

Cyprus Stamp Duty on documents

March 2024

General principles as per the relevant Cyprus Stamp Duty legislation

Cyprus stamp duty is levied on 'documents' (e.g. 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 rates

With the exemption of certain prescribed documents which carry a fixed stamp duty levy (refer to **Appendix 1** for examples), the stamp duty rates applicable as from 1 March 2013, are based on the value of the stampable document/ agreement as follows:

Agreement Value	Stamp Duty rate
0 - €5,000	0
€5,001 - €170,000	0.15%
Over €170,000	0.20%

The stamp duty levy is capped to a maximum of €20,000 per stampable agreement.

The **due date** for stamping a document subject to stamp duty is within 30 days from the day of the signing of a document.

A **document signed/ concluded outside Cyprus** is generally considered to be "signed" for stamp duty purposes on the date that the original is brought in Cyprus.

The **person legally liable** to pay the stamp duty (unless otherwise stated in the agreement) is the purchaser.

Penalties for late stamping

If for whatever reason a stampable agreement is not stamped within 30 days from signing, then, in the cases of documents for which the outstanding stamp duty charge is over €35, the related penalty is €35 plus 10% of the outstanding stamp duty charge, if stamped within six months from signing.

For cases where the stamping is made after the lapse of six months from the date of signing of the document, then the aforementioned penalty is doubled.

This means that the maximum penalty exposure is fixed with a maximum stamp duty penalty of around €4,000 for high valued stampable agreements.

Legal validity of a non-stamped document

The not stamping of a stampable document does not render the legal validity of the document.

However, such document would need to be stamped prior to its submission to any official authority or if to be admitted as evidence in the Cyprus Courts.

New procedure for stamping documents

In mid-2020, the Cyprus Tax Department announced new changes in the procedure for stamping documents, in the cases where:

- 1) the document is subject to a fixed stamp duty; and
- 2) the stamp duty is based on the value of certain documents.

Furthermore, a “**Stamp Duty Calculation Tool**” was released and can be found on the Cyprus Tax Department website by [clicking here](#).

For more details, refer to **Appendix 2**.

Transactions effected through several documents

In cases of **several instruments** (documents) employed for completing the transaction (whether executed at the same time or at different times), the related stamp duty is applicable only to the **main** (principal) document and not to any supplementary documents accompanying the main document. Each of the other instruments shall be chargeable with a duty of €2.

Stamp Duty application

Often, the application of stamp duty on contracts and agreements 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.

Documents relating to a qualifying company reorganisation

Documents relating to a qualifying for tax purposes company reorganisation, as per the relevant provisions contained in the Income Tax Law, are specifically exempt from stamp duty, irrespective of value.

In this respect, in cases of high valued agreements relating to such reorganisations, it is strongly recommended that the implicated taxpayer applies and obtains an advance tax reorganisation clearance (form of a tax ruling) in order to ensure the stamp duty exemption of the relevant documents as well as exemption of the reorganisation effects from all other Cyprus taxes.

Totalserve can fully assist with the reviewing of such cases and the obtaining of an advance tax reorganisation clearance as and where needed.

APPENDIX 1
Documents with a fixed stamp duty

The main types of documents which are subject to a fixed stamp duty imposed directly by the taxpayer are as follows:

	€		€		€
Certificate/ Guarantee	2	Assignment of Trademark or Patents where no amount is specified	18	Distribution Form	35
General Power of Attorney	6	Assignment of Trademark or Patents on the amount of consideration	€1 for every €200 or part thereon	Authorisation	4
Special Power of Attorney	2	Articles of Association / Minutes of the Board of Directors	35	Invitation	4
Cypriot Trust	18	Court Affidavit	4	Written statement	4
Will	18	Agreement with no fixed sum	35	Bills of exchange	1
Letter of Guarantee / Bank Guarantee	4	Agreement of a sales and purchase agreement via donation to first degree kinship	35		
<i>NOTE: For the purposes of the below, the expression "vessel" shall include ships and aircraft</i>					
Vessel's inward Manifest (Cargo)	35	Vessel's Supplementary Manifest or Amended Manifest	18	Vessel's Coastwise Manifest	18
Vessel's inward Manifest (No Cargo)	18	Vessel's Outward Manifest	35		

APPENDIX 2**New procedure for stamping documents****(1) The document is subject to a fixed stamp duty (with effect from 29 June 2020)**

For documents subject to a fixed stamp duty levy, the stamping will be done by the taxpayers themselves. The relevant documents, which carry a fixed stamp duty imposed directly by the taxpayer, were published by the Cyprus Tax Department and are set out in **Appendix 1**.

