



Cyprus Tax News

Clarifications for the imposition of the 0,4% contribution on Cyprus immovable property disposals

Further to our previous [alert](#) on the amendment of the Central Agency for Equal Distribution of Burdens (Creation, Objects, Responsibilities, and Other Related Matters) [Law](#), on 18 November 2022 an amending [law](#) was published in the Official Gazette which provides clarifications with respect to the collection of the contribution.

As a reminder, a contribution of 0,4% is imposed on the sale of immovable property located in the areas controlled by the Republic and on the sale of shares in a company that owns such immovable property, provided that the buyer takes control of the company.

The law provides the following clarifications:

- The responsible body for the collection of the contribution of 0,4% is the Tax Commissioner, who issues a relevant payment certificate upon the transfer of immovable property or the transfer of shares.

As such, [Form T.D. 401 \(2022\) "Declaration of sale of immovable property"](#) and [Form T.D. 402 \(2022\) "Declaration of sale of shares"](#) have been amended to include the calculation of this contribution.

- The contribution is not imposed for loan restructurings and company reorganisations.
- It is also not imposed in cases where:
 - An immovable property deed of sale has been submitted to the Department of Lands and Surveys, or
 - a form for the transfer of shares has been submitted to the Registrar of Companies and Intellectual Property,

with a date of transfer before the 22nd of February 2021 (the effective date of the Central Agency of Equal Burden Distribution Law of 2021).

- The Tax Commissioner has all the powers, responsibilities and obligations, including the imposition of administrative fines and other administrative sanctions, including penalties and additional fees, as specified in the Assessment and Collection of Taxes law, the Collection of Taxes law and the Capital Gains Tax law, as well as for the resolution of any issues that may arise.

In addition to the amending law, an [announcement](#) was issued by the Tax Department which informs taxpayers that for sales regarding the period from 22 February 2021 to 18 November 2022, the Tax Commissioner intends to grant a reasonable time period to settle the relevant obligation without imposing interest and penalties. A related announcement will be issued at a later time and thus taxpayers are advised to wait until then, before they settle their obligation.

How can we help?

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