



A.G. PAPHITIS & CO LLC  
LAW FIRM



REAL ESTATE  
IN CYPRUS

# Buying Real Estate in Cyprus

Cyprus is a popular destination for the acquisition of immovable property by foreigners (or by Cyprus companies owned by foreigners) for either holiday reasons or retirement. Popularity and demand for real estate is attributed to a number of factors, some of which are:

- Located at the crossroads of Europe, Asia and Africa;
- Low cost and high standards of living;
- Excellent all-year-round climate;
- Sense of security – low crime rate;
- Constructive legal framework;
- Low tax regime.

It is well said that investment in Cyprus immovable property carries no risk in the sense that Cyprus has never experienced a downturn of its real estate. For a purchaser who does not act prudently though, the risks could be great and the pitfalls many. Professional legal advice is strongly recommended.

## Who can buy and what are the Conditions?

The Acquisition of Immovable Property (Aliens) (Amendment) Law 54(I) of 2003 which came into force on 1/5/2004 i.e., the date of Cyprus' accession to the EU, brought about some significant changes to the old policy lifting considerable restrictions in the case of European Union nationals.

Since 1/5/2004 the situation is now as follows:

- **EU Nationals**

EU nationals permanently resident in Cyprus (who live or work in Cyprus) do not need any permit to own any kind of immovable property in Cyprus. No restrictions whatsoever apply.

EU nationals not permanently resident in Cyprus (who do not live or work in Cyprus) need a permit to own a house or apartment but they do not need a permit to own land.

- **Cyprus Companies**

Cyprus companies owned by EU nationals (shareholders) permanently resident in Cyprus do not need any permit to own any kind of immovable property in Cyprus whereas, in the case of the shareholders being non permanent residents in Cyprus, then they need a license to own immovable property in Cyprus.



- **EU Companies**

Companies registered in any EU member state need a permit to own a house or apartment but they do not need a permit to own land. All restrictions for EU nationals (whether or not resident) who purchase property in Cyprus have all been lifted by 2009. All previous restrictions as regards the type, the size and the use of the immovable property are abolished as well as the requirement that payment should be in foreign currency.

- **Non-European Union nationals**

The Acquisition of Immovable Property (Aliens) Law Cap. 109, regarding the non-EU nationals, have not been amended and the restrictions still apply as follows:

1. Non-EU nationals will be given permission to buy either a house or an apartment or a building plot or land up to three donums (4,014m<sup>2</sup>).
2. Cyprus Companies whose shareholders are non-EU nationals are given permission to acquire business offices plus residence of their foreign employees provided that they maintain a fully fledged office.

A Non-EU national may also be allowed to buy a house and a shop provided that the shop will be solely used for business trading.

## What will amount to an acquisition of real estate in Cyprus?

Apart from the acquisition of real estate property by transfer of Registration deed at the Land Registry, acquisition of real estate also covers long leases exceeding 33 years, the taking control of shares in a company which owns real estate (since such acquisition gives control of the property owning company to the non-EU nationals) and, by the establishment of a trust or other set up for the benefit of a non-EU national.

The Application by non-EU nationals for Permission by the District Office

An Application for permission is made to the District Office of the district where the property is situated in accordance to the Acquisition of Immovable Property (Aliens) Law Cap. 109. The following details need to be provided:

- Form Comm 145 completed and signed
- The contract of sale
- Financial Standing of the Applicant (a bank statement will suffice)
- Details of the property
- Particulars of the current owner
- The terms of payment
- The way of acquisition



- Copy of the applicant's passport (and the spouse's)
- Marriage certificate in cases where the spouse does not have the same surname as the Applicant.
- Copies of the governmental survey plans

The letter of approval or refusal by the District Office may take up to 6 months or maybe longer, however, applicants may in the meantime take possession of the property.

A permit for the acquisition of immovable property by non-EU nationals will most probably be granted if:

- The house or apartment will be used solely for the applicant's own residence and the building plot does not exceed 4.014m<sup>2</sup>;
- It will be used for professional or commercial business;
- It will be used for the benefit of the Cyprus Economy in general (as regards industrial, technological, technical or tourism).

Restrictions which may be attached to the permit in Cyprus

The permit for the acquisition of immovable property in Cyprus by non-EU nationals, once granted, may (rarely thought), subject to each separate situation, include any of the following restrictions:

- The transfer to be effected within a year from the day the permit was granted or within three years in case of a construction of a building on the property;
- All taxes to be paid in advance;
- The permit is granted only for the specific property and use.

