

This is a summary of the recent changes to taxes imposed to properties in Cyprus for 2018 and onwards:

#### Value Added Tax

- VAT is charged at the rate of 19% on the first purchase of a property.
- VAT is also charged at the rate of 19% on the sale of undeveloped building land intended for the construction of building in the course of carrying out a business activity.
- A reduced VAT rate of 5% is applied on the first 200 sqm of the acquisition/construction of a property to be used as the purchaser's primary and permanent residence for a period of ten years. VAT is imposed at the standard rate (19%) on the remaining square metres.
- VAT is not charged on resale properties or on land in protected zones and farming land.

#### Property Transfer Fees

- No Property Transfer Fees are payable if VAT was paid on the purchase price of the property.
- Property Transfer Fees are reduced by 50% if VAT was not paid on the purchase price of the property. However if the Director of the Land Registry considers that the price stated on the contract of sale does not reflect the market value of the property at its date of purchase he may, at his discretion, charge the full Property Transfer Fees based on the Land Registry's assessment of the market value of the property at its date of sale less the price stated on the contract of sale.

#### Stamp Duty

Stamp duty is calculated on the value of the purchase agreement at the rate of:

- €0 to €5,000 – zero
- €5,001 to €170,000 – 0.15%
- Greater than €170,000 – 0.2% with a maximum of €20,000

## Capital Gains Tax

- Capital Gains Tax is payable at 20% on gains resulting from the disposal of a property. The acquisition cost is adjusted for inflation by reference to the cost of living index.
- If the property was acquired before 1980, the 1980 value shown on the property's Title Deed is used as the acquisition cost.
- Expenses related to the acquisition and disposal of a property may also be deducted, subject to certain conditions e.g. interest costs on related loans, transfer fees, legal expenses etc. Further allowances are granted for 'allowable expenses' such as accepted capital additions and improvements to the property – planning permission where necessary.
- Subject to conditions, immovable property acquired between 16th July 2015 and 31st December 2016 inclusive will be exempt from CGT at its disposal at a future date

## Property Taxes payable to Communities and Municipalities

This 'local' property taxes payable to Communities and Municipalities is calculated on the Land Registry's assessment of the 2013 value of the property.

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