

## **FREQUENTLY ASKED QUESTIONS**

### **PROPERTY TRANSACTIONS**

This document contains explanatory information on the most common questions we have faced throughout the years. It is split into sections that can help you easily find your subject and read through the answers. You may read it when you have a question or whenever you reach a specific stage in the transaction. However, do rest assured that you can contact us for any questions you may have.

## TABLE OF CONTENTS

1	General Questions.....	3
2	Instructing, paying and sending us documents.....	6
3	Expenses.....	8
4	Questionnaire.....	10
5	Personal Information and Due Diligence Form.....	12
6	Power of Attorney.....	15
7	Banking, payments and transferring funds.....	18
8	Property Due Diligence.....	23
9	Preparing contracts and lodging at the Land Registry.....	26
10	Completion, Delivery of Possession and Transfer of Title.....	28
11	Transfer fees.....	29
12	Capital Gains Tax, Immovable Property Tax and tax clearance.....	32
13	Insurance and Utilities Connection.....	35
14	NON-EU PURCHASERS OF PROPERTY.....	36
15	WILLS & Estate Planning.....	37

## FREQUENTLY ASKED QUESTIONS

### Property Transactions

#### 1 General Questions

##### 1.1 What does conveyancing mean?

Conveyancing is the process for the legal transfer of ownership of immovable property from the seller to the buyer. The conveyancing process starts when the buyer's offer to buy a property is accepted and finishes when the buyer receives the keys.

##### 1.2 Do I need to come to Cyprus at all if I am buying or selling property?

You do not need to come to Cyprus at all during the conveyancing process. We can deal with almost everything for you.

##### 1.3 What is the best way to communicate with you?

The best way to communicate with us is by email. We aim to reply to emails to acknowledge receipt within 24hrs of receiving the email. If we have not acknowledged receipt of your email within 24 hours it may be that we did not receive your email (may have gone into our spam folder) and we would suggest that you re-send the same to us.

Depending on the nature of the query in your email we may be able to reply to you straight away or we may need to collect information or take other actions before we can reply. We will try to inform you, when possible, of the time frame within which you should expect to receive the answer to your question.

We believe that communicating with us by email means that you will be able to keep the information for future reference should you wish to read over, should anything not be clear etc.

You may of course telephone our office and our telephone number is: **+357 26 822 122**.

If the person dealing with your transaction is not available to take your call, you may leave a message for them and they will return your call as soon as possible. If you have an urgent matter, please make

sure that you mention this to the person who takes your call and also send a quick email stating the urgency of your situation.

#### **1.4 How long does it take for the purchase or sale of property to complete?**

This depends on the circumstances of the buyer and the seller and must be agreed between the two parties. The availability of the buyer's funds is a very important factor as well as the date that the seller can vacate the property. Another factor which may delay the completion is if the buyer will require loan funding for the purchase.

Most conveyancing transactions complete within 30 - 40 days from the signing of contracts unless otherwise agreed between the parties or some unforeseeable event occurs.

#### **1.5 What happens if there are contents included in the price of the property?**

Very often there are contents included in the purchase price of the property and these are usually listed in an inventory which is attached to the contract of purchase. The inventory is usually prepared by the seller with the assistance of the estate agent.

If you are buying property, we would advise that you take photos of the contents or request that the estate agent sends you photos.

#### **1.6 Do you check the contents of the property prior to the Completion?**

No. We do not visit the property which is being purchased. You can ask the estate agent to check these for you if you are not in Cyprus prior to the Completion.

#### **1.7 How much are Estate Agent's fees in Cyprus and who pays these?**

The Law in Cyprus provides that Estate agents' fees cannot exceed 5% plus VAT and these are paid by the seller of a property.

There are many companies in Cyprus which are not registered estate agents but they call themselves marketing agents, consultancy firms etc and they in effect offer estate agency services. These companies may charge more than 5% plus VAT.

If you are a buyer of property, it may not make a difference whether the agent you use is a registered estate agent or not.

If you are a seller of property, you must be aware that commission paid to a registered estate agent is deductible from any Capital Gains Tax you may have to pay due to the sale if you are making a profit. Commission paid to a non-registered estate agent is not tax deductible.

### **1.8 How is the purchase price usually paid in conveyancing transactions?**

The most common way is the following:

- (a) Reservation deposit usually paid to the estate agent;
- (b) 20-30% of the purchase price with the signing of contract;
- (c) Balance on Completion.

Although the above is the most common method of payment, it may not be suitable for every transaction. The lawyers will usually decide the best method for the payment of the purchase price after taking into consideration the facts of each case. The method of payment is inserted into the contracts.

### **1.9 Who do I pay the reservation deposit to?**

The reservation deposit is paid by the buyers either directly to the agent or to their lawyer who will make arrangements to pay it over to either the agent or the seller's lawyer. We would usually advise against the payment of the reservation deposit directly to the sellers.

### **1.10 How long does a reservation deposit take the property off the market?**

The reservation deposit usually takes the property off the market for a period of around 30 days (or as otherwise agreed) to allow for searches to be carried out and the transfer of further funds for the signing of contracts.

### **1.11 Is a reservation deposit paid for a property refundable?**

It is not refundable if the buyer decides not to buy the property for reasons of his own (e.g. change of personal circumstances, etc).

However, the reservation deposit should be refunded if the searches uncover that the property is problematic and that the problems uncovered are not easily surmountable.

The reservation deposit is also refundable if the seller is the one pulling out of the sale.

### **1.12 Can I stop a conveyancing transaction after contracts have been signed?**

No. After contracts have been signed the parties are obliged to proceed with the transaction. The parties will have created contractual obligations towards one another.

### **1.13 Can you store my original title deed?**

We can store your original title deed if you wish and there is no charge for this.

## **2 Instructing, paying and sending us documents**

### **2.1 How do I instruct you to act on my behalf?**

You can send us a quick email to confirm that you would like us to act on your behalf in the particular transaction.

### **2.2 Who will deal with my transaction?**

There will be a partner who will be the case leader and he will be assisted by usually one other associate lawyer. We will inform you at the onset who these persons will be. Should there need to be a change during the course of your transaction we shall inform you accordingly. You may receive correspondence from both.

Other people such as paralegals or trainees may work on your case helping the Lawyers handling your case.

You should also receive correspondence from our accounts department for matters relating to the transfer of funds and invoicing.

### **2.3 Do you require a deposit towards your fees?**

Yes, we always require a deposit as a matter of standard practice. We will inform you of the amount in our initial emails to you. We may request further payments on account as the matter progresses. These amounts will be shown as paid on your final bill and statement of account.

#### **2.4 When do I pay you for your conveyancing services?**

We receive a deposit to start working on your matter as standard practice. If you are a buyer, you will need to transfer the purchase price, the legal fees and other estimated expenses to the account which will be used for the conveyancing transaction. We will send you an overall estimated budget of the expenses to be incurred at the beginning of the transaction.

We will invoice 50% of the legal fees when the contracts are signed and we will invoice the remaining 50% of the legal fees when the transaction has ended. We will provide you with a statement of account at the end of the matter. If you are selling property, we will deduct our legal fees from the proceeds of sale.

