



Your Guide to Cyprus Property & Real Estate Law

Tel: +357 24 65 20 30
Fax: +357 24 65 20 40
Email: info@lcypruslawyers.com

7 Konstantinou Palaiologou
"Kimon Commercial" 1 Floor
6036 Larnaca, Cyprus

www.lcypruslawyers.com

Understanding Cyprus Property & Real Estate Law

Cyprus law is based on the common law system due to its history as a British colony. Many laws, including civil procedures, are still written in English. When it comes to real estate, two key laws regulate immovable properties:

- **The Transfer and Mortgage of Immovable Property Law (1965)** – Covers all aspects of property transactions, originating from British property law.
- **The Specific Performance Law (2011)** – Ensures property transactions are legally binding and protected.

Cyprus Land Registry Office

The Cyprus Land Registry, a legacy of British rule, records all immovable property. In recent years, an online portal has been introduced, allowing property owners to access title deeds and other related documents conveniently.

Buying an off plan Property in Cyprus: A Step-by-Step Guide

Purchasing a property in Cyprus involves several key steps:

1. **Choose a Reputable Lawyer** – Engage a legal expert specializing in real estate to safeguard your interests.
2. **Negotiate the Purchase Terms** – Agree on price, property specifications, and other relevant details.
3. **Pay a Reservation Deposit** – This removes the property from the market.
4. **Conduct Due Diligence** – The lawyer will check for encumbrances, building permits, and legal ownership status.
5. **Sign the Contract of Sale** – This legally binding agreement outlines payment terms and project completion details.
6. **Deposit the Contract at the Land Registry** – This grants the buyer legal rights over the property. The filing fee is €50.
7. **Make Payments in Stages** – Payments align with the progress of construction.
8. **Final Payment & Possession** – The last installment is made upon property delivery.

Once the contract is deposited, the buyer becomes the beneficial owner and is entitled to receive the title deed in their name.

Stamp Duties & VAT on Property Transactions

Stamp Duty in Cyprus

Stamp duty applies to documents relating to Cyprus-based assets and transactions:

- **0.15%** for agreements valued between €5,000 and €170,000.
- **0.2%** for agreements exceeding €170,000.
- The maximum stamp duty payable per agreement is **€20,000**.
- Payment must be settled within **30 days** of signing.

VAT on Immovable Property

- A **19% VAT** applies to newly built properties and land purchases.
 - Buyers can apply for a **VAT reduction to 5%** if the property is for personal residence.
 - Properties subject to VAT are exempt from Land Registry Transfer Fees.
 - If the buyer sells within **10 years**, a proportional VAT refund may be required.
-

Buying a resale property with title deed in Cyprus

Purchasing a resale property in Cyprus that possesses a valid title deed is generally considered a straightforward and secure process. The title deed serves as the definitive legal document confirming ownership and detailing any encumbrances, such as mortgages or liens, associated with the property.

Key Steps in the Purchase Process:

1. Due Diligence:

Title Verification: Ensure that the title deed is legitimate and that the seller has the legal right to sell the property.

Encumbrance Check: Conduct a search at the District Land Registry Office to confirm that the property is free from any encumbrances, mortgages, or legal disputes.

2. Contract of Sale:

Draft a comprehensive contract of sale outlining all terms and conditions agreed upon by both parties.

It's advisable to have this contract reviewed by a legal professional to ensure all legal requirements are met.

3. Stamp Duty:

Pay the applicable stamp duty, which is calculated based on the property's purchase price.

This payment is typically made within 30 days of signing the contract.

4. Submission to Land Registry:

Submit the contract of sale to the District Land Registry Office within six months of signing.

This step safeguards the buyer's rights and prevents the seller from reselling the property or creating additional encumbrances.

5. Transfer of Title Deed:

Both the buyer and seller, or their authorized representatives, must be present at the District Land Registry Office to complete the transfer.

The buyer is responsible for paying the transfer fees, which are calculated based on the property's market value at the time of purchase.

Transfer Fees:

The transfer fees are calculated as follows:

Up to €85,000: 3%

€85,001 to €170,000: 5%

Over €170,000: 8%

It's important to note that if VAT has been paid on the property purchase, no transfer fees apply.

Additional Considerations:

- Legal Representation: Engaging a lawyer experienced in Cypriot property law is highly recommended to navigate the legal complexities and ensure a smooth transaction.

-Tax Obligations: Be aware of any tax implications, such as capital gains tax, which the seller is typically responsible for, and ensure all taxes related to the property are settled before the transfer.

