



THE ALLIANCE OF INTERNATIONAL PROPERTY OWNERS' GUIDE TO PROPERTY BUYING IN

Cyprus



YOUR GUIDE TO PROPERTY BUYING IN CYPRUS

Guide to Buying Property in Cyprus in Association with AIPP

Buying a property overseas is a big decision which involves several steps and, of course, some thorough research. AIPO asked supporting partner and independent overseas property experts, AIPP (Association of International Property Professionals) to bring you answers to the most asked questions – and to share their top tips about buying a home abroad.



Before we start talking about Cyprus, an important distinction needs to be made. Since the Turkish invasion and occupation of Northern Cyprus in 1974, Cyprus has been split into two. Greek Cyprus (in the south of the island) is part of the European Union but Turkish Cyprus (in the north of the island) is not part of the EU – neither is it officially recognised by the United Nations.

Because buying property in Northern Cyprus can lead to possible legal issues over the right of vendors to offer certain homes for sale, AIPP does not accept companies representing property for sale in Northern Cyprus as members. This guide refers therefore only to property in Greek (southern) Cyprus.

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Who is AIPP?

AIPP (Association of International Property Professionals) is the trade association offering voluntary regulation of the international property industry, focused on the UK buyer. AIPP members adhere to a strict code of conduct in how they treat customers and are bound by **The Property Ombudsman**. AIPP offers all UK buyers & owners of a foreign property free legal advice from their Legal Working Group. **Search for an AIPP member here.**

WHERE DO I START?

If you've decided to take the plunge with a property abroad, Cyprus makes good sense. The special relationship between Cyprus and Britain following decades of British rule, makes aspects of the island seem very familiar. The Cypriot people are well disposed towards the British and it's estimated that 60,000 of us have homes there.

Cyprus follows the UK legal system and buying property is a generally straightforward process. Nevertheless, ask yourself these three simple questions before you start:

1. What are you primarily buying this property for?

Is it a holiday home, a financial investment, or somewhere to eventually retire to?

2. What do you see yourself doing while there?

This might be spending relaxing time with your partner, hosting family and friends, indulging in sport and leisure or even working.

3. Which of these are most important to you?

Is it budget, location, type of property or facilities?

Once you have these answers you'll be clearer about what you are looking for and can move onto specifics.



AIPP's Top 5 tips for buying in Cyprus

1. Do your homework thoroughly
2. Get an independent lawyer
3. Use a reputable foreign exchange company
4. Stay in regular contact with your team
5. Have a plan for future eventualities

BREXIT IMPLICATIONS ON LIVING, WORKING AND PENSIONS IN CYPRUS

Cyprus's 90-day rule

UK Nationals are now 'third country' visitors or non-EEA (European Economic Area) nationals, meaning you can only stay up to a total of 90 days in any rolling 180-day period without a visa in any EU member country. This applies across the whole of the EU Schengen Zone. Cyprus is currently NOT part of the Schengen area.

Cyprus does however operate its own 90-day rule which works in the same way.

You can choose to use your 90 days however you wish, either in one three month stay, or divided up into smaller periods, as long as you or not in Cyprus for more than 90 days during a 180-day period. This means you still get to spend almost 13 weeks in your Cyprus home every six months (or 22 x four-day weekends!) without the need for any additional documentation or visa application.

Things to bear in mind: You cannot join your 90 days together and stay in Cyprus for 6 months. However, the good news is your 90 days allowance in Cyprus does not count towards your 90 day allowance in EU Schengen Zone countries.

Property Ownership

UK Nationals are able to purchase property in Cyprus but as non- EU citizens there are some restrictions. You are only currently allowed to purchase one property which must be no more than 4000m², and the land plot must not exceed 40 acres (this is extremely large!) . Family members can also buy property.

Resident Permits / working in Cyprus

People intending to stay in Cyprus for 90 days, or more, are required by law to apply for a registration certificate, currently called an MEU1, from the [Civil Registry and Migration Department](#). Visas will be considered for third country nationals who are married to Cypriot citizens or those who can prove sufficient financial resources for their maintenance originating from abroad. If you intend to work in Cyprus you need to find



a job before arriving in the country to obtain a work visa that lasts between 3 months up to a year with renewal possibilities.

Tax Residence

Taxes are a key consideration for anyone choosing to move abroad. Cyprus has one of the most attractive tax regimes in Europe, but it is prudent to take advice from a specialist such as [Blevins Franks](#) so you can receive personalised advice.