#### **2.5 What happens if any unforeseen work becomes necessary?**

Although this does not usually happen, in the event that any unforeseen work becomes necessary - for example due to unexpected difficulties or if your requirements or the circumstances change significantly during the matter -we will try to inform you in writing of the estimated cost of the extra work before incurring extra costs. We will attempt to agree an amended charge with you.

If we cannot reach an agreement, we will do no further work and charge you on an hourly basis for work done to date.

#### **2.6 Will you charge me if my conveyancing transaction is cancelled?**

If you do not proceed with the purchase or sale, we will charge you for the work done to date based on time spent and expenses incurred.

#### **2.7 What is your postal address?**

If you need to send us anything by post please use our postal address below:

**P.O. BOX 61072**

**8130 PAPHOS, CYPRUS**

#### **2.8 Which address do I use if I am sending documents to you by courier?**

If you are sending by courier, you must send the parcel to our office address and not to our postal address and also write our telephone number on the envelope as follows:

**2 Spyrou Kyprianou &  
1 Kyriakou Matsi Avenue,  
1082, Nicosia, Cyprus  
TEL: +357 26 822 122**

## **2.9 How do you use my personal information?**

We only use your personal information to complete the transaction. For this reason, we need to give your personal information to the authorities and banks as necessary to complete the transactions.

## **3 Expenses**

### **3.1 What do I need to pay if I am selling property in Cyprus?**

The following is an indicative list of the things you may have to pay when you are selling your property in Cyprus:

- (a) **Legal Fees & VAT** (at the applicable rate at the time) plus some disbursements for example for the certification and stamping of power of attorneys, land registry search fees, bank charges etc.
- (b) **Your mortgage/loan** - Any outstanding amount due to a Bank and/or other financial company in respect of any mortgage and/or loan over the property.
- (c) **The Developer** - Any balance due to the Developer in respect of any Taxes, communal expenses etc.
- (d) **The Management Company** -Any balance due to the Management Company who manage the communal areas of the project in respect of any communal expenses etc.
- (e) **The Agent Fees** - Any amount payable to any agent in respect of their marketing fees or commission.
- (f) **Immovable Property Tax (IPT)**-Any IPT for 2014, 2015 and 2016.
- (g) Council (or Community Board) taxes such as refuse tax, sewage tax, property tax (not the same as IPT) etc.



- (h) **Capital Gains Tax (CGT)** - covered in a separate section.
- (i) **Outstanding utility bills** (water, electricity, refuse collection, telephone etc)
- (j) **Energy Efficiency Certificate** - The cost of the EEC should this be necessary. This is covered in a separate section.
- (k) **New sale Tax of 0.4% on the sale price** - covered in a separate section.

### 3.2 What do I need to pay if I am buying property in Cyprus?

The following is an indicative list of the things you may have to pay when you are buying property in Cyprus:

- (a) **Legal Fees & VAT** (at the applicable rate at the time) plus some disbursements for example for the certification and stamping of power of attorneys, land registry search fees, bank charges etc.
- (b) **Transfer Fees** to the Land Registry - for the registration of the title deed in your names. This is covered in a separate section below.
- (c) **Stamp Duty at the Inland Revenue** - This is paid on all Contracts at Inland Revenue. Stamp Duties are payable on each contract depending on the purchase price.
- (d) **Surveys** - The cost of any surveys should you decide to proceed with them. This is covered in a separate section below.
- (e) **Utilities** - The utilities must be connected in your name shortly after the Completion of the purchase and there will usually be some deposits to pay to the electricity authority and to the local water board. This is covered in a separate section below.
- (f) **Property Insurance** - You may wish to arrange for insurance cover for the property and contents after the purchase completes.

### 3.3 I am selling my property in Cyprus. Why will you withhold €500 from the proceeds of sale?

This practice is to cover any bills which may arise after completion. These are usually water, refuse collection, sewage and electricity bills.

Although the Electricity Authority and the local Municipalities used to provide final bills when a property was sold or when the purchasers connected the supplies onto their names, unfortunately they have stopped doing this now and we have to wait for final bills to be issued by them even if we

provide final meter readings etc.

As it can take 2-3 months for the final bills to be issued, we usually withhold the €500 for around 3 months after completion.

Once the purchasers' Lawyer has confirmed the supplies have been connected onto the purchasers' names and that there are no outstanding balances due or any outstanding balances have been paid, we will return the remaining funds to your chosen account.

## **4 Questionnaire**

### **4.1 Why do you ask me so many questions from the beginning of the transaction?**

We try to gather all the necessary information together from the start so it is more efficient for you. We will assess what you have provided to us and be able to proceed with the other party's lawyer to negotiate the agreements, obtain or give the required information and make sure the transaction proceeds as fast as possible.

### **4.2 Do I really need to provide this information?**

Yes. We need to have all the information requested to ensure that the transaction proceeds smoothly.

### **4.3 This is a lot of information you ask. Will I have to do so much until the end of the transaction?**

We try to collect as much information from you from the beginning to make the transaction smoother for you. Your input is required mostly in the initial stages of the transaction when answering the questionnaire, providing information and documents and for the opening of the bank account.

### **4.4 What if I don't know how to answer a question?**

Do not worry if you do not know how to answer a question. Just let us know what you are having difficulty with and we will get back to you when assessing your replies.

**4.5 I am a seller but I don't have an original title deed for my property. I only hold a copy.**

We can obtain a new title deed from the District Land Registry on your behalf provided that we have a valid power of attorney from you.

**4.6 I am a seller and you have asked me for a copy of the stamped contract of purchase from when I originally purchased the property but I cannot find it.**

You may be able to obtain a copy from the developer or from the lawyer you used when you purchased the property.

**4.7 What if I have made structural changes to the property but have not applied for a covering planning permission, building permission etc?**

This is generally a problem when you are selling property. You must inform us if you have done any changes to the property even if you are unsure whether the changes you have done require covering permissions.

Generally structural changes to a property:

- (a) may be legalized if covering permissions can be obtained. This depends on the type of property, the location etc. It is usually in the range of work of architects and civil engineers to advise if permissions can be obtained under the particular circumstances. or
- (b) cannot be legalized and may need to be demolished because the relevant laws and regulations do not allow the type of changes done.

On rare occasions, buyers may be happy to purchase a property with full knowledge of the illegal structures and the sale price may need to be adjusted.

We would recommend that you appoint an architect or civil engineer to advise whether the changes you have done to your property can be legalized and if so to apply for the relevant covering permissions as a matter of urgency. It may take 6-12 months or possibly longer for the permissions and other work to be done.

We can usually assist you in finding a civil engineer or architect to deal with your matter.

