLS) and are calculated on the market value of the property (estimated by the DLS) at the following rates:																				
	<table border="1"><thead><tr><th>Market Value</th><th>Rate*</th><th>Fees</th><th>Cumulative Fees</th></tr><tr><th>€</th><th>%</th><th>€</th><th>€</th></tr></thead><tbody><tr><td>0 – 85.000</td><td>3</td><td>2.550</td><td>2.550</td></tr><tr><td>85.000 – 170.000</td><td>5</td><td>4.250</td><td>6.800</td></tr><tr><td>Over 170.000</td><td>8</td><td></td><td></td></tr></tbody></table>	Market Value	Rate*	Fees	Cumulative Fees	€	%	€	€	0 – 85.000	3	2.550	2.550	85.000 – 170.000	5	4.250	6.800	Over 170.000	8		
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	The above rates are reduced by 50%, except in certain cases.																				
	Transfers of immovable property that are subject to VAT are exempt from transfer fees.																				

SD	The agreement relating to the transfer of immovable property is subject to SD (payable to the CTA) at the following rates:	
	Market Value	Rate
	€	%
	0 – 5.000	0
	5.001 – 170.000	0,15
Over 170.000*	0,20	
	*Maximum SD payable is €20.000	
VAT	VAT, if applicable, is payable to the seller at the current rate of 19%.	

It is important to note that performing a conclusive tax assessment, requires careful consideration of all relevant facts and circumstances. It is therefore imperative to obtain tailored tax advice.



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