

Financing & Mortgages

All commercial banks in Cyprus are authorised to offer mortgage facilities to assist foreigners (non-Cypriots) in the purchase of property. The amount that the banks are prepared to loan is discretionary, but typically 70% of the value of the property can be obtained, with a repayment period up to 30 years depending on specific circumstances (i.e. age and long term income).

Stamp Duty

This is due at the same time as the Contract of Sale is signed, the duty must be paid and the contract stamped within 30 days of signature otherwise a fine will be imposed. Your solicitor will arrange payment and typically include the Stamp Duty within their final invoice to you. It is applied to the full Contract of Sale purchase price, levied on a simple sliding scale as below:

- The first CY£100,000 charged @ 0.15% (CY£1.50 per CY£1,000)
- Over CY£100,000 charged @ 0.2% (CY£2.00 per CY£1,000)

Therefore on a property purchased for CY£150,000 the Stamp Duty would be calculated as follows:

- CY£100,000 @ 0.15% = CY£150
- CY£50,000 @ 0.2% = CY£100
- Total Stamp Duty = CY£250

Immovable Property Tax

This is imposed by the government once annually based on the value of the property. Immovable Property Tax is somewhat of a quirky legacy from the past in that the tax itself is based upon the value (like the old UK rateable value) of the property as at 1980, which is obviously considerably lower than current market values. The first CY100,000 is tax exempt and for values exceeding this amount the rates are:

- Between CY£100,001 and CY£250,000 is charged @ 0.25% (CY£2.50 per CY£1,000)
- Between CY£250,001 and CY£500,000 is charged @ 0.35% (CY£3.50 per CY£1,000)
- Over CY£500,000 is charged @ 0.4% (CY£4 per CY£1,000)

Costs of Property Purchase & Ownership

Below we have outlined information regarding the main costs associated with the purchase and ownership of a property in Cyprus, they are listed in the order that you are likely to encounter them.

Legal Fees

The cost of a reputable solicitor experienced in property conveyancing in Pafos is approximately CY£500 - CY£800 per contract of sale transaction, depending what is specifically involved. Don't be afraid to ask for a quote up front.

Immoveable Property Tax

Immoveable Property Tax is somewhat of a quirky legacy from the past, as the tax itself is based upon the value (like the old UK rateable value) of the property as at 1980, which obviously is considerably lower than current market values. Given that the first CY£100,000 (at 1980 valuations) is tax exempt then invariably most properties are exempt from Immoveable Property Tax or face an inconsequential amount. It is charged annually on a sliding scale as below:

- The first CY£100,000 is exempt
- Between CY£100,001 and CY£250,000 is charged @ 0.25% (CY£2.50 per CY£1,000)
- Between CY£250,001 and CY£500,000 is charged @ 0.3% (CY£3 per CY£1,000)
- Over CY£500,000 is charged @ 0.4% (CY£4 per CY£1,000)

Insurance

Household insurance is the responsibility of the purchasers and can be obtained for approximately £CY2 per CY£1,000 sum insured per year. Medical and Health insurance is also available at extremely competitive prices. There are specialist insurance companies who deal only with expatriate clients.

Utilities & Municipality Levies

Charges for utilities are payable to the respective authorities at regular intervals throughout the year and are based strictly upon unit consumption, an approximate estimate for both water and electricity would be CY£200 per year for an average 3 bedroom villa occupied on a residential basis.

In addition the local municipality will also levy a tax for garbage collection and street lighting etc., this varies depending on the municipality but an approximate cost would be CY£30 - 100 per year.

Relevant Common Expenses

Some Projects will have communal facilities, such as swimming pools, private roadways, gardens and parking. In order that these facilities are maintained to a high standard a communal maintenance charge will be levied. This is usually paid quarterly in advance and amounts to no more than CY£300 p.a. depending on the Project.

Transfer Fees

Upon transfer of the property and registration in the purchasers name, the District Land Registry Office will charge Transfer Fees, which are calculated on a progressive sliding scale, on the market value of the property at the time of purchase, and are calculated as follows:

- The first CY£50,000 charged @ 3%
- Between CY£50,001 and CY£100,000 charged @ 5%
- Over CY£100,001 charged @ 8%

Therefore an example purchase of CY£150,000, would be calculated as below:

- CY£50,000 @ 3% = CY£1,500
- CY£50,000 @ 5% = CY£2,500
- CY£50,000 @ 8% = CY£4,000
- Total Transfer Fee = CY£7,500

However the good news is that if a property is bought in joint names, i.e. husband and wife, then each partner receives an equal allowance, which reduces the burden, see the below calculation using the same example of £CY150,000:

- Partner 1 CY£50,000 @ 3% = CY£1,500
- Partner 2 CY£50,000 @ 3% = CY£1,500
- Partner 1 CY£25,000 @ 5% = CY£1,250
- Partner 2 CY£25,000 @ 5% = CY£1,250
- Total Transfer Fee = CY£5,500

Also remember that the Transfer Fee is often deferred for sometime depending on how quickly the District Land Office can process the administration involved, a typical time period is 2 years from project completion.

Capital Gains Tax

Upon the sale of your property you could be liable for CGT. A capital gain of CY£10,000 per person (therefore CY£20,000 for a married couple) above the property purchase price is tax free thereafter CGT is chargeable at 20%. There is also an indexation allowance taking into account inflation.

On top of this allowance the seller is also entitled to a further allowance regarding the transfer fees paid and the costs of any additions or improvements made to the property. Any gains made from the sale of a property that can be proved to have been your primary dwelling house are exempt up to CY£50,000 in total if the seller has resided in the property continuously for at least five years.

Inheritance Tax

Estate Duty was abolished in 2000.