UK Pensions

Under the UK/Cyprus double tax treaty, most pension income is taxable solely in Cyprus. If you're planning to spend your retirement in Cyprus, you'll be pleased to know that foreign pension income receives special treatment here. You choose how it is taxed each year, as follows:

- At a flat rate of 5% on the excess of €3,420 (this sum being exempt), or
- At the normal scale rates of income tax.

The exception is pension income paid in respect of government service. Since 2019 this is taxable in the country which pays the income – so UK government service pensions are taxed in the UK, not Cyprus. We recommend seeking personalised tax advice from a specialist such as [Blevins Franks](#).

Schengen Area Countries

Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and Switzerland.

WHERE IN CYPRUS SHOULD I BUY?

With spectacular scenery, charming villages and miles of spotless beaches you'll be spoilt for choice in almost any part of Cyprus. Nonetheless, as with many small island locations, historical villages rub up against noisy party towns and each offer completely different experiences. So where do you start your property search?

One of the most popular places for Brits is **Paphos** in south west Cyprus, and its surrounding villages – in fact the number of expats here reaches over five figures. **Paphos** is steeped in history and culture and its golden shores offer a wide range of accommodation, restaurants and leisure facilities and – crucially – it has its own airport.

The fast-developing **Kato** area on the **Paphos** waterfront is great if you want to be right in the midst of things, while **Coral Bay** is a little further out of town but still lively with plenty of rustic tavernas and a stunning Blue Flag beach.

Tala and **Peyia** which lie within the hills inland from the beach offer incredible views as well as some relief from the heat in mid-summer. Both have strong ex-pat communities.



For less of a 'resort' feel but still with all the facilities, the villages to the east of **Paphos** such as **Konia** and **Anavargos** are worth a look.

If you are after truly picturesque and don't mind a short drive, then **Polis**, with its pretty harbour, crystal waters and protected nature reserve, on the north-west coast of Paphos is definitely worth considering.

On the other side of the island in coastal **Larnaca** you'll find Cyprus's main international airport. The city also offers beaches, high-end shopping and a great range of property choices. Lots of prestigious developments have been completed along its waterfronts and streets in recent years.



WHERE IN CYPRUS SHOULD I BUY?

If city living is the opposite of what you're after, try **Pervolia** which is void of any big resort hotels and full of Cypriot character while still tourist-friendly. **Oroklini**, slightly further along the coast, is an alternative.

Equidistant between **Larnaca** and **Paphos** on Cyprus's southern coast lies **Limassol**, which was historically the island's main port. Famous for its carnival and wine festival, it now has a large new marina and extensive choice of restaurants, bars and shops with many luxurious developments along its sandy shores.

For a more 'villagey' feel, head to **Erimi**, **Kolossi** and **Episkopi**, all just a 10-minute drive outside **Limassol**. And if you want the opportunity to play golf too, consider the tranquil **Pissouri** on the Paphos side. Close to the famous **Aphrodite Hills** leisure resort, it offers spectacular sea views.

Cyprus's territory known as **Famagusta** can attract mixed reviews as an area for potential property purchase because of its proximity to the Turkish-controlled northern border. However, if you are moving to Cyprus to work it does put you near the thriving party town that is **Ayia Napa** (Agia Napa) and property is very cheap.

If you are keen to avoid the action (and the humidity), the slopes and valleys of the **Troodos Mountains** in mid-Cyprus offer a different experience of the island entirely. During summer, you can explore the local craft villages of **Louvaras**, **Palaichori** and **Platanistassa** which are full of cobbled streets, orchards and vineyards. And between January and March it's even possible to ski in the shadow of Mount Olympus.



Limassol



Pissouri



Ayia Napa

WHAT TYPE OF CYPRIOT PROPERTY IS AVAILABLE – AND AT WHAT COST?

Part of the appeal of buying property in Cyprus is that homes are different in style – and considerably more affordable – to what you would be in line for in the UK.

Many overseas buyers dream of a sun-splashed **villa** when they imagine a new life abroad. And, the good news is, in Cyprus you will find these everywhere. Generally, a Cypriot villa will come with a pool, terraces and gardens and tends to lie on the outskirts of town or within smaller developments.

Price-wise, a three-bedroom **villa** with a pool in an exclusive gated development in Pervolia will cost in the region of €550,000. A similar-sized villa in Peyia will be nearer the €300,000 mark.