The **purchasing of stamps** can only be made from authorised representatives (e.g. from postal offices, the Bar Association and other authorised persons) and not from the local District Tax Offices.

The **new stamping procedure** is that the relevant stamp needs to be affixed to the document and at the same time cancelled through a double line across the stamp along with initials of the taxpayer/ contracting party and the stamping/ cancellation date.

The **penalties for late stamping** of such documents are as follows:

- If not paid within 30 days from the date of execution or drafting of the document (as the case may be), then the fine imposed is equal to the stamp duty due.
- If not paid within 6 months from the date of execution or drafting of the document (as the case may be), then the fine is equal to two times the stamp duty due.

The **procedure for late stamping** cases is that the stamping of the document must be made before a competent Officer at the local District Offices of the Cyprus Tax Departments or a Registrar (Πρωτοκολλητή).

For issuance of each **true copy** there shall be a stamp duty of €2 unless the original document is subject to a lower stamp duty, in which case the stamp duty for each true copy will equal that lower amount. The indication of being a 'TRUE COPY' is done by the same taxpayer/ contractor who cancels the original stamps and who shall also cancel these stamps in same manner. In order for the copies to be considered properly stamped, they must always be presented together with the original stamped document.

(2) The stamp duty is based on the value of the document (with effect from 27 July 2020)

The new stamping procedure for documents/ agreements for which the stamp duty is based on their value, relates to:

- Leasing of real estate documents
- Rental documents
- Employment contracts
- Sales and purchase documents

*For documents with an **unspecified period of time**, in the case of real estate leasing the value is calculated over (multiplied by) 100 years; whereas in the case of employment contracts by 12 years. This calculation is done automatically by the "Stamp Duty Calculation Tool".*

The **new stamping procedure** in all cases of stampable documents under this section, is that the responsible taxpayer must use the "Stamp Duty Calculation Tool" in order to calculate the stamp duty value. Different actions shall need to be made depending on whether the stamp duty charge is less or over than €100; and depending on whether the stamping is done on-time or after 30 days from the signing date.

Specifically:

▪ **Stamping of contracts when the stamp duty does NOT exceed €100:**

The taxpayer who is responsible to pay the stamp duty should:

- a) Calculate the stamp duty payable using the "Stamp Duty Calculation Tool", which can be found on the Cyprus Tax Department website by [clicking here](#).
- b) Send via [email](#) (can be done through the Tool) to the Tax Department the generated "Stamp Duty Calculation" Form.
- c) Purchase the needed stamps from an authorised representative (e.g. from postal offices, the Bar Association) and not from the District Offices of the Tax Department.
- d) Affix the stamp to the document and at the same time to cancel it through a double line across the stamp, along with initials of the taxpayer/ contracting party and the stamping/ cancellation date.

In cases of **issuance of true copies**, the same procedure is followed as with the stamping of documents with fixed stamp duty levy - refer to part (1) above.

The **deadline** for the stamping of documents is within 30 days from the date of the execution or drafting (as the case may be) of the document.

The **procedure for late stamping** cases is similar as in part (1) above; i.e. the generated "Stamp Duty Calculation" Form is printed, stamps purchased from an authorised seller and the late stamping of the document must be made before a competent Officer at the local District Offices of the Cyprus Tax Departments or a Registrar (Πρωτοκολλητή).

▪ **Stamping of contracts when the stamp duty EXCEEDS €100:**

The taxpayer who is responsible to pay the stamp duty should:

- a) Calculate the stamp duty payable using the "Stamp Duty Calculation Tool", which can be found on the Cyprus Tax Department website by [clicking here](#).

- b) Print the "Stamp Duty Calculation" Form and submit it to the Tax Department's relevant District Office for payment of the stamp duty levy (payment code 0800).
- c) Present the receipt of payment together with the document to be stamped to a stamp duty Officer, who in turn will seal and cancel the stamp.

Lastly, it is noted that the confirmation of the correctness of the information for the purposes of calculating the stamp duty payable by the interested party remains the responsibility of the Tax Department which will carry out the necessary checks to ensure proper compliance.

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.