

**“A TIME TO BUY REAL ESTATE IN CYPRUS”  
REDUCTION ON TRANSFER FEES AND VAT**

Two new measures have been introduced in Cyprus, with the passing of a new law, which has taken effect from the 02/12/2011 and will be effective until the 01/06/2012. The new law aims to encourage the sale of property in an ailing real estate market and apply both to residents and foreigners.

The two new measures concern the reduction of the transfer fees for all property and reduction of the VAT when buying property. With the passing of the new law, when buying property the saving can amount to a considerable amount of money.

- **No transfer fee is paid for property which is subject to VAT.**

The transfer fees in Cyprus are	3%	0 to 85430
	5%	85431 to 170860
	8%	over 170860

So the saving is considerable.

- **Transfer fees are reduced by 50% for all properties which are not subject to VAT.**

The 50% reduction applies even if there are no title deeds for transfer provided the purchase takes place until the 01/06/2012, and the sales contract is deposited in the Land Registry Office.

The new measures stipulate that for the first residence acquired either by permanent residents or foreigners **the buyer will be liable from the start to pay only 5% VAT**, after the approval of his application by the VAT department, saving thus the 10% that he had to be paid up front. From the 1/3/2012 the saving will be 12% since the basic VAT rate will increase to 17%.

These two measures are expected to encourage the sale to an extent of the unsold properties. The saving in transfer fees can amount to a considerable amount of money – e.g. for a foreigner buying a house/apartment as a first residence in Cyprus at a value of say of €500.000 the saving will be €33,165 in transfer fees, and €50.000 euro in VAT taking advantage of the reduced 5% VAT rate. So if the acquired property falls within both categories, the saving in this case will be €83.165!

**Please contact a member of our staff for further information and/or clarifications.**

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