## **5. Personal Information and Due Diligence Form**

### **5.1 What kind of Personal information do you require?**

In accordance with Cypriot and European Legislation, we must obtain sufficient information and supportive evidence from you about the following which is commonly known as "K.Y.C" (Know-Your-Client):

- (a) Proof of your Identity (passport, Cyprus Bar Association Due Diligence Form & Curriculum Vitae) (covered in section 5.3 below)
- (b) Signed Data Processing Form for GDPR purposes (Personal Data Use Form) - (covered in section 5.3 below)
- (c) Proof of your permanent residential address (utility bills) (covered in section 5.4 below)
- (d) Your source of income and wealth (covered in section 7.7 below)
- (e) Signed Terms of Business

### **5.2 I am an existing client of the firm. Do I still need to provide you with the KYC information?**

Yes. Unless you have given us all your KYC documents in the last 12 months, we will request that you give us new KYC documents to update our records.

### **5.3 What documents do I need to send you as proof of my Identity?**

Passport  
Cyprus Bar Association Due Diligence Form  
Curriculum Vitae

#### **5.3.1. PASSPORT**

##### **(a) If you are in Cyprus (whether you are an existing client or a new client)**

Please bring your Passport or Cypriot Identity Card and other National Identity Card to our office during our working hours to be copied.

**(b) If you are an existing client and you are NOT in Cyprus**

If we already hold a copy of your valid passport then you do not need to re-send this to us. If you have renewed your passport, please scan and email it to us.

Please do not send us a photograph of the passport.

**(c) If you are a NEW client and you are not in Cyprus**

Firstly, we will need you to scan and email us your valid passport.

Secondly, we will need you to take your passport to be copied and certified as follows: The Certification should be carried out in English by any of the following persons:

A notary public and then Apostille

Cypriot Embassy or Consular Official

The passport copy must bear a true likeness statement as detailed below.

"Having seen the original, I certify this is a true copy and a true likeness of the individual"

The certification must also show a date, name of the signatory, signature and a stamp (where one is available).

You can take your passport to the Notary or Embassy or Consular Official when you take your power of attorney and other documents. This should be more time and cost efficient.

**5.3.2. CYPRUS BAR ASSOCIATION DUE DILIGENCE FORM.**

We will send you the form by email for you to print off a copy and complete this with your information. You will also need to sign at the bottom of each page and then sign where marked on the last page.

**5.3.3. PERSONAL DATA USE FORM**

By this form you are giving us your consent to process your personal information. We will send you the form by email for you to print off a copy and complete and then sign where marked.

#### **5.3.4. CV (CURRICULUM VITAE)**

We will need you to provide us with your CV containing your professional and educational background.

#### **5.4 What documents do I need to send you as Proof of my Address?**

The following documents can be provided as Verification of Address:

- (a) Original utility bills (water consumption, gas and electricity) issued within the last 3 months.
- (b) If you cannot give us the original utility bills, you can take the originals to a notary public or Cypriot Embassy or Consular Official who will copy these and must then certify these as being True Copies of the originals.

Please note that if any of the above documents are not in English or Greek, then an official translation into English or Greek must be provided. The translation must be attached to the certified document. Official translations vary depending on the country.

#### **5.5 I live in a country where we do not receive utility bills. How do I provide you with proof of my address?**

A letter in English signed and dated by a Lawyer (who must be local and must be registered at the law association) on their official letterhead, which verifies that you reside at the particular address along with some other supportive official documents such as a bank letter or statement which has your name and address.

This happens very often with people who live in the Middle East and their accommodation is paid by their employers or people who may reside on residential estates and their bills are covered by an agency or other company.

#### **5.6 All the utility bills are in the name of my husband/wife/parents what do I do?**

You can let us have the utility bills in your husband/wife/parents' names and we will also need a copy of your marriage certificate or birth certificate to make the link.

Any other supporting documents which you can give us such as original or certified copy of recent Tax authority correspondence or correspondence from another government body, stating name and address etc.

## **5.7 What is a Politically Exposed Person (PEP)?**

A politically exposed person (PEP) is an individual who is or has been entrusted with a prominent public function. PEPs are higher-risk customers for financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs) like lawyers. This is because PEPs have more opportunities than ordinary citizens to acquire assets through unlawful means like embezzlement and bribe-taking and thus are more likely to launder money. However, being a PEP does not in itself equate to being a criminal or suggest a link to abuse of the financial system.

If you are a PEP we must apply additional AML measures and we have to carry out more due diligence checks specifically tailored to your PEP status. These requirements are preventive in nature and should not be interpreted as meaning that all PEPs are involved in criminal activity.

## **6 Power of Attorney**

### **6.1 Do I really have to give you a power of attorney?**

The vast majority of our clients do give us a power of attorney because it makes the transaction much easier for them. If you would not like to give us a power of attorney then this means that you would have to be in Cyprus for the duration of the transaction and also be in a position to visit our office and/or the required government departments to sign the necessary forms and make the necessary payments when needed.

### **6.2 How do I give you a Power of Attorney if I am not in Cyprus?**

The power of attorney can be prepared and emailed to you with instructions. You will need to print it off and arrange to get this signed. The signing of the power of attorney depends on where you are situated but you usually have the following options:

**Option 1-** You can take the Power of Attorney together with your passport to the Cypriot Embassy in the country that you are situated. They will witness you signing the power of attorney and will stamp this for you. They will let you have the Power of Attorney straight back. You may need to arrange an appointment to visit the embassy and you will usually find information on line about the working hours of the embassy. The signed and stamped power of attorney must be sent to us.

**Option 2** - You can take the Power of Attorney together with your passport to the Honorary Consulate General of the Republic of Cyprus in the country that you are situated. He will witness you signing the Power of Attorney and will stamp this for you. He will then let you have the Power of Attorney straight back. You may need to arrange an appointment to visit the Honorary Consul.

You can find all the Cypriot diplomatic missions (eg embassies and consulates) if you visit: [mfa.gov.cy](http://mfa.gov.cy). Simply select the country and you will be given the contact details.

We understand that the contact details for the Honorary Consulate General in the United Kingdom and Ireland may be as follows but keep an eye for any recent changes:

**BRISTOL** - Mr. Athanasios Lazarides - 44 Park Street, Bristol, BS1 1SJ

Tel: 01179 251139 Mobile: 07973 304227 or 079 6152 1538 Email: [laz@barantix.com](mailto:laz@barantix.com) or [lazalazarides@yahoo.com](mailto:lazalazarides@yahoo.com)

**BIRMINGHAM** - Mr. Costas Petrouis - 7 Orphanage Road, Erdington, Birmingham, B24 9HP

Tel: 0121 3776407 Mobile: 07894 909141 Email: [costas@petrouis49.fsworld.co.uk](mailto:costas@petrouis49.fsworld.co.uk) or [costaspetrouis12@gmail.com](mailto:costaspetrouis12@gmail.com)

**LEEDS** - Mr. Charles (Kikis) Kyriacou: 19 Wigton Chase, Leeds, LS17 85G - Tel: 01132 680308

Mobile: 07790 336120 Email: [cyprusleeds@gmail.com](mailto:cyprusleeds@gmail.com)

**GLASGOW** - Dr. Constantinos Hadjivassiliou: 126-128 Great Western Road, Glasgow, G4 9AD

Tel: 01413311366 Email: [c.hadjivassiliou@clinmed.gla.ac.uk](mailto:c.hadjivassiliou@clinmed.gla.ac.uk)

