

Basis

Capital Gains Tax (CGT) is imposed at the rate of 20 percent on gains from the disposal of immovable property situated in Cyprus including gains from the disposal of shares in companies which own such immovable property in Cyprus and not listed in any recognised Stock Exchange.

Determination of capital gain

The capital gain is calculated after deducting from the selling price the initial acquisition cost or the market value as at 1 January 1980 whichever is the higher, inflated by the retail price index in Cyprus.

Exemptions

The following disposals of immovable property are not subject to CGT:

- 1. Transfer arising on death gifts made from parent to child or between husband and wife or between up to third degree relatives.
- 2. Gifts to a company where the company's shareholders are members of the donor's family and the shareholders continue to be members of the family for five years after the day of the transfer.
- 3. Gifts by a family company to its shareholders, provided such property was originally obtained by the company by way of donation. The property must be kept by the donee for at least three years.
- 4. Gifts to charities and the Government transfers.
- 5. Transfer as a result of reorganizations.
- 6. Exchange or disposal of immovable property under the Agricultural Land (Consolidation) Laws expropriations exchange of properties, provided that the whole of the gain made on the exchange has been used to acquire the other property. The gain that is not taxable is deducted from the cost of the new property i.e. the payment of tax is deferred until the disposal of the new property.

Deductions

The following deductions exist for individuals:

€		
	(sale of certain residential properties)	85.430
	sale of agricultural land by a farmer	25.629
	other sales	17.086

The above exemptions are granted only once for each taxpayer and not for each sale. An individual claiming a combination of the above is allowed a maximum of €85.430.