

19.04.2018

19% VAT on land

The Cabinet of Ministers of Cyprus decided to impose a 19% VAT on construction sites when it comes to commercial transactions. This decision was made in the context of Cyprus's compliance with the European directive. So far, no VAT has been imposed on the purchase of land. Taxation will apply to land that is part of the development / development zone (whether water supply is provided or not) and is part of any development plan (based on the Urban Development and Land Use Law).

It is explained that in this context, land relates to a town-planning zone / zone with the predominant use of residential, commercial, tourist, industrial, craft or other development or combined development (eg services, sports, culture, etc.), urban planning / territory for a special type of development or combined development, as well as a town-planning zone / territory (for example, with a double name), where development is triggered after the fulfillment of certain conditions specified in the relevant P development. It is noted that to date, 19% of VAT is imposed on the sale of new buildings, whereas in the case of the sale of the main housing, the percentage is limited to 5% based on the criteria.

New taxation of heirs

On October 6, 2017, the plenary session of the Cyprus Parliament unanimously voted for the law, which creates an obligation for the heirs to pay debts of the deceased before the Tax Service (VAT and direct taxation). It is expected that this arrangement will contribute to the increase of the state revenues of Cyprus. Nevertheless, we express our concern when the amounts due in respect of value added tax and direct taxation may exceed the value of the inheritance or if the heirs can not pay. We hope that in these cases guarantees will be provided or even be allowed to reduce the tax to a certain amount.

Avoidance of double taxation

In order to avoid double taxation, Cyprus and Russia entered into an Agreement between the Government of the Republic of Cyprus and the Government of the Russian Federation on avoidance of double taxation with respect to income tax and capital as of December 5, 1998. The agreement was amended by the Protocol of October 7, 2010 by Decision No. 70.976 of the Cabinet of Ministers.

With the amendment introduced by the Protocol, it is important that the participating States commit themselves to assist one another in collecting tax claims for taxes of any kind and description.

Bilateral agreements between Cyprus and Russia

With the establishment of the Republic of Cyprus in 1960, immediately followed the conclusion of diplomatic relations with the then USSR (August 18, 1960). The friendly nature

of bilateral relations is reflected in the identification or proximity of the positions of the two countries in relation to the main international problems, as well as in the consistent and valuable support of Russia in its efforts to achieve a just, viable and comprehensive solution of the Cyprus problem on the basis of the relevant resolutions of the UN Security Council.

Cyprus and Russia have concluded a large number of bilateral agreements covering various areas (political, economic, commercial, cultural, legal, etc.).

Today we are presenting Treaty N.172 / 86 on legal assistance in civil and criminal matters between the two states. The Treaty was concluded on November 14, 1986 and continues to this day in accordance with the Law on Ratification of 2001, the Protocol between the Government of the Russian Federation on the List of Bilateral Agreements (Ratification) of 2001, No. 34 (III) / 2001.

The treaty also promotes closer cooperation between the two countries, as it clearly defines the legal framework between Cyprus and Russia in civil and criminal law. The treaty provides for the recognition of judicial decisions of foreign courts between the two states, clearly and in detail laying out the necessary documents and procedures.

With the recognition, registration and execution of the decision of a foreign court, for example, the decision to resolve property disputes of a district court of Russia can be recognized as similar to the district court of Cyprus and brought to execution in Cyprus. Thus, citizens of both countries avoid repeated hearings, filing new applications, new testimony, etc., and also the legal validity of the Russian Resolution and in Cyprus with all its consequences is achieved.

In addition, Article 20 of the Agreement provides for the provision of free legal assistance to citizens of either Party. The interested citizen can apply to the state, in which he permanently or temporarily resides. The competent authority of the State to which the application is submitted shall transmit the application together with a report on the personal and financial status of the applicant, issued by the competent authority

In addition, Article 20 of the Agreement provides for the provision of free legal assistance to citizens of either Party. The interested citizen can apply to the state, in which he permanently or temporarily resides. The competent authority of the State to which the application is submitted transmits the application together with a report on the personal and financial status of the applicant, which is issued by the competent authority of the other Party to the Agreement.

In addition, the Agreement provides for probate and inheritance, which, inter alia, states that citizens of one Contracting Party shall treat equally the citizens of the other Contracting Party with respect to inheritance rights for the acquisition of property located in the territory of that latter Party.

The agreement also regulates the issues of Arrest, Extradition, Request to initiate criminal proceedings, Arrest for extradition, and Exchange of information between the two states.