Townhouses are a great alternative to villas and offer good living space with less land to worry about. Outside space usually incorporates a decent terrace and roof top area. For a two-bedroom townhouse in Kato Paphos with communal pool close to amenities expect to pay around €130,000.

Single story **bungalows** are a popular choice amongst retiring expats. A three-bedroom detached bungalow in Pissouri with a private pool averages €250,000.

In the more rural centre of Cyprus, you're more likely to find **stone village houses and farmhouses**. Those in need of renovation will cost anything from €15,000 to €70,000. But for a habitable dwelling that has been refurbished or in need of minimal renovation, expect to pay between €60,000 and €200,000.

The majority of developments will offer apartments of varying sizes, purpose-built for the holiday market. With communal facilities such as swimming pools and gardens and shared maintenance costs, they are extremely popular among Brits.

The downsides are mainly 'other people' – crowded during the holiday seasons and close proximity to neighbours – but on the flipside, they do offer a ready-made community.

Prices of **apartments** will vary depending on location but, as a guide, a new two-bedroom in Coral Bay with sea and mountain views can be found for just €75,000. The same apartment in a popular resort in Paphos however, will be nearer the €300,000 mark.

A **resort property** on a leisure complex, such as golf, is something else to consider. But you don't have to play the sport to enjoy the stunning views and excellent facilities associated with these high-end developments. And they represent good investment potential too. A two-bedroom 'junior' villa in a prime position on a resort such as Aphrodite Hills, will cost in the region of €500,000.

HOW CAN I FINANCE A HOME IN CYPRUS?

If you have cash to buy your Cypriot home, through existing funds or a remortgage of your UK home, move right onto our section on currency exchange. If not, you will need to consider your borrowing options.

It's important to note that very few banks will offer a UK based mortgage product for a home that lies on foreign soil. All of the main UK high street banks have an international service but you'll need to check which countries they operate in. While the mortgage may be set up in the UK you would be dealing with the foreign branch of the bank once it is arranged. But non-residents are permitted to take mortgages from a Cypriot bank on Cypriot property – a specialist overseas mortgage broker will help you search out the best deals.

Mortgages in Cyprus are widely available and the terms are similar to those in the UK. You'll need a deposit of at least 30% and the loan is usually repayable over 15 years depending on your age.

All mortgage applications will require a property valuation before the loan is approved. The higher your deposit, the better your rate will be but currently mortgage rates sit between 3% and 4%.

Get the most for your money

- When moving large amounts of cash a small difference in rate can equal a huge loss or saving – a 1% change when exchanging £500,000 can mean £5,000 either way!
- FX (Foreign Exchange): Banks generally offer poorer rates than specialist FX providers
- Fix your rate with an FX company so you know exactly what your money is worth
- Find out what your money is worth today with our currency partner **Clear Currency**

Bear in mind it is good practice to borrow in the same currency you will repay the loan in. This avoids currency fluctuations moving against you. For example, if you are paying your mortgage with a UK salary, borrow in sterling. If you are funding your purchase through renting your Cypriot home out, you may be better off borrowing in euros – as that's what you'll be paid in.



WHAT OTHER COSTS ARE INVOLVED?



Homebuying charges vary in Cyprus, according to whether you are purchasing a new build or a re-sale property. As a rule of thumb, you should allow up to 10% of the purchase price. These charges are broken down as follows:

- **Tax VAT (IVA):** For new-build property, this is payable at the standard rate of 19%. It's usually included in the property price
- **Stamp Duty:** Between 0.15% and 0.20%
- **Bank charges:** This includes the mortgage valuation fee which you'll pay for even if the loan is not approved
- **Surveyor fees:** A survey is optional but sensible
- **Land Registry fee:** A transfer fee is payable at the point at which the deeds are transferred. It's charged on a sliding scale of 3% to 8% of the purchase price depending on the value of the property. (Note that fees will be lower if buying in joint names as the purchase value is divided between the two parties).
- **Legal Fees:** These will vary according to the value of the property – but a good lawyer is worth paying extra for.

Free legal advice

The **AIPP Legal Working Group** is an AIPP initiative designed to protect British Buyers of foreign property. It provides a free legal roadmap of what to expect and points out common pitfalls to avoid.

What you'll get:

- A free Legal Guide Download
- Free access to legal members of AIPP
- Free one-to-one advice and information
- [Click here](#) to visit



WHO DO I NEED TO HELP ME WITH MY PURCHASE?

