



## ISSUES IN OWNERSHIP OF REAL ESTATE

### CYPRUS

**Dr. K. Chrysostomides & Co.**

**CONTACT INFORMATION:**

**Tassos Stylianou**

Dr. K. Chrysostomides & Co.

1 Lambousas Street

1095 Nicosia, Cyprus

Tel: 357.22.777000 / Fax: 357.22.779939

Email: [t.stylianou@chrysostomides.com.cy](mailto:t.stylianou@chrysostomides.com.cy)

Web Site: [www.chrysostomides.com.cy](http://www.chrysostomides.com.cy)

- 1. Is perpetual fee simple ownership of real property permitted? If not, what are the principal forms of ownership, or other principal form of ownership, of real property?**

Perpetual fee simple absolute property ownership is the norm in Cyprus.

- 2. What instruments are used to convey fee simple ownership, or other principal form of ownership, of real estate?**

Transfer of real estate is effected formally before the local Land Registry Office, in the presence of both parties or their duly authorised representatives.

- 3. How in this jurisdiction is the ownership of real property recorded or searched? Who generally performs the search?**

Details of property may be obtained by conducting a search in the land register. Only the registered owner or anyone having a pending legal action or court decision against the owner, is entitled to conduct the search, either personally or through a duly authorised attorney.

- 4. What assurances of ownership are available to purchasers of real property (e.g., title insurance or title opinions)? What is the cost of obtaining such assurances?**

The presentation of the title deed, which is an extract from the land registry records, is normally considered sufficient evidence of title, and title insurance or title opinions are not issued as a matter of practice.

**5. What are the most common forms of investment vehicles? What are the most common entities employed to own investment real estate in a tax efficient manner?**

A limited liability company by shares is the most common form of legal entity used.

**6. Has this jurisdiction adopted, or is it considering, legislation permitting the creation of real estate investment trusts or similar entities?**

Property of all descriptions can be settled into trust but trusts are not widely used for real estate investment. In the case international trusts, as the term is defined in the relevant law, the trust fund must not include any immovable property within the Republic. No other pertinent legislation is envisaged at present.

**7. What state or local transfer, stamp or similar taxes are levied generally on sellers or buyers upon the direct transfer of real estate?**

Sellers are subject to capital gains tax calculated at 20% on the gain realised upon the disposal of immovable property or upon disposal of shares in a company holding immovable property, after deduction of proven improvement expenses and adjustment for inflation. Natural persons are entitled to a one-off tax deduction of EURO 17,086, while those who have utilised the sold premises as a permanent residence for at least, the past five years, are entitled to a one-off deduction of EURO 85,430. The seller must also provide updated tax clearances evidencing the settlement of any municipal property (see 9 below) and utilities taxes, prior to transfer.

Government stamp duty is payable by the buyer on the value of the contract and is calculated at 1.5 *per thousand* for amounts up to EURO 170 860 and 2 *per thousand* for amounts in excess.

Government transfer fees are payable to the land registry by the buyer at the time of transfer, calculated on a graduated scale on the value of the property, as follows:

Up to EURO 85,430	3%
From EURO 85,431 to 170,860	5%
Over EURO 170,860	8%

Transfers to spouses and close relatives are subject to minimal transfer fees. The sale price stated by the parties is not binding on the land registry, which will conduct its own current market evaluation of the property and, if it is more than the amount stated, will calculate the fees accordingly.

**8. What state or local transfer, stamp or similar taxes are levied generally on sellers or buyers upon the transfer of interests in entities which own real estate?**

The same as above however, there is no one-off capital gains tax relief for legal entities.

**9. How significant is local regulation and taxation of real estate? How significant is the variation of real estate law among political subdivisions of this jurisdiction?**

There is no differentiation on a local level, as regards municipal property tax. Municipal property tax is calculated at 8 *per thousand* annually upon the value of the property, as registered or recorded in the Land Registry books, based on the value of the property as at 1<sup>st</sup> January 1980. Public utilities taxes can however vary considerably between different municipalities.

In addition, government real estate tax is levied, collected and paid annually on all immovable property in the Republic. It is assessed upon the value of the property in the Land Registry books as at 1<sup>st</sup> January 1980, or in the absence of the above, upon the value of such property as determined by the Director of Lands and Surveys. At present, the relevant rates are as follows:

for properties valued up to EURO 170,860	NIL
from EURO 170,861 to 427,150	2.5%
from EURO 427,151 to 854,300	3.5%
EURO 854,301 and above	4%

**10. Must ultimate beneficial owners of entities which own real estate be disclosed as a matter of public record?**

No. However, non-EU citizens who are ultimate beneficial owners of legal entities are subject to limitations on immovable property ownership in accordance with the law on the Acquisition of Immovable Property by Aliens, Cap. 109. Their names must be disclosed, otherwise the registration of the property in the name of such entities could be deemed illegal and may be cancelled.