-Property Inspection: Conduct a thorough inspection of the property to identify any potential issues or necessary repairs.

By meticulously following these steps and seeking professional advice, buyers can confidently purchase a resale property with a title deed in Cyprus, ensuring a secure and legally sound investment.

Buying a resale property without title deed in Cyprus – Buying through an Assignment agreement.

In Cyprus, purchasing a property through an assignment agreement is a common practice, especially when the property's separate title deed has not yet been issued - a situation typical for newly built, under-construction, or off-plan properties. The issuance of separate title deeds can be a lengthy process, often taking several years due to bureaucratic procedures.

Understanding Assignment Agreements:

An assignment agreement involves the transfer of rights and obligations from the original purchaser (assignor) to a new buyer (assignee). This method is typically employed when the original purchaser wishes to sell the property before the title deed has been issued. Through the assignment agreement, the assignor assigns all rights deriving from the initial contract of sale to the assignee, effectively placing the assignee in the position of the original purchaser.

Key Considerations:

1. Submission of the Initial Contract of Sale: For an assignment agreement to be valid, the original contract of sale must have been submitted to the Land Registry within six months of its signing. This submission secures the purchaser's rights to the property. Without this timely submission, the Land Registry will not accept any subsequent assignment agreement.

2. Consent of the Original Seller/Developer: The consent of the original seller or developer is not necessary for the conclusion of an assignment agreement.

3. Stamp Duty and Fees: Upon signing the assignment agreement, it must be stamped within 30 days. The stamp duty is calculated based on the purchase price.

Additionally, an assignment fee of 0.5% of the higher of the original or new purchase price is payable upon lodging the assignment agreement at the Land Registry.

4. Submission of the Assignment Agreement: The assignment agreement must be submitted to the Land Registry of the district where the property is located within six months of its signing. This submission ensures the assignee's rights to the property are legally recognized.

Benefits of Assignment Agreements:

-Flexibility: They allow the transfer of property rights even when title deeds are pending, facilitating transactions in the real estate market.

-Legal Protection: Properly executed assignment agreements, when submitted to the Land Registry, provide legal protection to the assignee, ensuring their rights to the property are upheld.

Conclusion:

Purchasing a property in Cyprus through an assignment agreement is a practical solution in situations where title deeds are not yet available. However, it's crucial to ensure that all legal requirements are met, including the timely submission of contracts and payment of applicable duties and fees. Engaging with a legal professional experienced in Cypriot property law is highly recommended to navigate this process effectively.

Cyprus Permanent Residency Through Investment (Regulation 6.2)

To boost foreign investment, Cyprus offers **permanent residency** to non-EU investors.

Key benefits include:

- **Fast-tracked processing (4–6 months).**
- **High approval rate.**
- **No residency requirement** (only a visit every two years).
- **Residence extends to spouse, children under 18, and dependent children (18–25).**
- **Parents of the applicant are also eligible.**

Investment Requirements

- Purchase a **new residential property** worth at least **€300,000** (excluding VAT).
- Make an initial payment of at least **€200,000**.
- Funds must come from abroad.
- Secure an **annual income of €50,000**, plus additional amounts for dependents.

Required Documents

- Valid passport (minimum **3 months validity**).
- Clear **criminal record certificate** (translated and apostilled).
- Marriage certificate (translated and apostilled).
- **Health insurance** covering medical care.
- Evidence of property purchase and **payment receipts**.
- Declaration confirming **no intent to work in Cyprus**.
- Annual proof of continued investment and **clean criminal record**.

Cyprus Permanent Residency under category F.

In Cyprus, the Category F Residence Permit offers non-European Union (non-EU) nationals the opportunity to obtain permanent residency, provided they have a secured annual income from abroad sufficient to support a comfortable living without the need for employment within Cyprus.

Key Features of the Category F Residence Permit:

-Eligibility: Applicants must demonstrate a stable and adequate income from abroad, such as pensions, dividends, or other sources, ensuring they can sustain themselves and their dependents without engaging in any business, trade, or profession in Cyprus.

-Family Inclusion: The permit extends to the applicant's immediate family, including spouses and children under 18 years of age.

-Property Ownership: While purchasing property in Cyprus is not a mandatory requirement for this permit, owning a residence can enhance the application's strength.

Financial Requirements:

-Annual Income: Applicants should have a minimum annual income of approximately €25,000 for a single individual, with an additional €4,613.22 for each dependent.

Application Process:

1. Documentation: Prepare and submit the necessary documents, including proof of income, accommodation details, and other relevant information.