**DUNBLANE** - Mrs. Ridi Evridiki Stakis - Christie: Dunblane Hydro Hotel (Double Tree), Perth Road, Dunblane, Perthshire, FK15 0HE Tel: 07809 444105 Email: [evridikisc@yahoo.co.uk](mailto:evridikisc@yahoo.co.uk) or [evridikisc@gmail.com](mailto:evridikisc@gmail.com)

**NORTHERN IRELAND** - Mr. Nick Lestas: 26 Union Street, Coleraine, BT52 1QA Tel: 028 70322900 Fax: 028 70320901 Email: [info@lestasconsulting.com](mailto:info@lestasconsulting.com)

**REPUBLIC OF IRELAND** - Embassy of the Republic of Cyprus at 71 Lower Leeson Street, Dublin 2, Ireland Tel: +353 1 676 3060 Fax: +353 1 676 3099 Email: [dublinembassy@mfa.gov.cy](mailto:dublinembassy@mfa.gov.cy)

**Option 3** - You can take the Power of Attorney together with your passport to a Notary Public in the country that you are situated. In the UK many solicitors are also Notaries Public. The Notary Public will



witness you signing the Power of Attorney and will stamp this. The Notary must then send the signed Power of Attorney away to be apostilled but the notary will know how to do this. Please note that the power of attorney witnessed by the Notary Public cannot be used in Cyprus unless it has been apostilled.

### **6.3 What is the best way for me to send you the signed power of attorney?**

Once you have dealt with your power of attorney in your country, it is preferable that you send it back to us by courier such as Fedex, OHL, etc. Please try to avoid send this by post including registered and international signed for post.

If you are sending by courier you must send the parcel to our office address and not to our postal address and also write our telephone number on the envelope as follows:

**Corner of Neofytos Nikolaides Avenue & Theodoros Kolokotronis  
Street, Onisiforou Center, 2nd Floor, 8011 Paphos  
CYPRUS  
TEL: +357 26 822 122**

### **6.4 What is Apostille and how do I get it?**

An apostille is a special stamp which is affixed on an official document. This stamp effectively verifies that the document is authentic. You can obtain the apostille stamp in many countries but not all. For example, you can obtain the apostille stamp in the UK and other EU countries, in the USA, Canada, Russia, etc. You cannot obtain the apostille stamp in China and other countries which have not signed the Hague Convention.

In the United Kingdom all apostilles are issued by the Foreign and Commonwealth Office in Milton Keynes.

To be eligible for an apostille, a document must first be issued or certified by an officer recognised by the authority that will issue the apostille.

### **6.5 The power of attorney is really long and I do not understand it.**

We need to take a variety of actions for you in order to complete your transaction. The Power of Attorney is long because it describes those actions in the format which is acceptable to the local authorities. The local authorities require an all-embracing and clear wording for each action taken in

order to allow us to represent you. The wording of a similar power of attorney may be different in your own country.

#### **6.6 But this means that you can use the power of attorney to do actions that I do not approve of?**

We only act upon your instruction and take the absolutely necessary actions to complete the transaction and nothing more. If we exceed our instruction, we may face disciplinary issues from the Cyprus Bar Association. In addition, holders of a power of attorney must by law act with due care and if any actions they take cause damage to their represented person due to negligence or willful misconduct then they are personally liable for the damage caused.

## **7. Banking, payments and transferring funds**

### **7.1 How do I send funds to you for the purchase of property?**

If you wish to send money to us for the purchase of property in Cyprus and other related expenses, we will need to open a sub-account in your name within our firm's Clients Account. We will need to obtain information from you which we will submit to our bank.

When our bank is satisfied that all the paperwork is in order, they will open the sub- account. We will in turn forward the sub-account details to you so that you can transfer funds.

The sub-account will serve only for the particular transaction and shall be closed once the matter has concluded. The lawyer of the seller will also need to open a similar sub- account to receive the sale price.

Due to the constantly changing global environment relating to anti-money laundering banks in Cyprus have become extremely vigilant and now require a great deal of documentation to be supplied to them (both for the buyer and the seller) in order to allow the opening of a bank account and to allow the deposit of funds.

### **7.2 I already have a bank account in Cyprus. Can I use this to send funds for the purchase of property?**

If you prefer to transfer funds into your own account in Cyprus for the purchase of the property you must ensure that we will have access to the funds when these are needed. This usually means that

you will need to sign whatever bank documents your bank requires (mandate, power of attorney etc) so that we can get the necessary bankers drafts issued to pay the purchase price and other expenses.

Arranging to give us access to your existing bank account can sometimes prove troublesome especially if your bank is not very cooperative and they may ask you to visit their branch to sign documents or they may request a special process to be followed in the country you are situated in order to accept your documents.

It may sometimes be problematic from our side as well if your local branch is located in a different town or if it is in the outskirts of Paphos (e.g. Peyia) and we have to go to your branch to collect the necessary bankers' drafts and we may charge extra for this service.

### **7.3 Does the sub-account you open belong to me?**

The sub-account is not your own account. It is a part of our firm's clients account which is allocated to your transaction. The sub-account can only be used for one transaction and will be closed at the end of the same.

### **7.4 Do I pay the bank charges for the operation of the sub-account?**

Yes.

### **7.5 If for any reason the funds I transfer to the sub-account are returned to the sender account, do I pay the bank charges?**

Yes.

### **7.6 Can you open a bank account in my name with a bank in Cyprus? Do I actually need one?**

We can assist you in the opening of a bank account in Cyprus if you wish. Most banks in Cyprus will need to see you either before the opening of the account or within 3 months of the opening depending on the banking institution.

We would usually advise clients to have an account when they have purchased property in Cyprus so that they can pay the utilities from this account and they can set up direct debits.

## **7.7 I am buying property in Cyprus. What documents do I need to provide to you to prove my Source of Funds?**

Due to changes in Anti-Money Laundering Legislation worldwide, we are now obliged to obtain information from you to prove where the money you are using to purchase the property in Cyprus has come from. This is commonly known as "source of funds" or "source of wealth".

We will need you to send us an email explaining the source of your funds. We will also need you to attach the relevant supporting documents. Please note that this information will be passed to the Bank for them to approve and consequently to allow the transfer of funds.

Please see some examples below:

**Example 1:** The funds are coming from the sale of property in your home country, we will need you to send us correspondence between you and your lawyers confirming the sale of the said property, the selling price and the amount that you received. We will also need copies of bank statements showing the transfer of funds from your lawyer to your bank account etc. If you will transfer the funds to Cyprus from the same account then this should be fine. If you will be using a different bank account, you will need to supply us with additional bank statements showing the money trail.

**Example 2:** You have inherited some money which you are using for the purchase. In this case we will need you to send us information about the administration of the Estate and the amount that you received. We will also need copies of bank statements showing the transfer of funds from the Estate to your bank account etc. If you will transfer the funds to Cyprus from the same account then this should be fine. If you will be using a different bank account, you will need to supply us with additional bank statements showing the money trail.

