



GLG

The International Comparative Legal Guide to:

Real Estate 2015

10th Edition

A practical cross-border insight into real estate law

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Cyprus

Christos Vezouvios



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1 Real Estate Law

- 1.1 Please briefly describe the main laws that govern real estate in Cyprus. Laws relating to leases of business premises should be listed in response to question 10.1. Those relating to zoning and environmental should be listed in response to question 11.1.**

The main legislation regulating real estate is as follows:

- **The Immovable Property (Tenure, Registration & Valuation) Law, Cap. 224** deals with all matters concerning the tenure, registration, disposition and valuation of immovable property within the framework of the Cyprus land registration system, in which immovable property is defined, drawn, recognised, and valued.
- **The Acquisition of Immovable Property (Aliens) Law, Cap. 109**, which dates back to the time when Cyprus was a British colony, imposed restrictions on the acquisition of immovable property in Cyprus by non-Cypriots. These restrictions have been removed altogether for EU citizens and are little more than a formality for others (see question 2.1 below).
- **The Immovable Property (Transfer and Mortgage) Law, No. 9/65** regulates mortgages of immovable property and sales of mortgaged property. It requires mortgages to be registered at the Department of Lands and Surveys. It provides for transfer fees payable on the transfer of immovable property.
- Under **The Immovable Property Tax Law, Cap. 322** and **The Immovable Property (Towns) Tax Law, No. 89/62**, immovable property tax is payable each year by all owners of immovable property in Cyprus, assessed on the taxpayer's total holding of immovable property at the beginning of the calendar year.
- **The Capital Gains Tax Law, No. 52/80** provides for Capital Gains Tax at the rate of 20% on inflation-adjusted gains realised from the disposal of immovable property in Cyprus, including gains from the disposal of shares in private companies which own such property.
- **The Rent Control Law, No. 23/83** protects tenants' rights. It does not apply to non-Cypriots renting properties in Cyprus. Leases exceeding 15 years may be registered with the Department of Lands and Surveys and registration should be effected within three months of the signing of the lease. Registered leases afford the lessee certain advantages, including the right to trade the lease.
- **The Sale of Immovable Property (Specific Performance) Law of 2011** provides purchasers with the means to secure the remedy of specific performance by depositing a duly stamped copy of the contract at the Department of Lands and

Surveys within six months from the date of its execution, thus preventing the vendor from transferring the property elsewhere or charging it for as long as the contract is valid and legally effective. If the vendor subsequently refuses to transfer the property the purchaser may apply to the court for an order to transfer the property into his name.

- **The Compulsory Acquisition of Property Law No. 15/1962** regulates the terms on which national or local government bodies may acquire property, in the public interest and by showing just cause, but only on payment of immediate compensation to the owner at the current market value. This law also provides that properties so acquired should be returned to their owners if the purpose for which they were acquired is not realised within three years of the date of acquisition.

1.2 What is the impact (if any) on real estate of local common law in Cyprus?

On account of Cyprus's history as a former British colony, Cyprus law is heavily influenced by English law and the English legal system. Cyprus, is a common law jurisdiction and has adopted the Anglo-Saxon system.

The common law principle of *stare decisis*, under which Cyprus courts are bound to follow decisions of courts at a higher level is of fundamental importance. In the absence of local precedents, English case law is persuasive, and in some circumstances binding.

1.3 Are international laws relevant to real estate in Cyprus? Please ignore EU legislation enacted locally in EU countries.

Cyprus's commitments under its double taxation agreements are relevant in the context of taxation of income and gains from property, but there is no international law directly affecting real estate in Cyprus.

2 Ownership

2.1 Are there legal restrictions on ownership of real estate by particular classes of persons (e.g. non-resident persons)?

The restrictions imposed by the Acquisition of Immovable Property (Aliens) Law no longer apply to nationals of any Member State of the European Economic Area ("EEA") (the EU, plus Iceland, Liechtenstein and Norway), or to companies incorporated in any EEA Member State. Such persons or companies are free to acquire property on the same terms as Cyprus citizens.