Transfer of Ownership of Real Estate in Cyprus

The transfer of ownership is concluded at the District Land Registry Office on submission of the following documents:

- Application Form N207
- The registration deed of the property
- Copy of the District Office approval
- Evidence that all property taxes have duly been paid.



## The Legal Formalities for [Real Estate in Cyprus](#)

It is wise to seek professional legal advice and assistance when acquiring real estate in Cyprus, so as to ensure among other things that: the terms of the agreement are negotiated in a fair and balanced way; the proper investigations are conducted, and that the necessary formalities are complied in accordance to local laws and regulations.

### [Searches](#)

Land Registry searches must be conducted in order to ensure that the seller has the legal right to sell and the property being purchased is free from encumbrances or charges.

### [Filing](#)

Within 60 days of signing the contract, the same must be filed at the District Registry Office until the parties are ready to transfer title of ownership. This will adequately preserve the purchaser's legal rights pending other formalities being dealt with.

### [Stamp Duty](#)

Once the purchase contract has been signed, the purchaser will have to pay, within 30 days thereafter stamp duty at the Inland Revenue at the rate of:

- EURO 1.5‰ (per thousand) of the value up to EURO 170.860 (CY£100.000)
- EURO 2.0‰ (per thousand) of the value over EURO 170.860 (CY£100.000)

Failure to pay stamp duty within 30 days will incur an additional penalty.

### [Transfer Fees for Real Estate in Cyprus](#)

The purchaser pays the transfer fees upon transferring the immovable property on his name by the Land Registry Office. Transfer fees are calculated on the market value as at the date of purchase as follows:

Value of Property (EURO)	Transfer fee rate
up to €85.430,07	3%
from €85.430,08 to €170.860,14	5%
from €170.860,15 and over	8%

If the property is purchased in joint names e.g. of a husband and wife, or two individuals, then the purchase value of the property is divided into two parts which has as a result the reduction of transfer fees.

### [Mortgage Finance for Real Estate in Cyprus](#)

All banks can offer mortgage facilities in connection with the following:

- Purchase or construction of a house or apartment;
- Completion, extension or refurbishment of a house or apartment;
- Purchase or construction of professional premises or office space;
- Purchase of land for the construction of a residence (not for investment purposes) etc.

Beneficiaries can be permanent residents and non-residents of Cyprus and the amount that can be borrowed may go up to 100% of the construction cost or up to 70% of the property's purchase value. Facilities can be arranged in EURO or other major foreign currency. Duration of such loans may go up to 30 years or even more depending to the policy of each commercial bank.

For advice and information as regards advantageous house loans from certain commercial banks our office would be glad to assist you and put you in touch.

## Immovable Property Tax

Physical and legal persons are both liable to this tax. Property tax is imposed on the market value of immovable property as at 01/01/1980 and applies to the immovable property owned by the taxpayer on 1st January each year. Tax rates are as follows:

Market value of property (01/01/1980)	Annual Property tax (%)
up to €120,000	0
€120,001 to €170,000	0.4
€170,000 to €300,000	0.5
€300,001 to €500,000	0.6
€500,001 to €800,000	0.7
Over €800,000	0.8

Registered owners whose property exceeds €120.001 must submit a declaration of immovable property form (IR301 and IR302) and pay the relevant tax every year before the 30 September.

### Estate Duty

No estate duty applies since 1/1/2000.

### Capital Gains Tax

Upon disposal of the property, capital gains tax applies at the rate of 20% on the gain. The first €17.086 (or €85.430 in the case of private residence) is exempt and there is also an indexation allowance. No tax applies whatsoever if the property was purchased between 1/8/1980 – 13/7/1990 with foreign currency exchange imported into Cyprus.

### Conclusion

The formalities described above merely outline the basic steps that may have to be taken in any given situation but they are by no means exhaustive. Each transaction must be handled according to its surrounding circumstances. The complexity of the local legislation relating to the acquisition of real estate renders it necessary to seek at the outset professional legal advice and assistance in order to avoid any adverse consequences that could arise where sufficient care is not taken.

The above is simply an explanatory guide when purchasing property in Cyprus. We would be glad to provide you with the appropriate professional advice. Please do not hesitate to contact us.

AGP CHAMBERS  
84, Spyrou Kyprianou Avenue, 4004 Limassol, Cyprus  
P.O.Box 58419, 3734 Limassol, Cyprus  
Tel. +357 25 731000, Fax +357 25 761004  
E-mail: [agp@agplaw.com](mailto:agp@agplaw.com) | [www.agplaw.com](http://www.agplaw.com)

A.G. PAPHITIS & CO LLC |   
LAW FIRM