**Example 3:** The money you are using is a combination of savings and proceeds from the sale of property. You will need to send us the information about the sale as mentioned in the first example above. You will also need to send us information of your wages and proof of your savings as well.

We appreciate that this is personal information but this information is crucial in the smooth process of your purchase, and the transfer of funds to Cyprus, and will help avoid any possible delays with the same and/or the vendors receiving their money once the transaction has completed.

The more thorough your email with supporting evidence the less complicated the transaction should be.

### **7.8 Can I use a foreign currency exchange company to send funds to you?**

Using a foreign currency exchange company (forex) is something very common. Unfortunately, in recent months banks in Cyprus are not very happy to receive funds this way as the funds cannot be traced back to the sender. This is because although you can provide proof that you transferred funds into the Forex account, the Forex will not use that same account to transfer the funds to Cyprus.

This usually means that the bank will ask more questions and will request more documents which in turn creates delays

The receiving bank in Cyprus will definitely require proof that that the funds were transferred from your own account to the Forex account and may request more documents from the Forex company as proof that the funds which you passed to them are the funds which they then sent to Cyprus.

### **7.9 How will you send the proceeds of sale to me?**

The proceeds of sale are usually sent to your designated account (in Cyprus or abroad) in one installment, unless you instruct us otherwise. There will be Bank charges for the transfer of the funds to you and these vary depending on the bank to be used and the amount being transferred.

We can also deposit a cheque into your Cypriot Bank Account if you prefer.

### **7.10 How do I give you my account details for the transfer of the proceeds of sale?**

Our accounts department will send you an email at the end of the sale asking you to supply us with your account details for the transfer of the proceeds of sale.

As there have been a few internet-based scams in recent years we need to exercise extra caution when we receive your account details. This is for your own protection. You will need to prepare a document with your account information which we would like you to sign. You can then scan and email us this signed document. We will check that your signature matches your signatures on other documents we hold on file for you. If we are unsure of anything, we may ask you to have a video call with us just to verify that the account details came from you.

You can bring your account details to our office in hard copy at any point during the transaction. We will still need to have your signatures on the paperwork with your account details.

**7.11 Can you exchange the proceeds of sale from Euros to another currency before you send to me?**

We usually receive the sale price in Euros and we will send Euros to your designated account even if your account is in a difference currency, e.g. Sterling Pounds.

When the funds hit your own bank account, your bank will exchange the funds to the currency of the account, e.g. Sterling Pounds, at the exchange rate provided by the UK Bank.

Should you decide that you would like us to exchange the proceeds of sale to any other currency than what we have received, you would need to send us clear instructions to this extent. Please note that we cannot guarantee the exchange rate and we cannot monitor the fluctuations of exchange rates. We will take whatever exchange rate is offered by our bank on the day of the actual transfer of the funds.

**7.12 Can you send the proceeds of sale to another person's account if I request this?**

It will not be possible for us to transfer your funds to the account of a third party who is unrelated to the sale transaction because of the Anti-Money Laundering rules and regulations.

**7.13 If my partner and I have sold jointly owned property in Cyprus, can you transfer the proceeds of sale to a bank account in either of our names?**

Ideally, we would transfer the proceeds of sale in a bank account which is:

- (a) in the joint names of the sellers; or
- (b) each of the seller's share of the proceeds to his own bank account.

If one of the sellers would like all the proceeds of sale to be paid into a bank account in the name of the other seller, we must obtain a signed authorization letter with clear instructions from the seller who is effectively "giving away" his share of the proceeds.

**7.14 Can the purchase price be paid in Sterling Pounds?**

This can be done provided that is something which has been agreed between the seller and the buyer.

**7.15 Can the purchase price be paid by the seller to the buyer directly in the UK?**

Technically the purchase price can be paid by the buyer to the seller directly in the UK. However, this is not generally recommended for the following reasons:

(a) The parties would have to agree an exchange rate at which the sale price would be paid. This would mean that the seller and the buyer would have to come to a common agreement of the exact amount which would be paid in the UK and those which would be paid in Cyprus.

(b) Each payment made during the course of a sale/purchase transaction is made simultaneously to a corresponding action relating to the sale. For example, a reservation deposit is paid at the beginning of a transaction to reserve the property, another payment is made on the signing of contracts and the balance of the sale/purchase price is paid on the Completion date. All payments mentioned above are usually paid by way of a Bankers Draft cheque to ensure that the funds which correspond to the said action (e.g. signing of contracts) are indeed available and are paid to the buyer simultaneously with the necessary action.

(c) Where the funds are paid directly in the UK by Bank transfer, the payments cannot be made simultaneously with an action relating to the sale (e.g. signing of contracts or completion). The payments would have to be made either prior to the action, or following the action. Such a payment structure entails the risk that the payment of funds would precede or succeed either the signing of contracts or completion. This by itself complicates the transaction as it requires both parties to come to an agreement as to who shall entail the highest risk, (the buyer who will be paying funds before contracts have been signed for example or the seller who shall enter into contractual obligations prior to having received any substantial amount of funds for the property (except for the reservation agreement)?

In addition to the increased risk involved in transactions where funds are paid abroad, there is also substantially more work to be carried out by the lawyers of the parties involved. This is because the lawyers must coordinate the actions of their clients in order to mitigate any risks which may arise due to the fact that the payments are not made simultaneously to corresponding actions (e.g. signing of contracts). Because of the increased work involved in such transactions, we charge increased legal fees.

## **8 Property Due Diligence**

### **8.1 What checks will you do on the property that I am buying in Cyprus?**

We will check the legal status of the property to enable you to transfer the title deed on your name but not the physical condition of the same. We do not visit the property and we do not carry out any physical inspections.

We will check to make sure that the title deed of the property can be transferred to you free of mortgages and other charges.

## **8.2 What happens if the property is mortgaged?**

If the property is mortgaged, we will be able to find out how much it is mortgaged for. However, although the mortgage may be registered against the property for a particular amount, the actual amount outstanding to the mortgagee (eg the Bank) may be much less, if the mortgagor (eg the homeowner) has been paying his loan regularly.

We will need to find out the outstanding amount owed to the mortgagee (Bank). If this amount is less than the purchase price, then we should be able to proceed with the purchase. We will make arrangements with all the parties and will make sure that the mortgage is removed before or simultaneously with the registration of the title deed in your name. This means that the deed of the property will be clear when you take it over.

There are some situations where the mortgage on the property may be an obstacle impossible to overcome and will inform you if this is the case.

## **8.3 I have a mortgage on the property I am selling. How will the sale work?**

We will contact your mortgagee (usually this is a Bank) and we will inform them of the sale. The mortgagee must be involved in the process.

If the sale price of the property is a lot higher than the outstanding amount then this should be a straightforward process. Usually the mortgagee (eg Bank) will be present on the Completion Date to receive the full outstanding amount and to clear the mortgage.

If you are selling the property for less than what you owe to the mortgagee (eg Bank) then you will not be able to proceed with the sale unless the mortgagee has given consent to receive less money for clearing the mortgage.

## **8.4 Are there any more complicated situations stopping me from getting a clear title deed?**

Yes, there may be but we will find them out for you, inform you and protect you against such situations to make sure you can enjoy absolute ownership of the property you proceed to buy.