As the conveyancing process in Cyprus is very similar to the UK, using a **solicitor** is the norm. But a **good independent lawyer** who will work only for you and protect your interests is also highly recommended.

Ensure your **lawyer** has no connection with the agent or developer. Even if your agent recommends a brilliant one that, 'they always work with' be wary as it's possible they will have a financial relationship. One way around this is to engage your lawyer first. Check the AIPP website where you will find a list of Cypriot-specialist property lawyers based both in the UK or Cyprus.

Now to your **agent**. You may have already found one at a property exhibition or online but again it's still essential to do your research. Agents in Cyprus are regulated by law and licensed by the Estate Agents Registration Council. However, there are still sales representatives operating in Cyprus that are not legally recognised so ensure your agent is a member of a trade association, such as the AIPP. This gives you recourse to a property ombudsman and financial compensation.

A **surveyor** is not a legal necessity, but if you are buying a home that has either had a lot of building work or needs a lot of work done, it's a good insurance against nasty surprises. As a simple rule of thumb, if you'd commission a survey on a property you were buying in the UK, do the same in Cyprus.

You may need to buy your foreign currency to complete on the property and it is important to select a company that can provide an alternative to your bank. An FCA regulated **currency specialist** can guide you through the process delivering safe, fast and expert transfer of funds saving you time and money.

Finally, if you are taking your possessions with you, the move itself may require a **removal firm**. As with the UK, it is wise to choose an insured company that is a member of an association. Specialist overseas removal experts will lead you through the process and advise on storage, sea transit and regulations you may be unaware of when transferring your goods to Cyprus.



Selling up your Cypriot property? Things to consider!

1. Ensure you have your Title Deeds – this will make the property instantly more attractive to potential buyers
2. Select your agent carefully and decide whether you want to list with multiple agencies or just one – it will affect the sales commission you pay
3. Capital Gains Tax is different in Cyprus to the UK – you are liable on selling – even if it's your main residence
4. Be realistic about the price you are asking, especially if there are many similar properties for sale in the immediate locale

WHAT CAN I EXPECT FROM THE LEGAL PROCESS?

The Cypriot legal process is quite straightforward and, in fact, based on our own UK law. Here is a six-step plan of what to expect:

Step One: Once you have had an offer accepted you may be asked to sign a **reservation agreement** which, though not legally binding, shows your commitment to buy. The vendor should now remove the property from the market while your lawyer does some basic due diligence and the bank carries out its own valuation if you require a mortgage.

A small **holding deposit** is usually now required – and it is not unusual for this to be paid direct to the vendor. You may lose this if you simply 'change your mind' so it's good practice to have a receipt drawn up by your lawyer stating that the deposit is, 'subject to satisfactory checks' which will mean you are protected. When paying the deposit ensure you are speaking to your currency specialist about the exchange rate - the exchange rate is constantly moving thus although the contract may be fixed in Euros the price you pay in Sterling isn't - this could cause problems further down the track. The buyer's and vendor's lawyer details are then exchanged.

Step Two: Your lawyer will now carry out **checks to ensure the property is free from any other debts.** (It was common practice in Cyprus in the last few decades for developers to take out mortgages on the land and not pay them back – and if this were the case, you would effectively own the house but not the land it stands on.)

The lawyer will also carry out a **Title Search** to check the seller is the legal owner of the property with the right to sell. **Boundary Searches** will be made and all planning consent verified.

A voluntary **Plan Search** at the local council is also useful at this stage to find out if any other development is planned in the area. Although you will not be able to guarantee a property won't be built right in front of yours in a couple of years' time, it will at least help to mitigate your risk.



WHAT CAN I EXPECT FROM THE LEGAL PROCESS?

Step Three: If you are happy to proceed following the surveys, and no issues have been brought up by your lawyer, you will move onto the **Contract of Sale**. This is the same as an exchange of contracts in the UK and all necessary details will need to be noted.

If you are unable to travel to Cyprus, you must **appoint power of attorney** to your chosen representative to sign on your behalf. A non-refundable deposit will need to be paid of between 10% and 30%, so be sure that you're entirely happy with the details before you sign.

Step Four: Once the Sales Contract has been signed by both parties your lawyer will register it with the District Land Registry Office. This prevents the seller from remortgaging the property or selling it to anyone else until the **Title Deeds** are produced. This is known as Specific Performance Law and goes some way to protecting you until deeds are issued.

Bank and character references will need to be submitted along with your registration. As a non-Cypriot, you will also need to apply for a permit from the Council of Ministers. Bear in mind this can take a few months to come through.