The term “acquisition of immovable property” includes the purchase of freehold property, the grant or purchase of a lease of property for a period exceeding 33 years and the acquisition of shares in Cyprus companies which own immovable property on the island.

The law requires non-EEA nationals or companies wishing to acquire immovable property to obtain the permission of the Council of Ministers. Normally, permission is routinely granted to *bona fide* applicants to acquire a flat or a house or a piece of land not exceeding three donums (approximately 4,000 square metres) for the erection of only one house for use as a residence only by the purchaser and his family. In May 2013 the Ministry of Interior issued a circular to the effect that non-EU citizens will be allowed to own two properties, which can be two residences or one residence and commercial premises with a floor area up to 100 square metres. Although it may take up to 12 months for the formal permit to be obtained, purchasers are entitled to occupy the property in the meantime.

Members of the family of an original purchaser may also acquire their own property, provided that they are completely independent of the purchaser, both financially and residentially, such as married children having their own family and business. Permission is granted for personal use, and not for letting or commercial use. This rule is relaxed for international companies which are permitted to acquire business premises, as well as houses or flats as residences for their members or directors.

After the permit has been granted and the property has been registered in the purchaser’s name there is no further restriction and the property may be sold or disposed of by will or other instrument. Moreover, the legal heir is not required to obtain a permit in order to have the property registered in his name.

3 Real Estate Rights

3.1 What are the types of rights over land recognised in Cyprus? Are any of them purely contractual between the parties?

Land may be held freehold (estate in fee simple) or leasehold (for a term of years). A lease must have a minimum unexpired term of at least 15 years for it to be registered. Joint ownership of property is not recognised in Cyprus: each owner (who may be a real person or a legal person) owns an undivided share of the property. However, Part IIA of the Immovable Property Law provides a framework for the ownership, possession and enjoyment of the various flats or storeys of a building by their respective owners, as well as the relations between them and their rights and obligations.

The following legal interests over land may be created:

- legal mortgage;
- easement; and
- rent charge.

Contractual rights affecting land can also be created, such as leases, licences to occupy and options and pre-emption rights.

3.2 Are there any scenarios where the right to a real estate diverges from the right to a building constructed thereon?

No. Under the Immovable Property (Tenure, Registration & Valuation) Law, immovable property means:

- Land.

- Buildings, structures or fixtures affixed to any land, or to any building or other structure.
- Trees, vines and any other thing planted or growing on any land, and any of their produce.
- Springs, wells, water and water rights whether held with, or independently of, any land.
- Privileges, liberties, easements and any other rights and advantages relating, or reputed to relate to, any land or to any building or other erection or structure.
- An undivided share in any of the above.

The land and any buildings on it are registered together and are inseparable for title purposes. The owner of the land owns the buildings on it.

4 System of Registration

4.1 Is all land in Cyprus required to be registered? What land (or rights) are unregistered?

All land is registered.

The system of land registration is a system of registration of title (as distinct from registration of title deeds). The legal value of registration lies between an indefeasible title (that is, title that cannot be avoided under any circumstances) and a defeasible title (that is, title which is not absolute but may be annulled or voided at a later date). A registered person is considered to be the undisputed owner of the land and its title to ownership is absolute, subject to the power of the Director of the Department of Lands and Surveys to correct errors or omissions under certain circumstances and the inherent power of the courts to order amendment or cancellation of a registration.

4.2 Is there a state guarantee of title? What does it guarantee?

There is no state guarantee of title and no government indemnity. Any person who disputes the facts recorded in the land register can seek rectification by application to the Director of the Department of Lands and Surveys, or to the court.

4.3 What rights in land are compulsory registrable? What (if any) is the consequence of non-registration?

It is not compulsory to register rights acquired in land (for example, by purchase or mortgage), but these rights have no legal status unless they are registered and owners or lenders who fail to register new or transferred rights lose the benefit of registration and their priority rights.

4.4 What rights in land are not required to be registered?

See question 4.3 above.