### **8.5 What do people mean when referring to "blocked title deed process"?**

There was a Law voted by the Cypriot Parliament on the 3rd of September 2015 regarding "blocked" title deeds. Among other things it allows buyers of property to apply directly to the Land Registry to get their title deed transferred onto their names and to by-pass any problems/issues which the Developer may have and which have been hindering the process of the transfer of the deed to the buyers.

### **8.6 Can you find out what they are planning to build on the plot next to the property I am interested in buying?**

Because of the Data Protection laws in place we cannot access the information which relates to another person's property without their written consent. One must assume that the owner of the adjacent property will be building whatever the authorities will allow him to build in accordance with the current regulations. Therefore, if the regulations allow a three-story building in the particular location you should assume that the owner may proceed to construct such a building.

### **8.7 What surveys can I have carried out over the property I am buying?**

If you wish we can obtain quotes for you to have the following surveys carried out over a property which you are interested in buying:

(a) Building Survey - If you are purchasing a property which has already been constructed, if you wish you can have a structural survey of the building carried out by a Civil Engineer. The engineer should also be able to establish whether there have been any additions/alterations made to the property which are not covered by the existing planning and building permissions and final approval certificates. The engineer should inspect the premises, take photographs and prepare a report. Structural surveys are not obligatory in Cyprus. If this is something which you would like to have, please let us know and we can obtain a quote for you from a Civil Engineer.

(b) Boundaries and Plot size - If you are purchasing a property which comes with land or a garden you may be interested to establish the exact size of the plot or whether the boundaries have been marked correctly. On rare occasions the Land Registry may have registered the wrong size of the plot on the title deed. This is not something which we can determine by either looking at the deed or by physically visiting the site as we are not equipped to do this. This falls within the scope of the work of a topographer engineer. The topographer engineer can also determine and mark the boundaries of the plot officially. Marking the boundaries of a plot may be very important when one purchases a property which is remote and when it is in an area which is not very developed. On the other hand,

marking the boundaries may not be so important if the property is already surrounded by houses on all sides and the boundaries are clearly marked or if the property is part of a building complex. If you would like us to get a quote from a topographer engineer, please let us know.

### **8.8 What is an Energy Efficiency Certificate in Cyprus and do I need one?**

Although the Energy Efficiency Certificate is obligatory for all sellers of property to have, it is a fact that most sellers do not have this in Cyprus and most are also not aware that

they must have it. Some sellers are also reluctant to get this due to the costs and time involved in obtaining the Energy Certificate. In Cyprus the energy certificate must be issued by a specific type of engineer who is officially registered as such in Cyprus and needs to go through the Ministry of Energy.

If you are buying a property and you would like us to request the Energy Certificate from the seller please let us know. On the other hand, if you do not wish for us to request the same, we will also need an email from you informing us of this.

If you are a seller of property in Cyprus and you wish to proceed to have the energy certificate issued, we can obtain a quote for you from the relevant engineer.

## **9. Preparing contracts and lodging at the Land Registry**

### **9.1 Why do I need to sign contracts?**

Contracts stipulate the terms on which you buy or sell the property in question. They will regulate the obligations and risk of each party to this transaction.

### **9.2 Why does the contract need to be lodged at the Land Registry?**

Contracts for the purchase of property need to be lodged at the Land Registry. A contract that is lodged at the Land Registry creates an ownership interest on the property until the transfer of the title deed. If a party does not perform his obligations according to the provisions of a lodged contract, then the other party can request its 'specific performance' by the Court. In this way the buyer is protected against the risk of sellers who receive the sale money and omit to take the necessary actions to transfer the title deed of the property to the purchaser.

### **9.3 What is a "Specific Performance Number"?**

The lodging of the contract at the Land Registry gives the contract a reference number and this is usually referred to as the "Specific Performance Number".

### **9.4 Can I get the contract from the other party and avoid using a lawyer?**

Doing this creates a lot of risk for you as the other party and yourself have conflicting interests. A lawyer acting for one party will protect his/ her client and very often the legal terminology and drafting is not easy for a non-professional to understand. In addition to what is written in a contract, one should note that omitting important information can also be very detrimental.

### **9.5 Are all contracts standard?**

No. Contractual drafting must correspond to the specific issues of each purchase.

### **9.6 I have read the draft contract you have sent me and I agree with its terms. What do I do?**

You need to sign all the pages of the contract and return the same to us. We will take this as your instruction to proceed and sign the original contracts using the Power of Attorney you have given us.

You can sign the contract in the following ways:

(a) You can print a hard copy of the contract. You need to sign at the bottom of every page and on the last page you need to sign on the dotted line above your name. You then need to scan and email us the signed contract or you can fax the same to us if you have access to a fax machine (Fax: +357 26 822 125). You will also need to post this to us.

(b) You can sign the contract electronically. If you have an email address, we can send the contract to you via an electronic signature software (we usually use something called "DOCUSIGN"). Applying your e-signature is quick and easy and you will not need to print anything or post anything to us.

When we receive the signed contract from you by email or fax or by docusign, we will then use the power of attorney you have given us to proceed and sign the original contracts with the other party.

### **9.7 What happens after the signing of contracts?**

Once a contract for the purchase of property has been signed, it should be stamped at the Inland

Revenue and then lodged at the Land Registry for Specific Performance purposes.

The Purchaser usually pays for the stamping of the contract at the Inland Revenue and also for the lodging at the Land Registry.

### **9.8 What happens if there are contents included in the price of the property?**

This is very common. The contents are usually listed in an inventory which is attached to the contract of purchase as an appendix. The inventory is usually prepared by the seller with the assistance of the estate agent.

If you are buying property, we would advise that you take photos of the contents or request that the estate agent sends you photos.

### **9.9 What happens if there is a car included in the price of the property?**

Although this is not very common it does occasionally happen that the sellers include the car in the price of the property. The transfer of the ownership of the car will be connected to the Completion of the purchase of the property.

## **10 Completion, Delivery of Possession and Transfer of Title**

### **10.1 What do we mean by delivery of possession?**

Delivery of possession refers to delivery of the keys to the property to the buyer. At this stage the buyer is entitled to move in to the property. This normally happens on the day of Completion.

### **10.2 What is the meaning of "Completion" or "Completion Date"?**

The Completion Date of the sale is usually the date on which the seller (or his power of attorney) and the buyer (or his power of attorney) will meet at the land registry to finalize everything (transfer the deed, receive balance of sale price, hand over keys etc). The completion date will be inserted in the contract.

### **10.3 Can I get the keys of the property I am buying before Completion?**

No. The passing of the keys of a property is usually considered as giving possession of the same.

Possession of the property is given with the full settlement of the purchase price. This is to avoid complications in cases where a buyer takes the keys and moves in and then does not settle the purchase price on Completion. There may be exceptional cases where the keys are given prior to the transfer of title. If your case is one of the exceptional cases, we will let you know.

#### **10.4 Can I store furniture and other items in the property I am buying before Completion?**

No. Even in the unlikely event that the sellers were to agree to allow you to store your belongings in the property before Completion, there may be an insurance risk and we generally advise against this.

