

**CAPITAL GAINS TAX CYPRUS**

**CAPITAL GAINS TAX IS APPLICABLE ON**

* Sale of immovable property situated in Cyprus belonging to an individual.
* Sale of shares of a Company holding immovable property situated in Cyprus.
* Capital Gains tax is imposed when the disposal is not subject to Income Tax.

**CAPITAL GAINS TAX RATE & TAX CALCULATION**

* 20% on Net Capital Profit
* Net Capital Profit is the difference between the sale proceed and the cost plus the indexation allowance.(based on the Property value dated 1.1.1980).
* Exemptions are applied (once in a Lifetime for each individual).
* Deductions are also allowed from the Capital profit – expenses which are related to the cost of purchase of the property.(ie transfer fees/direct legal fees etc)

**EXEMPTIONS- NON TAXABLE TRANSACTIONS**

* Transfer of immovable property between family members.(3rd degree level)
* Transfer to a Limited Company-if the shareholders are the individual owner family members.
* Transfer to Non profit organisations.
* Transfer under Company’s restructuring.
* Exchange of properties- the transaction/profit is not taxable if the profit is used for the purchase of new Immovable property.
* Individuals can deduct from the Capital Gain the amount of Euro 85.430 (disposal of Private residence-lifetime exemption).

**\*\*IMPORTANT NOTE- IN ORDER TO CALCULATE THE NET CAPITAL PROFIT AND THE CAPITAL GAINS TAX ARISING SPECIFIC INFORMATION IS REQUIRED\*\* (CASE BY CASE).**