4.5 Where there are both unregistered and registered land or rights is there a probationary period following first registration or are there perhaps different classes or qualities of title on first registration? Please give details. First registration means the occasion upon which unregistered land or rights are first registered in the registries.

This is not applicable.

4.6 On a land sale, when is title (or ownership) transferred to the buyer?

Title is transferred to the buyer in accordance with the provisions of the contract for the sale and purchase. However, the buyer's rights have no legal status until the duly executed and stamped contract is deposited with the Department of Lands and Surveys under the Sale of Immovable Property (Specific Performance) Law of 2011 or until the Department has transferred the title.

4.7 Please briefly describe how some rights obtain priority over other rights. Do earlier rights defeat later rights?

The priority of rights is generally determined by the date of creation, *ceteris paribus*. However, if a right is not registered, a later registered right will not be subject to it.

5 The Registry / Registries

5.1 How many land registries operate in Cyprus? If more than one please specify their differing rules and requirements.

The Department of Lands and Surveys, one of the longest-established government departments, has sole responsibility for land registration. It has offices in the six major towns.

5.2 Does the land registry issue a physical title document to the owners of registered real estate?

An official copy of the registered title is issued on completion of the registration of any transaction involving the property.

5.3 Can any transaction relating to registered real estate be completed electronically? What documents need to be provided to the land registry for the registration of ownership right? Can information on ownership of registered real estate be accessed electronically?

At this stage this is not possible.

5.4 Can compensation be claimed from the registry/registries if it/they makes a mistake?

There is no statutory scheme, but it would be open to the aggrieved person to pursue a claim for negligence in the courts.

5.5 Are there restrictions on public access to the register? Can a buyer obtain all the information he might reasonably need regarding encumbrances and other rights affecting real estate?

Information or documents in the public register of titles connected with the ownership of immovable properties and charges or encumbrances over immovable property are treated as confidential and the practice of the DLS is to disclose them only to the registered owner or his duly authorised agent and attorney or the administrator of his estate or to a judgment creditor of the registered owner, or an enquirer with a personal interest in a particular plot such as a purchaser of a unit of a development.

6 Real Estate Market

6.1 Which parties (in addition to the buyer and seller and the buyer's finance provider) would normally be involved in a real estate transaction in Cyprus? Please briefly describe their roles and/or duties.

The principal professional advisers in a real estate transaction are lawyers and property agents. Commercial terms are usually negotiated between the parties or their property agents. Once agreed, the terms are passed on to the parties' lawyers to be drafted into a formal contract of sale. As an intermediate step heads of agreement, which may or may not be binding depending on the parties' intentions, may be drawn up by the lawyers. It is prudent for the purchaser's lawyers to verify the seller's title, to confirm that the necessary planning and building consents are in place and to ensure that there are no undisclosed issues that may affect the property. The purchaser may also require structural or other surveys.

6.2 How and on what basis are these persons remunerated?

The traditional basis of remuneration is time spent on the assignment but other arrangements such as fixed fees are also common.

6.3 Has the real estate market in Cyprus seen an increase in the availability of real estate finance during recent years? What trends (if any) are emerging as to different categories of finance providers beyond traditional lending banks?

The decline in agriculture combined with demand from overseas for second homes helped fuel a property boom in Cyprus in the years before and after the millennium. It is now apparent that much of this activity, particularly in the latter years, was unsustainable and that the economy had become unbalanced and over-reliant on certain sectors, particularly property development and construction.

Currently there is a substantial amount of non-performing debt secured on real estate assets, and a large stock of unsold and unlet property. This gives rise to opportunities for "bottom-fishing" and a number of overseas investment and property funds are exploring the market.

6.4 How strong is development activity in Cyprus? What were the most significant development transactions in Cyprus in the past year?

Many developers are under significant financial pressure and there is a large overhang of unsold and unlet property, much of which is only part-completed. Most developers are focusing on completing and monetising existing projects, and few new projects are being instigated. One recent landmark was the opening of the €350 million Limassol Marina in June 2014.

6.5 Have you observed a shift in the approach of investors towards residential as an asset class and, in particular, towards what were historically viewed as its specialist subsectors such as affordable housing, student accommodation and retirement living?