#### **10.5 Do you check the contents of the property prior to Completion?**

No. We do not visit the property which is being purchased. You can ask the estate agent to check these for you if you are not in Cyprus prior to the Completion.

## **11 Transfer fees**

### **11.1 What are Transfer Fees?**

"Transfer fees" is the term we use when we refer to the fees, we pay to the Land Registry when we register the title deed of property in the name of any person.

### **11.2 When do I have to pay transfer fees?**

Transfer fees are paid every time there is a transfer of title unless VAT has been paid for the property purchased and proof of payment can be furnished to the Land Registry. Paying transfer fees is the Buyer's obligation unless otherwise agreed with the Seller.

### **11.3 How are transfer fees calculated?**

Transfer fees are calculated by the Land Registry on the actual day of the transfer of the title deed. The calculation of the Transfer Fees is based on the market value of the property at the time of purchase (this is the date on the contract of purchase) and not on the current market value or the price mentioned in the contract. The Land Registry does its own valuation of the property by using

comparative sales in the area.

This means that we have no way of knowing beforehand what the Land Registry's valuation will be. However, we will provide you with an estimate of the Transfer Fees based on the purchase price on your contract of purchase but we cannot know exactly the amount since the Transfer Fees are calculated by the Land Registry on the actual day of the transfer of the deed. For this reason, when we send you the estimated budget for the Transfer Fees, we will usually give you at least three estimates.

Please make sure that you let us have sufficient funds to be able to pay the Transfer Fees in the event of over-valuation. If we do not hold sufficient funds for you to pay the Transfer Fees on the day we are doing the registration of the deed (i.e. the Completion Date - see below) we will not be able to proceed and the transfer will have to be postponed until you can send further funds to us.

If the Land Registry value the property higher than what is shown on your contract of purchase, we will try to reach you by telephone to let you know. This is because we will be at the Land Registry there and then and time will be of the essence. We will need your instructions as a matter of urgency especially if you wish us to submit an Objection (see below).

#### **11.4 What if I disagree with the land Registry valuation for Transfer Fee purposes?**

If you disagree with the Land Registry valuation for Transfer Fee purposes, you have the right firstly to object to the valuation. The Transfer Fees must be paid in full and the Objection is submitted at the same time.

When the Objection is submitted, you will have 30 days within which to lodge an independent valuation for the property to the Land Registry. The Land Registry will then re-examine the case. This usually takes another 3-4 months. During this re-examination period the title deed is not issued in your name.

It is important to note the following:

(a) That the independent valuation which must be submitted to the Land Registry will have to be carried out by a registered property valuer and this may usually cost in the region of €800 plus VAT but we obtain individual quotes when the occasion arises.

(b) That in some cases the valuer may agree with the Land Registry's valuation especially when the property price was reduced for whatever reason, e.g. the seller may have wanted a quick sale.

(c) We usually suggest that an Objection may only be worth submitting if the over-valuation will cost you an excess of €1,500 as additional transfer fees and provided that you are not in a hurry for

whatever reason to obtain the title deed in your name.

(d) If the Objection fails, i.e. the Land Registry insist on their original valuation, you have the right to Appeal their decision at the Administrative Courts. This process may take a few years to be decided and will cost substantially more as it will be a litigation matter.

### **11.5 I paid VAT when I bought the property. Do I still pay Transfer Fees?**

If you can provide proof to the Land Registry that you have paid VAT on the purchase price of the property then you should not pay Transfer Fees but only a nominal amount for the issuing of the deed (usually under €50) provided that the Land Registry valuation of the property is the same as the purchase price.

However, you may be liable to pay some Transfer Fees if the Land Registry valuation of the property is higher than the purchase price (see clause 11.3. above). In such case you would only pay the Transfer Fees on the estimated value of the property which is over and above the purchase price.

### **11.6 Does it make a difference for Transfer Fee calculation purposes how many persons are named as purchasers on the contract?**

Yes. The Transfer Fees will be cheaper if there two or more registered owners.

However, this does not mean that it is a good idea to start adding relatives' names on the contract of purchase to reduce the amount of the Transfer Fees. Any names added as purchasers on a contract of purchase of property will be considered as owners and will have rights over the property arising from their ownership.

### **11.7 Do I pay transfer fees if I am gifting a property in Cyprus to my spouse?**

Only a nominal amount is payable to the Land Registry. However, you will have to provide the Land Registry with a true copy of the Marriage Certificate which has been given the Apostille stamp.

### **11.8 Do I pay transfer fees if I am gifting a property in Cyprus to my child?**

No. Only a nominal amount is payable to the Land Registry. However, you will have to provide the Land Registry with a true copy of the said child's Birth Certificate which has been given the Apostille stamp. This birth certificate must clearly show the full names of the child's parents.

**11.9 Will we need to pay transfer fees if I am gifting a property in Cyprus to my step- child?**

Yes. Your step-child is not your first degree relative for Land Registry purposes unless you have legally adopted him in which case please see below. The gift to your step-child will not be considered a donation for which the Land Registry will waive the Transfer Fees.

**11.10 Do I pay transfer fees if I am gifting a property in Cyprus to my adopted child?**

No. Your legally adopted child is treated the same as your biological children and only a nominal amount is payable to the Land Registry. However, you will have to provide the Land Registry with a true copy of the child's Birth Certificate which has been given the Apostille stamp as well as official documents proving the adoption etc.

**11.11 Do I pay transfer fees if I am gifting a property in Cyprus to my partner?**

Yes. If you are not legally married then your partner is not considered to be your first degree relative for Land Registry purposes. The gift to your partner will not be considered a donation for which the Land Registry will waive the Transfer Fees.

## **12 Capital Gains Tax, Immovable Property Tax and tax clearance**

**12.1 How much is Capital Gains Tax (CGT) in Cyprus?**

The current rate of CGT is 20% of any profit one makes on the sale of immovable property.

The purchase price you paid for the property will be deducted from the sale price in order to calculate the profit.

**12.2 How is CGT calculated? Are there costs that get deducted and is there an allowance?**

There are certain costs which can be deducted from the profit and hence from CGT, as follows:



(a) The amount you paid to the Land Registry for your transfer fees (to get the deed transferred into your name). You will need to let us have a copy of the land registry receipt for the Transfer fees.

(b) Extras or extra works done to the property may be taken into consideration by the Inland Revenue subject to proper invoices and receipts being submitted. You will need to have the original invoices and receipts clearly showing what the extras were and that the amounts were settled in full. Please note that acceptable extras are structural/permanent alterations (e.g. a swimming pool, garage/car port, central heating etc) subject to these having the correct Permissions.

Things such as the purchase of white goods, furniture, painting and decorating etc are not considered as extras by the Inland Revenue although professional landscaping may be. However, the decision is entirely in the hands of the Inland Revenue as to what they may or may not accept towards the CGT calculations and their policies do seem to change over the years.