Step Five: Funds will now need to be put in place to **complete the sale**. If you are paying via a mortgage the lender will arrange for the funds to be sent to the vendor. If paying by cash your currency exchange company or bank will organise the transfer.

Step Six: As obtaining the final **Title Deeds** can be a drawn out procedure in Cyprus, this is where the process differs from the UK system.

In some cases, the Title Deeds will be available for immediate transfer into your name. If this is the case, the transfer fee is paid to the Land Registry and you have 'completed' in the way we understand in the UK.

In other cases, however, the Title Deeds can take months or even years to be issued. But it's still commonplace in Cyprus to continue with the move, pay the balance and live in the property while you wait. Consult with your lawyer as to whether this is advisable in your particular case – new laws have been passed recently which aim to ensure Title Deeds are passed directly to buyers.

Note: if you are buying a new property you may be asked to pay the purchase price in key stages through the property development – rather than on completion. Ensure you receive bank guarantees for each payment in case there are difficulties with the completion of the build.



WHAT POTENTIAL PITFALLS SHOULD I BE WARY OF?

If you use an independent lawyer your homebuying process in Cyprus should run smoothly. Nevertheless, it's worth reading these common pitfalls first:

1. Buying a home on land which is still mortgaged or doesn't have legal title

Although this is a practice which the Cypriot government is working hard to prevent, it can still happen. It's imperative that your lawyer carries out all due diligence and background checks on your developer.

2. Neglecting to notice the condition of your fittings

The property is supposed to be 'sold as seen' but crafty developers sometimes swap more expensive fittings in the 'show home' back to more basic ones. Check carefully before signing the Contract of Sale that everything is in working order and hasn't been substituted!

3. Being late with the Contract of Sale

Cypriot law specifies a finite timeframe during which the Contract of Sale must be deposited and stamped by the Land Registry. Failing to adhere to this will lead to you losing important legal rights.

4. Failing to calculate the exchange rate correctly when working out the final purchase price

Currency prices fluctuate all the time. While this might be manageable when buying your holiday money, if the final price of your home varies significantly from the time you made your offer, it can prove to be a big problem. It's a good idea to fix your rate via a specialist foreign exchange company.

5. Rental restrictions

Cyprus operates strict laws on non-resident owners renting their property on a short-term or holiday basis. When you apply for permission to purchase from the Council of Ministers you have to declare the property won't be used for 'commercial purposes'. If you're planning to buy property to let out to the holiday market, it's best to obtain legal advice first.



IS THERE ANYTHING ELSE I SHOULD CONSIDER?

Once you've completed on your property in Cyprus, the costs and considerations don't stop there. Make sure you factor in the cost of living and running costs for your home going forward, to avoid any unwelcome surprises. Consider the following:



Taxes – Immovable Property Tax (IPT) is annually payable for everyone owning property in Cyprus regardless of status. Tax is also payable on certain incomes coming into Cyprus, including pensions. Always seek advice from a qualified tax adviser.



Wills – Cypriot law carries a 'forced heirship' clause. So if you wish your property to be passed onto someone outside this arrangement, ensure you draw up an official will as soon as possible.



Fix your finances - Being able to forecast your living expenses, especially in the 'honeymoon period' immediately following your purchase can be difficult! Once your costs are easier to predict, you can also look to exchange your monthly budgets with a Specialist Foreign Exchange Service via a fixed contract to avoid any irregularities owing to market movements.



Planning for the unexpected - Circumstances change sometimes in ways which we simply can't foresee. Are you able to get back to the UK if you are needed urgently? Or could you cope if you were left on your own? It's imperative to see beyond the initial property purchase and have a plan for sudden and future eventualities.



Home Insurance – Consider how you will use your home in Cyprus (for example, sole occupancy or rental) and buy adequate home cover. Properties left unoccupied for long periods need special insurance.

Follow these steps and you should soon be enjoying your new life in Cyprus.

Kali Tihi (Good luck)!



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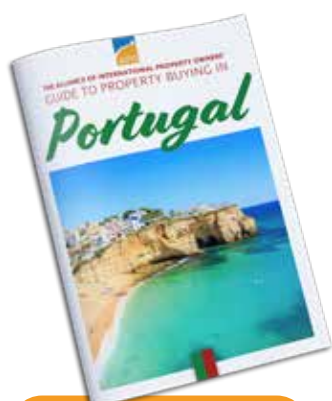
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