Some developers have shifted their focus to larger and more expensive properties aimed at wealthy purchasers from Eastern Europe and Asia, but there is a substantial overhang of unsold

(and in many cases uncompleted) residential property, particularly aimed at purchasers from overseas (especially the UK and mainland Europe) at the lower end of the market.

7 Liabilities of Buyers and Sellers in Real Estate Transactions

7.1 What (if any) are the minimum formalities for the sale and purchase of real estate?

The parties are legally bound once a sale contract is executed. Stamping the contract in accordance with the provisions of the Stamp Law and depositing it at the Department of Lands and Surveys under the Sale of Immovable Property (Specific Performance) Law of 2011 enables the buyer to obtain specific performance and makes the contract enforceable. The deposit must take place within six months of the contract being signed.

The transfer of title is registered at the time specified in the contract. This is usually when the full purchase price has been paid and in the case of non-EU citizens needing a licence to hold immovable property in Cyprus, when the licence has been issued. It is effected by application to the Department of Lands and Surveys in the prescribed form signed by the seller and buyer, accompanied by the prescribed transfer fee (see question 9.1). Notarisation is not necessary.

7.2 Is the seller under a duty of disclosure? What matters must be disclosed?

There is no statutory obligation for the seller to disclose information about the property, or in relation to title. There may be a contractual obligation if warranties are included in the sale contract.

7.3 Can the seller be liable to the buyer for misrepresentation?

Section 19 of the Contract Law Cap. 149 provides that when consent to an agreement is caused by coercion, fraud or misrepresentation, the contract is voidable at the option of the party whose consent was so caused. However, this remedy is not available if the party to whom the misrepresentation was made had the means of discovering the truth with ordinary diligence, or if it did not cause the party concerned to consent to the agreement.

Alternatively the party whose consent was brought about by misrepresentation may insist that the contract is performed and that he is put in the position in which he would have been if the representations made had been true.

7.4 Do sellers usually give contractual warranties to the buyer? What would be the scope of these? What is the function of warranties (e.g. to apportion risk, to give information)? Are warranties a substitute for the buyer carrying out his own diligence?

Warranties given by sellers usually cover the legal ownership of the property, the freedom from mortgages, charges or other encumbrances, the ability to deliver clean title deeds and the timely completion of the property, if under construction.

Warranties are sometimes supported by personal guarantees from company directors and (rarely) by bank guarantees.

7.5 Does the seller warrant its ownership in any way? Please give details.

See question 7.4.

7.6 What (if any) are the liabilities of the buyer (in addition to paying the sale price)?

In addition to paying the sale price (including VAT if applicable) the buyer is responsible for paying the transfer fee and stamp duty (see question 9.1).

8 Finance and Banking

8.1 Please briefly describe any regulations concerning the lending of money to finance real estate. Are the rules different as between resident and non-resident persons and/or between individual persons and corporate entities?

There are no regulations specifically concerning the lending of money to finance purchases of real estate.

8.2 What are the main methods by which a real estate lender seeks to protect itself from default by the borrower?

The most commonly granted security over immovable property is a mortgage. A mortgage does not constitute an estate in land but a contractual right for the benefit of the lender and a charge on the immovable property.

To have legal effect, mortgages, charges and other rights over immovable property must be registered with the Department of Lands and Surveys (Immovable Property (Transfer and Mortgage) Law). While registration is not compulsory, failure to register loses priority rights.

A company creating a charge over any of its property must send particulars of the charge accompanied by the charge itself to the Registrar of Companies within 21 days after creation of the charge (section 91, Companies Law). If a company acquires property subject to a charge, it must send the same particulars together with a certified copy of the charge within 21 days of acquiring the property (section 92, Companies Law). The charges must be properly stamped to be accepted for registration. Breach of these obligations makes the company and every officer liable for a default fine of €427.

Any other person interested in the charge can submit the particulars to the Registrar of Companies for registration and recover the cost from the company (section 91, Companies Law).