There is currently a personal tax-free allowance of €17,086 if one has not sold previously in Cyprus. There is a chance for this allowance to increase to a total of €85,000 if the seller has not sold property in Cyprus before and if it can be proven that he has been living in the property full time for a minimum of 5 years (substantial evidence has to be submitted to the Inland Revenue for this).

There is also an indexation allowance which will be taken into account by the Inland Revenue when they are calculating any CGT for the sale.

### **12.3 How long does it take for the Capital Gains Tax (CGT) to be calculated?**

It may take around 10 -15 days for the Inland Revenue to calculate the CGT liability in a sale transaction, however a lot depends on the time of application (e.g. August, Christmas, Easter) so sometimes it may be quicker and sometimes it may take longer.

This means that the seller will need to allow sufficient time from the date of signing of contracts until the Completion Date to ensure that the CGT issue has been dealt with.

If the seller is a company, it may take longer for the Inland Revenue to process the application as they will be checking that the company is up to date with the financial statements and other tax obligations.

### **12.4 I am making a loss from the sale of property do I still need to apply to the Inland Revenue for Capital Gains Tax (CGT) to be calculated?**

Yes, you still need to apply. We must submit all the paperwork to the Inland Revenue and they decide that you are making a loss and they will issue you with the appropriate certificate that no CGT is due.

### **12.5 What is the Tax Clearance Certificate (TCC) in a sale?**

When the seller of a property applies to the Inland Revenue for the calculation of the Capital Gains Tax, the Inland Revenue will check the paperwork and if the seller is making profit, they will examine what the CGT liability will be. If the seller is not making profit, there will be no CGT to pay. However, the Inland Revenue will also check if the seller has paid any other dues like immovable property tax (IPT) and whether his tax returns are up to date. If there is any other tax outstanding, this will have to be paid. Once the CGT has been paid (if due) and all other outstanding issues with the Inland Revenue have been settled, the Inland Revenue will issue Tax Clearance Certificate (TCC).

The TCC is absolutely necessary at the Land Registry and there can be no title deed transfer without this. This also means that without a TCC there can be no Completion of the sale of the property.

### **12.6 New Sale Tax Imposed in November 2022.**

A new law was enacted in November 2022 imposing a sale tax of 0.4% on the sale price. This tax is payable by the sellers of property and it is payable at the same time as the Capital Gains Tax (if any) and before the Inland Revenue issues the Tax Clearance Certificate for a sale.

### **12.7 What is Immovable Property Tax (IPT)?**

Immovable Property Tax was a collective tax which was paid to the Inland Revenue by owners of property. This was abolished in 2017.

If you have owned your property in Cyprus for a few years you may still be liable to pay IPT for 2014, 2015 and 2016 when this tax was still payable. If there is any IPT outstanding, this should come up when we apply for the calculation of the CGT (see above) and it will need to be settled.

For the years up to and including 2013 owners of property (on building projects without separate title deeds) would have paid their IPT contribution to the Developer.

### **12.8 What is Property Tax?**

Property Tax is also known as local community charge or local council tax. This is an annual fee which is payable to the local community council or municipality where your property is situated. You should be invoiced for this usually around November each year for the current year. Property Tax differs between councils but one should expect to pay around €150 per year for this.

### **12.9 Is Immovable Property Tax (IPT) the same as Property Tax?**

No: These terms refer to different taxes as you can see above.

## **13. Insurance and Utilities Connection**

### **13.1 Do I need property insurance? Building and Contents?**

If you own a single property not part of a building complex/project you should consider taking out building and contents insurance.

If your property forms part of a building complex which has communal areas run by a management committee you will need to check whether you will need both building and contents. This is because for some projects the buildings insurance may be a package thing that is dealt by the Management Company or Developer and they will then charge you your share with the common expenses. With other projects this is not covered so you have to get your own buildings insurance as well as contents.

### **13.2 Can you arrange property insurance for me?**

Yes. We can arrange the property insurance for you with the insurance broker that we use at any given moment in time.

Alternatively, we can let you have the contact details of the insurance broker we use so that you can contact him directly. Of course, you can always search online for insurance products at competitive prices.

### **13.3 Can you connect the water and electricity to the property on my behalf?**

Yes, we may be able to connect the water and electricity supplies on your behalf provided that we hold a valid power of attorney for these purposes. Please note that there will be a fee for this service which is additional to any quote we may have given you for any other services.

### **13.4 Can you connect a telephone line or internet connection for me?**

No.

### **13.5 Can you pay utilities and other bills for me?**

Yes, we may be able to pay bills for utilities on your behalf provided that we hold a valid power of attorney and that we hold sufficient funds for you to do this. Please note that there will be a fee for this service which is additional to any quote we may have given you for any other services.

### **13.6 Can you set up/cancel a direct debit for me?**

Unfortunately, we cannot do either. Banks in Cyprus require you to sign such documents for Direct Debits/Standing Orders in person.

### **13.7 What are the main utilities that I should expect to pay if I own property in Cyprus?**

- (a) Electricity to the property is supplied by the Electricity Authority of Cyprus (EAC). You should receive bills for consumption every two months.
- (b) Water is supplied by the local council or water board. You should receive a bill for consumption every three months.
- (c) Refuse Collection. Payable to the local council or municipality once a year around November/December time.
- (d) Property Tax (similar to council tax in the UK). Payable to the local council or municipality once a year around November/December time.
- (e) Sewage Fees. It is mainly urban areas in Cyprus that are connected to the Sewage System. If your property is in an area connected to the main sewage system you should expect to pay an annual sewage fee to the sewage board.

## **14. NON-EU PURCHASERS OF PROPERTY**

### **14.1 As a non-European citizen, how many properties can I own in Cyprus?**

You can have a maximum of two properties registered in your name. Married couples are only allowed two properties between them (not two properties each).

### **14.2 Do I need any type of permission to buy property?**

Yes. We need to apply for what is known as Council of Ministers permission for the acquisition of immovable property. This application is usually dealt with at the District Office of each town. You need to have this permission in order to be able to register a title deed in your names. The application to the council of ministers usually needs 3-4 weeks to be processed by the authorities and can only be applied

for, AFTER the contract of purchase has been signed.

The permission is usually NOT granted:

if purchasing land which does not have plans and construction permissions.

If purchasing a share of land.

### **14.3 Can I buy land?**

You can purchase a maximum of 4,014square meters (3 donums) of land in your name.

### **14.4 Can I register a share of a plot of land in my name?**

You cannot register a share of a plot of land in your name following a recent change to the regulations.

### **14.5 Do the above restrictions still apply if I wish to purchase more than two properties or more land but I make my purchases using a Cypriot Company?**

No, the restrictions do not apply to a Cypriot Company as this is considered to be a Cypriot person and as such there are no restrictions as to the size of land or the number of properties.

## **15. WILLS & Estate Planning**

### **15.1 Do I need a Cypriot Will?**

When you own property in Cyprus, we would recommend that you have a Cypriot Will prepared to cover your Cypriot assets. This will can be separate and independent of any other Wills or testamentary documents you may have anywhere else in the world. Having a valid Cypriot Will in place usually means that the property passes to your loved ones faster. We offer tailor made solutions for your wills and estate planning needs.