2. Submission: File the application with the Civil Registry and Migration Department or the local District Immigration Unit in Cyprus.

3. Processing Time: The processing duration can vary, so it's advisable to apply well in advance of any intended move.

Additional Considerations:

-Residency Obligation: Permit holders are expected to reside in Cyprus for at least two years within a five-year period to maintain their residency status.

-Employment Restriction: Engaging in employment or business activities within Cyprus is not permitted under this permit category.

Temporary Residency Permit – Pink Slip

In Cyprus, the "Pink Slip" refers to a Temporary Residence Permit that allows non-European Union (non-EU) citizens to extend their stay beyond the standard 90-day visa period. This permit is particularly suitable for individuals who wish to reside in Cyprus for personal or family reasons without engaging in employment within the country.

Key Features of the Pink Slip:

-Duration: The permit is typically valid for one year and can be renewed annually, provided the applicant continues to meet the necessary requirements.Â

-Family Inclusion: Spouses and children under 18 can also obtain the Temporary Residence Permit as dependents, allowing the entire family to reside together in Cyprus.

-Restrictions: Holders of the Pink Slip are not permitted to work in Cyprus. Additionally, being absent from Cyprus for more than three consecutive months can lead to the cancellation of the permit.

Eligibility Criteria:

Applicants must demonstrate:

-Adequate Financial Means: Proof of sufficient income from abroad to cover living expenses in Cyprus. For a three-member family, this is estimated to be between €25,000 and €30,000 annually.

-Accommodation: Evidence of accommodation in Cyprus, either through a rental agreement of at least one year or ownership of a property.

-Health Insurance: Valid health insurance coverage for all family members.

Application Process:

1. Prepare Documentation: Gather all necessary documents, including:

Completed application form (MVIS5) for each family member.

Valid passports with a minimum validity of three months beyond the application date.

Proof of adequate income from abroad.

Rental agreement or property ownership documents.

Health insurance policies.

Medical examination certificates.

Bank statements showing transfers from abroad.

2. Submit Application: Applications should be submitted to the Civil Registry and Migration Department or the local District Immigration Unit in Cyprus.

3. Pay Fees: A fee of €140 is applicable for the initial application, with a reduced fee of €70 for subsequent renewals.

4. Await Processing: Processing times can vary, so it's advisable to apply well before any existing visa or permit expires.

Why Invest in Cyprus?

Cyprus offers a stable economy, strategic location, and a high quality of life, making it a prime destination for real estate investment. Whether you are looking to buy a property for residence, investment, or permanent residency, Cyprus provides excellent opportunities with strong legal protection.

For expert legal assistance in Cyprus property transactions, consult with a reputable real estate lawyer today!

Who we are.

Engaging legal services is crucial for real estate buyers to ensure a secure and compliant transaction. **Loucas P. Louca LLC** with 23 years experience and being involved in more than 6.000 real estate transactions offer comprehensive assistance throughout the purchasing process, safeguarding the buyer's interests and ensuring adherence to all legal requirements.

Key Legal Services Provided to Real Estate Buyers:

1. Due Diligence:

Title Verification: Confirming the property's legal ownership and ensuring it is free from encumbrances or disputes.

Land Registry Searches: Conducting thorough searches to verify the property's status and any existing burdens.

2. Contractual Assistance:

Drafting and Reviewing Agreements: Preparing and examining sale agreements to ensure favorable terms and legal compliance.

Negotiation Support: Assisting in negotiations to protect the buyer's interests and achieve optimal terms.

3. Regulatory Compliance:

Obtaining Necessary Permissions: Assisting non-resident buyers in securing permits required for property acquisition.

Advising on Legal Obligations: Providing guidance on tax implications, transfer fees, and other statutory requirements.

4. Financial and Taxation Advice:

Tax Planning: Offering advice on property taxes, VAT implications, and potential tax benefits.

Financial Structuring: Guiding on optimal financial arrangements for the purchase.

5. Post-Purchase Services:

Title Deed Transfer: Facilitating the transfer of ownership and registration with the Land Registry.

Estate Planning: Assisting with wills and succession planning to secure the property's future.

By engaging our law firm, real estate buyers can navigate the complexities of property transactions with confidence, ensuring a legally sound and efficient acquisition process.

Tel: +357 24 65 20 30
Fax: +357 24 65 20 40
Email: info@llypruslawyers.com

7 Konstantinou Palaiologou
"Kimon Commercial" 1st Floor
6036 Larnaca, Cyprus



www.llypruslawyers.com