Section 96 of the Companies Law gives the court power to extend the time for registration or to register a charge out of time if it considers it appropriate to do so.

A charge that is not registered in the prescribed manner is void against the liquidator and any creditor of the company (section 90, Companies Law), but remains valid and enforceable between the parties to the charge.

8.3 What are the common proceedings for realisation of mortgaged properties? Are there any options for a mortgagee to realise a mortgaged property without involving court proceedings or the contribution of the mortgagor?

The Memorandum of Understanding that Cyprus concluded with

its international creditors in 2013 committed the government to introducing a so-called “foreclosure law” – legislation to amend the procedure for the forced sale of mortgaged property. The existing system allowed recalcitrant debtors to delay the realisation of mortgaged property for years by means of strategic applications to the courts for orders to cancel auctions, by objecting to the reserve price set by the Department of Lands and Surveys or on a number of procedural grounds, with the result that the average time taken to enforce a mortgage was 10 years, and a determined debtor could extend the delay well beyond that.

The new law, enacted in September 2014, significantly streamlines the process, but as yet there is no experience of how it will work in practice and whether it will improve creditors’ abilities to enforce their security.

8.4 What minimum formalities are required for real estate lending?

See question 8.2 above.

8.5 How is a real estate lender protected from claims against the borrower or the real estate asset by other creditors?

See question 8.2 above.

9 Tax

9.1 Are transfers of real estate subject to a transfer tax? How much? Who is liable?

Transfer fees are payable by the buyer to the Department of Lands and Surveys. The fee is based on the purchase price or, under certain circumstances, on the current market value. The first €85,000 is charged at 3%, the next €85,000 is charged at 5%, and any excess above €170,000 is charged at 8%.

In order to stimulate the market for new properties the government has announced temporary waivers and reductions of transfer fees. The transfer fee on a sale of property on which VAT is payable will be waived provided that the sale agreement is deposited with the Department of Lands and Surveys by 31 December 2016. For a first-time sale of a new property which is not subject to VAT (which is the case if the building permit was obtained prior to 1 May 2004) the transfer fee is halved.

In addition, stamp duty is payable on contracts at the rate of 0.15% on the first €170,860 of the consideration and at 0.2% on any consideration above that sum. The maximum amount of stamp duty payable on a transaction is €20,000.

9.2 When is the transfer tax paid?

The transfer fee is payable at the time the transfer is effected.

9.3 Are transfers of real estate by individuals subject to income tax?

Transfers of real estate are not subject to income tax.

9.4 Are transfers of real estate subject to VAT? How much? Who is liable? Are there any exemptions?

VAT is chargeable at the standard rate on the first sale of new

buildings or parts of buildings and the land on which they stand if the application for a building permit was submitted after 1 May 2004. No VAT is charged on subsequent sales, or on the sale of undeveloped land or the leasing or letting of immovable property.

A reduced rate of 5% applies to contracts concluded from 1 October 2011 onwards for the acquisition or construction of residences to be used as the acquirer’s primary and permanent place of residence for the next 10 years. A grant is available to provide for an effective rate of 5% for contracts concluded prior to that date.

9.5 What other tax or taxes (if any) are payable by the seller on the disposal of a property?

Capital Gains Tax (“CGT”) is levied at the rate of 20% on gains realised from the disposal of immovable property in Cyprus.

The following categories of disposals are exempt from CGT:

- transfers by reason of death;
- gifts between relatives up to the third degree of kindred;
- gifts to family companies (limited companies whose only shareholders at the time of the gift and for the entire period of five years thereafter are members of the family of the donor);
- gifts by family companies to their shareholders, but only in cases where the property given was originally acquired by the company as a gift;
- gifts to charitable institutions or to the Republic of Cyprus;
- exchanges of immovable properties; and
- compulsory acquisitions.

In assessing the gain the following will be deducted from the proceeds received:

- The market value of the property at 1 January 1980, or, if it was acquired after that date, the price paid or the consideration given for the acquisition of the property.
- The cost of any major improvements.
- The subsequent increase in the value of the property due to inflation, calculated by reference to the Retail Price Index issued every month by the Department of Statistics.
- Expenses related to the acquisition and disposal of the property such as transfer fees and legal costs.

