



Limassol Marina

Leasing property

Cyprus benefits from a sophisticated land registry system. As a result, leasing property at Limassol Marina is straightforward.

Our experienced and knowledgeable team at Limassol Marina is there to guide you through every step of the process. No hidden costs, no surprises – just a smooth, safe and rapid journey to the home of your dreams.

In the meantime, here's everything you need to know:

- Legal safeguards for foreign lessees
- Permission to lease your property
- Financing the lease of your property
- Legal costs
- Property duties & other costs
- VAT
- Capital Gains Tax
- Annual property fees & taxes
- Inheritance Tax
- Selling your property before your title deed is issued

Legal safeguards for foreign lessees

Your contract must be in writing and deposited at the District Land Registry Office within 60 days of signing. This protects your rights to the property and provides additional safeguards.

When the title deed is issued (3 – 5 years after delivery), a certificate of lease will be registered in your name and recorded in the government archives.

As the owner of a certificate of lease from the Land Registry Office you are protected by any adverse possession right. You create a charge over the land as soon as you submit your contract to the Land Registry Office.

Only leases with a duration of 15 years or more can be registered in accordance to the provisions of the relevant legislation. For a lease to be registered, you must comply with the following conditions:

- (a) The duration of the lease, with any prolongation or renewal periods taken into account, must not be less than 15 years.
- (b) The lease agreement must be in writing, signed by the lessor and the lessee in the presence of two witnesses.
- (c) The lease agreement must contain an express provision allowing its registration.
- (d) The property under lease must be free from any encumbrance. If it is charged by an encumbrance, the consent of the person in whose favour the encumbrance exists must be sought.
- (e) You must submit your application in the prescribed form together with the lease agreement duly stamped, a certificate of registration of the property, a copy of the cadastral survey plan of the property and any other documents that may be requested by the Director of Lands and Surveys.

Permission to lease your property

If you are an EU citizen with permanent residency in Cyprus, you do not require permission to lease property.

If you are a non-EU citizen or an EU citizen who is not resident in Cyprus, you must submit a written application for permission to the Cyprus Government's Council of Ministers within 90 days of signing your contract if the lease is of a duration of more than 33 years. However, permission is generally granted as a matter of routine to all bona fide lessees. You can take possession of your property without restrictions before permission is granted, but unless you receive the necessary permission from the council of ministers, you will not enjoy the protection given to a lessee who has registered a certificate of lease in his name.

You should deposit the lease contract to the land registry irrespective of whether you have permission or not, so as to at least protect your contract rights on the land.

Legal entities established in EU countries that have their headquarters and registered office in Cyprus and are controlled by Cypriots or EU citizens with permanent residency in Cyprus, do not require permission to lease property.

Legal entities established in Cyprus and controlled by citizens of the EU (non-permanent residents), as well as any other legal entities established abroad, require permission to lease property in Cyprus of more than 33 years duration.

Naturally, we will submit and process your application for you, although this will incur a standard fee.

Financing the lease of your property

You can secure attractive terms for financing the lease of your property through a number of schemes negotiated by Limassol Marina Ltd with Cypriot banks.

Alternatively, you can arrange financing with any other banking institution in Cyprus or abroad. The base interest rate charged by Cypriot banks is either the Euribor base rate or a base rate specified by each bank separately.

The interest rate spread typically added to the base rate on housing loans ranges between 2.5% and 4.00%, and you can borrow in a number of currencies. All loans are subject to the respective bank's final approval.

Legal costs

The legal fees for a local lawyer with experience in immovable property law are calculated as a % on the value of the contract with a minimum fee of €1500. Legal fees are payable on signing your contract.

If you do not have a lawyer, we can refer you to a number of independent professionals with expert knowledge of the Cypriot property market.

Property duties & other costs

Stamp Duty

On signing your contract or within a month of its signature, stamp duty is payable at the rate of 0.15% on any property up to a value of €170,860.14 and 0.2% on any amount in excess of €170,860.14 with a maximum payable stamp duty of €17,086.01.

Mortgage fees

Mortgage fees are payable to the Land Registry Office at the rate of 1% of the value of your mortgage.

Transfer fees

Transfer fees are payable when the title deeds are issued and the certificate of lease is registered in your name (usually 3 – 5 years after the delivery of the property). For the registration to proceed, you must have obtained permission to lease your property from the Council of Ministers (if required).

Upon transfer of the property and registration in the owner's name, the District Land Registry Office charges a transfer fee of 5% of the market value of the lease at the time the lease took place.

The fee for transferring rights of ownership from parents to children, or vice versa, or between husband and wife, or between relatives (up to 3rd degree) is €8.54.

In the case of sub-leases – from parents to children, or vice versa, or between husband and wife, or between relatives (up to 3rd degree) – the transfer fee for registering the new lease is calculated at 0.5% of the market value of the lease.

VAT

There is no VAT payable on lease agreements under current legislation.

Capital Gains Tax

Properties in Cyprus are subject to capital gains tax at the rate of 20% on the gain from sale. However, the first €17,086.01 of gain are tax-exempt for individual owners, while couples who own a property jointly are exempt from paying tax on the first €34,172.03.

If you wish to sub-lease your property, and have used the property as your residence for at least 5 years prior to the sub-lease, then you are exempt from paying tax on the first €85,430.07 of the gain from the sub-lease.

All exemptions are granted only once in the lifetime of each individual.

Should you decide to sub-lease your property to a third party, Cyprus law allows you to transfer the full amount of any payment made in foreign exchange to overseas destinations at the time of sub-lease, subject to the payment of capital gains tax. The equivalent of the full lease price paid by the lessee and any increase in the value of the property may be transferred immediately.

Annual property taxes & fees

Immovable Property Ownership Tax

As from the delivery date the lessee of a property, is required to pay an annual Immovable Property Ownership Tax (IPOT) to the Inland Revenue Department. This is calculated on a percentage scale according to the estimated market value of the property as of 1st of January 1980, and is payable by the 30th of September of each year.

The rates used for calculating IPOT are as follows:

Value of Property (€)	Rate (‰)	Amount (€)	Cumulative Amount (€)
0 - 120,000	0	0	0
120,001 - 170,000	4	200	200
170,001 - 300,000	5	650	850
300,001 - 500,000	6	1,200	2,050
500,001 - 800,000	7	2,100	4,150
over 800,000	8		

For example, if a property with current market value of €4.500.000 is estimated by the District Land Registry Office to have an equivalent market value of €450.000 as of 01/01/1980, the IPOT would be €850 plus 6 o/oo times (€450,000-€300,000), giving a total IPOT of €1,750.

Municipality Tax

An annual Municipality Tax is payable to the Limassol municipality at the rate of 1 – 2o/oo of the market value of your property as of January 1st 1980.

Communal Services Tax

Local authorities also charge around €300 per annum for refuse collection, street lighting and other communal services.

Sewerage Tax

An annual Sewerage Tax is payable to the Sewerage Board of Limassol / Amathus at the rate of 3 – 5o/oo of the market value of your property as at January 1st 1980.

Inheritance Tax

There is no inheritance tax in Cyprus under current legislation.

Leasing your property before the certificate of lease is registered

You may cancel, transfer, or sublease your agreement before the certificate of lease is issued. This process will require you to pay a fee covering costs and expenses.