Direct Taxation

December Newsletter - Issue 13/2022

Imposition of 0.4% levy on sale of Cyprus immovable property

Further to our previous newsletter Issue 05/2021 regarding the imposition of a 0.4% levy on the sale of Cyprus immovable property, we would like to inform you that an amending law has been published in the Official Gazette providing clarifications on the collection of the levy.

As of 22 February 2021, a levy of 0.4% is payable on the proceeds from the sale of immovable property located in areas that are controlled by the Republic of Cyprus. The 0.4% levy also applies on the sale of shares of a company that owns directly or indirectly such immovable property and is not listed on a recognized stock exchange, given that the sale leads to the buyer obtaining control over the disposed company. In such case, the levy is calculated on the latest valuation of the immovable property by the Department of Lands and Surveys which corresponds to the transferred shares.

As per the amending law:

- The Commissioner of Taxation is responsible for the collection of the 0.4% levy, who issues the relevant payment certificate which is required for the transfer of the immovable property or the transfer of the shares of the company which owns directly or indirectly such immovable property.
- The levy is not imposed on the transfer of immovable property or the transfer of shares in the process of a loan restructuring or company reorganization.
- Where a deed for the sale of immovable property has been submitted to the Department of Lands and Surveys, or where a form for the transfer of shares has been submitted to the Registrar of Companies and Intellectual Property, with a date of transfer before the 22nd February 2021, the levy shall not be imposed.
- The Commissioner of Taxation has all the powers, responsibilities and obligations regarding the collection of the levy, including the imposition of any penalties and the resolution of any issues that may arise.

We would also like to inform you that the Cyprus Tax Department has issued an announcement stating that for any sales made during the period 22 February 2021 to 18 November 2022, the Commissioner of Taxation intends to grant a reasonable time period for settlement of the levy without imposing any interest and penalties. An announcement will be issued by the Cyprus Tax Department at a later stage and therefore taxpayers are advised to wait until the announcement is issued before visiting their local district tax office to settle any obligations relating to the above-mentioned period.

For any further information required, please do not hesitate to contact us.

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