Individuals may deduct from the resultant gain the following lifetime exemptions:

- in the case of sales of agricultural land by farmers, the first €25,629 of the sale price, provided that the farmer was residing in the same area at the time of the sale;
- in the case of sales of property used as a residence by the vendor, the first €85,430 of the sale price, provided that the property has been used as the vendor’s residence for at least 5 years prior to the sale; and
- in the case of any other disposal, the first €17,086 of the sale price.

These deductions are granted once only, unless they have not been exhausted by the first sale, in which case any balance is carried forward. An individual claiming a combination of exemptions is allowed only a maximum exemption of €85,430.

9.6 Is taxation different if ownership of a company (or other entity) owning real estate is transferred?

Gains on disposal of shares in unlisted companies are subject to CGT if (and only to the extent that) they derive from immovable property in Cyprus.

10 Leases of Business Premises

10.1 Please briefly describe the main laws that regulate leases of business premises.

Leases are governed by the Contract Law, subject to restrictions introduced by the Rent Control Law, which protects tenants against eviction, controls the adjustment of rents and regulates relations between landlords and tenants. Individuals who are not citizens of Cyprus and legal entities controlled by non-residents are not covered by the rent control provisions.

Leases exceeding 15 years may be registered with the Department of Lands and Surveys, and registration should be effected within three months of signing the lease, provided this is allowed by the lease agreement. Registered leases afford the tenant certain advantages, including the right to trade the lease.

Under the Acquisition of Immovable Property (Aliens) Law third country nationals and Cyprus companies controlled by them require permission from the Council of Ministers before entering into a lease of immovable property for a period exceeding 33 years.

10.2 What types of business lease exist?

The terms of the lease are a matter between the parties and there is complete flexibility.

10.3 What are the typical provisions for leases of business premises in Cyprus regarding: (a) length of term; (b) rent increases; (c) tenant's right to sell or sub-lease; (d) insurance; (e) (i) change of control of the tenant; and (ii) transfer of lease as a result of a corporate restructuring (e.g. merger); and (f) repairs?

All these things are a matter for agreement between the parties and a wide range of variations is encountered in practice. The duration of the lease can range from months to years. The term of a lease is generally less than ten years but this is a matter of custom rather than any legal restriction. The length of the lease and arrangements for extension are determined by the lease rather than by any statutory provision. There is similar variability in the length of the initial rental term and the provisions relating to review. Assignment of the lease, or subletting of the whole or part are typically permitted, subject to the landlord's prior consent, subject to conditions. There are no legal obligations on either party with regard to insuring the leased premises and the matter is freely negotiable between a landlord and tenant. Similarly, provisions regarding the change of control of the tenant and the transfer of the lease as a result of a corporate restructuring are negotiable. Where the lease is for a whole building, repair and decoration are usually the tenant's responsibility. If the lease is for part of a building, the tenants are usually liable for internal repair and decoration of the parts they occupy. Landlords are usually liable for external and structural repairs of the whole building and repair and decoration of the common parts, with provision for recovery of the costs via a service charge.

10.4 What taxes are payable on rent either by the landlord or tenant of a business lease?

Landlords are liable for personal or corporate income tax and to "Special Contribution for Defence" (commonly referred to as "SDC tax") on rental income. Income tax is payable at the individual's marginal rate or the standard corporate tax rate (12.5%) on the gross

income less a deduction of 20%. SDC tax is payable at 3% on the gross income less a deduction of 25%.

If the tenant is a Cyprus company or partnership, or a national or local government authority the tenant is required to withhold the SDC tax at source and pay it to the revenue authorities at the end of the month following the month in which it was withheld. In all other cases SDC tax on rental income in the preceding six months is payable by the landlord on 30 June and 31 December each year.

10.5 In what circumstances are business leases usually terminated (e.g. at expiry, on default, by either party etc.)? Are there any special provisions allowing a tenant to extend or renew the lease or for either party to be compensated by the other for any reason on termination?

