

Cyprus Stamp Duty on documents

May 2013

General Principles as per the relevant Stamp Duty legislation

Cyprus stamp duty is levied on 'documents' (i.e. written agreements/contracts) relating to assets located in Cyprus and/or matters or things taking place in Cyprus. In general, agreements that relate to international transactions not involving assets situated in Cyprus are exempt from stamp duty.

Stamp Duty rate

As from **1 March 2013** Stamp Duty is calculated on the value of the agreement as follows and is capped at a maximum of €20.000 per stampable agreement :

Agreement Value	Stamp Duty rate
0 - €5.000	0
€5.001 - €170.000	0,15%
Over €170.000	0,20%

Up to 28 February 2013 Stamp duty was calculated on the value of the agreement at 0.15% for the first €170.860 and at 0.2% thereafter. The duty was capped to a maximum of €17.086 per stampable agreement.

The person legally liable to pay such stamp duty (unless otherwise stated on the agreement) is the purchaser. The due date for such stamp duty payment, where applicable, is within 30 days from the day of the 'signing' of a document.

If for whatever reason the agreement is considered to be stampable and was not stamped, then the related penalty is around two times the 10% of the stamp duty charge. This means that the maximum exposure on top of the maximum stamp duty cap of €20.000 is an additional penalty which would not exceed €4.000. The not stamping of a document which is subject to this stamp duty does not render the legal validity of the document.

The application of stamp duty is very much of a practical thing and much depends, amongst other, on how a stamp duty Officer would perceive the transaction effected by the written agreement. As such, it is noted that whenever a Cyprus resident company is involved in a transaction effected by a written agreement, there is an inherent risk that such agreement is stampable in Cyprus.

Please contact us for reviewing agreements from a stamp duty perspective and to advise on ways to eliminate, reduce or defer the risk of such stamp duty.

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Totalserve Management Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.