

Taxes

When going ahead with the purchase of a property it is always good to know the extra costs that are not included in the purchase price.

TAXES AND COSTS

SOLICITORS FEES

Solicitor's fees for contracts and advice can be anything from €1,700 to €2,500 depending on the price of the property purchased.

STAMP DUTY

Stamp Duty needs to be paid to your solicitor for the deposition of your contracts at the land registry. Unless otherwise agreed in the contract, the purchaser is liable for the payment of stamp duty at the rate of 0.15% of the value of the property up to €170,860.14 and 0.20% for over €170,860.14.

TRANSFER FEES FOR TITLE DEEDS

Value of Property - €;
Transfer Tax

Up to €85,430.07
3%

From €85,430.07 - €170,860.14
5%

Over €170,860.14
8%

Transfer fees must be paid to the District Land Registry Office in order for you to be able to receive your title deeds. This procedure can take anything from two to three years after completion of the property without this affecting your rights to sell. If however you use two names on the contract then the above will apply to each party's share of the value of the property thereby reducing the total amount of transfers fees paid. For example a Sales contract with one name up to the value of €170,860.14 would be liable to Transfer Fees of €6,834.41 (€85,430.07 at 3% + €85,430.07 at 5%). If the sales contract has two names then the Transfer Fees due would be reduced to only €5,125.80 (€85,430.07 at 3% for each purchaser).

THE COST OF LIVING

ELECTRICITY

€85.00 - €250.00 every 2 months

WATER

€25.00 - €85.00 every 2 months

REFUSE COLLECTION

€85.00

SEWERAGE

€85.00

* Please note that the above amounts are a guide only as it will depend on the personal consumption of water and electricity.

INCOME TAX

The tax system in Cyprus is progressive i.e. the higher your income the higher the rate of tax you will pay. Tax rates for an individual are currently 20%-30% but the first €17,086.01 of income is exempt. However there are reduced rates and exemptions granted for certain types of income. As an example, foreigners are taxed on a flat rate of 5% per annum on pension and investment income brought into Cyprus with exemptions totaling €6834.41 per person or

€13668.81 per married couple.

IMMOVABLE PROPERTY (TOWNS) TAX

This tax here in Cyprus is nothing like it is in the U.K. Costs per annum can be anything from €250 - €300. Costs are calculated according to area, size of property, cover sewerage, refuse collection, and street lights.

IMMOVABLE PROPERTY TAX

Value of Property (€) Annual Tax(%)	as at 1st of January 1980
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0 - 170,860.14

0

170,860.14 - 427,150.36

0.25

427,150.36 - 854,300.72

0.35

Over 854,300.72

0.40

* As Immovable Property Tax is based on the 1980 Value of the Property many properties fall below €170,860.14 and are therefore exempt from tax.

CAPITAL GAINS TAX

Capital Gains Tax is paid at a rate of 20% on the chargeable gain. Individuals are entitled to the following lifetime allowances on Capital Gains Tax:

1. The first €17,086.00 of gains arising from the disposal of any property is exempt.
2. The first €25,629.02 of gains arising from the disposal of agricultural land by the farmer is exempt (subject to certain conditions).
3. The first €85,430.10 of gains arising from the disposal of a house used by the owner for his/her own habitation is exempt (subject to certain conditions).

The above allowances are not available separately and an individual claiming a combination of the above allowances is only allowed a maximum lifetime allowance of € 85,430.10.

Cyprus residents and companies registered in Cyprus are subject to Capital Gains Tax when disposing their property, wherever it is, in Cyprus or overseas. However, under certain conditions, Capital Gains Tax can be reduced significantly if the purchase of the immovable property is affected through a Cyprus registered company. The below categories of immovable property disposals are exempt from the Capital Gains Tax:

1. Transfers by reason of death.

2. Gifts between relatives up to third degree of kindred.

3. Gifts to limited liability companies when, at the time of transfer and for a period of five years following the transfer, all the shareholders of the company are members of the family of the donor.

4. Gifts by family companies to their members, but only in cases where the property transferred, was obtained by the company as a gift.

5. Exchanges of immovable properties.

6. Compulsory acquisitions.

7. Gifts to charitable institutions.

8. Gifts to charitable institutions or the Republic of Cyprus.

ESTATE DUTY / INHERITANCE TAX

Estate Duty was abolished in 2000.

DOUBLE TAXATION TREATIES

Cyprus has signed double taxation treaties with a considerably large number of countries and more are under negotiation. These treaties may affect favorably the ownership of immovable property in Cyprus and also groups of people who decide to relocate to Cyprus, such as retired residents, employees and business investors. Some of the countries with which Cyprus has entered into double taxation treaties are UK, Ireland, Greece, USA, Canada, France, Italy, Russia, Belarus, Romania, China, Austria, Belgium, South Africa, Yugoslavia and many others.