In most cases business leases are terminated by agreement. Under the Rent Control Law a business tenant remaining in possession of the premises after the tenancy agreement has expired becomes a "statutory tenant" and may not be evicted from the premises, except on the grounds specified in the law. Rent increases may not exceed 14% every two years. This protection does not cover non-Cypriots or tenants of premises situated outside municipal boundaries.

10.6 Does the landlord and/or the tenant of a business lease cease to be liable for their respective obligations under the lease once they have sold their interest? Can they be responsible after the sale in respect of pre-sale non-compliance?

This depends entirely on the terms of the lease and the terms of any assignment or surrender agreement.

10.7 Green leases seek to impose obligations on landlords and tenants designed to promote greater sustainable use of buildings and in the reduction of the "environmental footprint" of a building. Please briefly describe any "green obligations" commonly found in leases stating whether these are clearly defined, enforceable legal obligations or something not amounting to enforceable legal obligations (for example aspirational objectives).

Green leases are not yet widespread in Cyprus.

11 Public Law Permits and Obligations

11.1 What are the main laws which govern zoning and related matters concerning the use and occupation of land? Please briefly describe them and include environmental laws.

Planning and zoning are regulated by the Town and Country Planning Law, which provides, among other things, for the preparation of Development Plans, control of development and designation of areas of historic, architectural and environmental interest.

The Department of Town Planning and Housing, a government department within the Ministry of Interior, is responsible for planning. The Development Control Section of the department is the central planning authority. It includes sub-groups responsible for plan implementation and planning enforcement, and provides the administrative umbrella for five of the nation's nine independent local planning authorities.

All development projects require planning permission and a building permit. The first step in the development process is to obtain planning permission from the Planning Authority. A building permit can then be obtained from the local municipality or district administration office, incorporating any planning permission conditions.

As an EU Member State Cyprus fully complies with EU norms and has comprehensive legislation to protect the environment in areas including water quality, atmospheric pollution and climate change, noise, nuclear radiation, waste, packaging, conservation of flora and fauna and assessment of the environmental impact of proposed projects.

In addition the Civil Wrongs Law Cap 148 as amended provides remedies against the torts of nuisance, trespass and negligence.

11.2 Can the state force land owners to sell land to it? If so please briefly describe including price mechanism.

Compulsory acquisition or imposition of restrictions on immovable property is regulated by the Compulsory Acquisition Law, No. 15/62, under which national or local government bodies may acquire property, in the public interest and by showing just cause, but only on payment of immediate compensation to the owner at the current market value. This law also provides that properties so acquired should be returned to their owners if the purpose for which they were acquired is not realised within three years of the date of acquisition. This law protects both Cypriot and non-Cypriot property owners.

11.3 Which bodies control land/building use and/or occupation and environmental regulation? How do buyers obtain reliable information on these matters?

Contact details for the relevant authorities are as follows:

http://www.moi.gov.cy/moi/tph/tph.nsf/index_gr/index_gr?opendocument
– Department of Planning and Housing.

<http://www.businessincyprus.gov.cy/mcit/psc/psc.nsf/0/F4F4F07C1C3ADEA0C2257857002583AD?OpenDocument>

– Cyprus Government Point of Single Contact.

11.4 What main permits or licences are required for building works and/or the use of real estate?

See question 11.1 above.

11.5 Are building/use permits and licences commonly obtained in Cyprus? Can implied permission be obtained in any way (e.g. by long use)?

All development projects require planning permission and a building permit and the Department of Lands and Surveys will not issue title deeds if there are any deficiencies or if the property “as built” does not comply with the building permit.

