



IMMOVABLE PROPERTY TAX 2014

The Immovable Property Tax (Amending) Law was published in the Official Gazette of the Republic on 11 July 2014, and comes into force as of 1 January 2014.

According to the amended law the tax for year 2014 will continue to be imposed on the same basis and at the same bands and rates as in year 2013.

Basis of Tax

Immovable property tax is imposed annually on all immovable property situated in Cyprus, that is owned by each person (legal or natural, Cyprus resident or non-Cyprus resident), that was the registered owner of immovable property as at 1 January of each year. Immovable property tax is not imposed on property situated outside Cyprus.

The value of the property that will be subject to tax is the value of the property based on 1 January 1980 prices. The value of the property based on prices as at 1 January 1980 is shown on the title deed. It is likely that the value of the property held by the Cyprus Land Registry may have been updated to reflect additions of buildings/structures or other amendments that for some reason were not included in the title deed.

What Constitutes Immovable Property

- Ground
- Buildings connected to the ground
- Planted trees or growing along the ground
- Privileges, rights to use, real work and any kind of other right and benefits relating to or considered to be relating to the ground or buildings or other structures or works/projects
- Wells, drillings and water rights
- Land created after the backfilling of the sea
- Maritime space declared as a marina which is to be backfilled for the creation of dry land

Responsibility for payment of tax in case of sale without issuance of title deeds

In cases of immovable property upon which buildings have been erected and sold and for which no title deeds have been issued or title deeds have been issued but the transfer of ownership has not been made to the purchaser, the existing owner may submit to the Commissioner of Tax by 31st March of every year a list regarding immovable property that was developed and for which a sale contract exist during the 1st January of the said year.

Provided that the owner timely submits the list (electronically using the form provided by Tax Department), the obligation for payment of the Immovable Property Tax with respect to such properties will be transferred to the respective purchaser, assignee or beneficiary onto which the Tax Department will issue the relevant immovable property tax assessments.

The above provisions do not apply in the case where the issue of the title deed was wilfully delayed by the owner or in cases where the owner is a legal person under liquidation.



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Rates

Immovable Property Values (based on 1 January 1980 prices)		Rate	Tax	Cumulative tax
From	€ To	%	€	€
1	40.000	0,6	240 *	240
40.001	120.000	0,8	640	880
120.001	170.000	0,9	450	1.330
170.001	300.000	1,1	1.430	2.760
300.001	500.000	1,3	2.600	5.360
500.001	800.000	1,5	4.500	9.860
800.001	3.000.000	1,7	37.400	47.260
3.000.001		1,9		

* No tax is payable where immovable property value for a person is less than €12.500

Submission of returns and payment of tax

Every owner of immovable property in Cyprus is required to submit to the Inland Revenue Department (IRD) the following forms and pay the resulting tax:

- For immovable property owned in Cyprus as at 1 January 1980, the owner must submit forms IR301 and IR302 declaring the immovable property owned as at that date
- If during a year there was an amendment (i.e. acquisition, addition or sale of immovable property), then the owner must declare the amendment by submitting form IR303 by 30 September of the year following the year in which the amendment occurred
- Upon submission of the forms, the owner of immovable property is required to pay the resulting immovable property tax that arises in accordance with the submitted declarations of property owned as per the forms
- In case the value of immovable property as per the declarations submitted is smaller than $\frac{3}{4}$ (75%) of the final assessed value of the immovable property, then additional tax of 10% is imposed on the difference between the amount of tax paid in accordance with the declaration submitted and the amount of tax payable as per the final tax assessment
- The deadline for payment of immovable property tax for year 2014 is by 30 November 2014
- In case tax for year 2014 is paid by 31 October 2014, there will be a discount of 15% on the amount of tax payable
- In case tax for year 2014 is paid after 30 November 2014, there will be additional penalty of 10% on the amount of tax payable, **plus** interest **plus** administration penalties as per current tax laws