



Philippos  
Aristotelous

## Amendment to tax law serves to clarify rather than change



December 09 2016 | Contributed by Andreas Neocleous & Co LLC

Corporate Tax, Cyprus

The Capital Gains Tax (Amendment) (2) Law of 2016<sup>(1)</sup> has been implemented with immediate effect, making the following changes to the Capital Gains Tax Laws of 1980 to 2016:

- Article 6 regarding allowable deductions now excludes any deduction relating to the value of the property if the disposal is in the nature of a call option or option to lease, or the cancellation of a sale or lease agreement. Deductible expenses are limited to costs that are incurred wholly and exclusively for the realisation of the disposal, such as legal fees;
- Article 9 now provides that any disposal proceeds in such transactions are the actual consideration receivable. Any part of the consideration that has already been subject to capital gains tax is excluded; and
- Article 10 now clarifies that certain transactions – including the cancellation of a sales agreement, the waiver of any rights, the granting of a call option and the option to exchange or lease property – fall within the scope of the law and are subject to capital gains tax.

Otherwise, the amendment mostly clarifies the Capital Gains Tax Law and confirms existing practice, rather than making substantial changes.

*For further information on this topic please contact Philippos Aristotelous at Andreas Neocleous & Co LLC by telephone (+357 25 110 000) or email (aristotelous@neocleous.com). The Andreas Neocleous & Co LLC website can be accessed at [www.neocleous.com](http://www.neocleous.com).*

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### Endnotes

(1) Law 116(I)/2016.

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