11.6 What is the appropriate cost of building/use permits and the time involved in obtaining them?

The local authority may request any drawings, sketches, calculations or other information which is necessary to ensure that the building to be constructed provides for the health and safety of the users. The

following information, all of which should be readily available, is typically sufficient:

- the title deed of the land comprising the building site;
- a copy of the largest scale Government Survey Plan showing:
 - the boundaries of the building site;
 - the outline of the proposed building or the alteration or addition to any existing building in relation to those boundaries;
 - the legal access to the plot; and
 - the area of the plot and the area covered by existing buildings and proposed buildings;
- the Planning Permit; including the relevant conditions and the approved architectural plans;
- structural drawings and calculations;
- plans and calculations for the electrical system of the building;
- plans and calculations for the mechanical installations of the building;
- sewage plans and details;
- Energy Efficiency Certificate and calculation; and
- documents evidencing the qualification of the professional who is responsible for the design and the supervision of the building works on site.

Provided all the documentation and calculations are in order, review of the application and issue of a building permit typically takes from six months to a year. The fee depends on a range of factors, including the scale and nature of the project, but is generally modest.

11.7 Are there any regulations on the protection of historic monuments in Cyprus? If any, when and how are they likely to affect the transfer of rights in real estate?

The Antiquities Law Cap 31 as amended provides comprehensive protection for historic monuments. Part II allows the Council of Ministers, on the recommendation of the Director of the Department of Antiquities, to designate any building, site or object as an ancient monument. Any site so designated may not be altered without official consent, and it is a criminal offence to damage, deface or litter an historic monument. In addition, the surrounding area may be designated as protected, in which event any proposed construction, demolition, felling of trees or similar activity may not be undertaken without the appropriate permit. Alternatively it may be compulsorily acquired (see question 1.1). Compensation is provided to owners of private property that is designated as an historic monument and grants are also available for maintenance and restoration.

11.8 How can e.g. a potential buyer obtain reliable information on contamination and pollution of real estate? Is there a public register of contaminated land in Cyprus?

There is no public register of contaminated land and it is necessary to assess any plot individually.

11.9 In what circumstances (if any) is environmental clean up ever mandatory?

Under the common law tort of nuisance it would be open to a

claimant that was adversely affected by any environmental pollution to apply to the court for an injunction requiring the owner or occupier of the premises concerned to remedy the nuisance, for example by cleaning any chemical spillage.

11.10 Please briefly outline any regulatory requirements for the assessment and management of the energy performance of buildings in Cyprus.

The Law Regulating the Energy Performance of Buildings (Law 142(I) of 2006) implements Directive 2002/91/EC of the European Parliament and of the Council of 16 December 2002 on the energy performance of buildings. It provides a standardised methodology for calculating the integrated energy performance of buildings, sets minimum standards for the energy performance of new buildings and existing buildings undergoing substantial renovation, establishes procedures for the energy certification of new and existing buildings (and, for public buildings, prominent display of this certification and other relevant information), and establishes standards for periodic inspection and maintenance of energy-converting equipment such as boilers and heating and air-conditioning systems.

12 Climate Change

12.1 Please briefly explain the nature and extent of any regulatory measures for reducing carbon dioxide emissions (including any mandatory emissions trading scheme).

In common with other EU Member States Cyprus is a signatory to the Kyoto Protocol of the United Nations Framework Convention on Climate Change (“UNFCCC”). The Convention was transposed into national legislation by Law 29 (III) of 2002.

12.2 Are there any national greenhouse gas emissions reduction targets?

Cyprus had no mandatory emissions reduction targets under the Kyoto scheme because it was not included in Annex 1 of the UNFCCC or Annex B of the Kyoto Protocol and was not a member of the EU when the Burden Sharing Agreement regarding the distribution of commitments between Member States during the first commitment period was adopted. No doubt Cyprus will be included in the post-2012 regime when this is agreed.

12.3 Are there any other regulatory measures (not already mentioned) which aim to improve the sustainability of both newly constructed and existing buildings?

There are no other relevant measures.

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Established in 1965, Andreas Neocleous & Co LLC has developed into the largest law firm in Cyprus and is generally recognised as the premier firm in the South-East Mediterranean region. In addition to its principal office in Limassol, Cyprus's main commercial and shipping centre, the firm has offices in Nicosia and in Paphos in Cyprus, as well as in Moscow, Budapest, Prague, Kiev, Sevastopol and Brussels.

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