**Cyprus. Amendments to Property Taxes and Fees**

Despite global market challenges, the Cyprus real estate market has remained attractive to foreign investors. A number of legislative changes were introduced during 2015 and 2016, which reduced transfer fees on the transfer of property as well as reduced the property taxes which are described below.

Each owner is responsible for paying the immovable property tax for all immovable property situated in Cyprus and registered in the name of the owner on January 1 of each year. The value of the immovable property is determined on the basis of the valuation on 1 January 1980.

On July 14, 2016, the Cyprus Parliament agreed that immovable property tax for 2016 will be calculated at the rate of 25% of the value of the property based on the valuations of 1980. Owners who do not pay the said amount up to 31.10.2016, should calculate tax with the high value - 27.5% on the valuations of 1980 in the period from 01.11.2016 on 31.12.2016. Also, the Parliament made a decision to abolish the real estate tax in 2017.

Taxpayers who do not pay tax until 31.12.2016 will be subject to an additional 10% monetary penalty on the unpaid tax calculated on 31.12.2016.

There is a fee for the transfer of immovable property from one person or company to another individual or company (3, 5, or 8 percent, depending on the sum of immovable property) in accordance with changes in the legislation of Cyprus. The fees are paid to the Department of Lands and Surveys. In cases where an agreement is made under the Immovable Property Tax Law between 2 December 2011 and 31 December 2016 and is thus subject to VAT, land transfer fees will not be applicable. If VAT is not applicable, the tax should be paid at a rate of 50%.

Land transfer fees is not payable in such cases:

• immovable property transferred from a company to another company under a reorganization scheme;

• the sale, transfer and registration of property in the name of a purchaser when the total sale proceeds do not exceed € 350 000 in bankruptcy procedures under the bankruptcy law;

• the transfer and registration of immovable property in the name of the lender under a restructuring scheme.

Changes in the legislation of Cyprus in 2015 for protection buyers in Cyprus, as well as changes described above, add the attractiveness to Cyprus for potential investors, as they will lead to a reduction of costs. Furthermore, an additional advantage is given for groups considering restructuring as they will benefit from the exemption of land transfer fees.