

CYPRUS

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1 KEY ADVANTAGES OF CYPRUS PERMANENT RESIDENCY

Cyprus permanent residency is valued not only for the status itself, but also for the combination of practical advantages it provides to investors and their families.

PERMANENT STATUS AND MINIMAL REQUIREMENTS

Permanent residency is granted for life, while the residency card is renewed every 10 years.

At the same time:



Permanent residency is granted for life, while the residency card is renewed every 10 years



It is sufficient to visit Cyprus at least once every 2 years



No language proficiency requirements



No obligation to become a Cyprus tax resident

This makes the program especially convenient for investors with an international lifestyle.

ACCESS TO EDUCATION AND QUALITY OF LIFE IN THE EU

Cyprus permanent residency provides access to:



The European education system



International and British schools on the island



Direct admission of graduates of Cypriot schools to British universities

Cyprus is also attractive in terms of lifestyle:



330 sunny days per year



Mild climate and the sea



Low cost of living combined with high quality goods and services



Developed infrastructure



High level of safety

These factors make the island comfortable both for living and for long-term real estate investments.

FAVOURABLE BUSINESS AND TAX CLIMATE

Cyprus is known for:



Low tax burden



No inheritance tax



The possibility of applying the special Non-Dom tax regime



A strong international and IT community



Convenient logistics and accessible flights across Europe and Asia

All of this strengthens the investment attractiveness of Cyprus permanent residency as a strategic asset.



CONDITIONS OF THE CYPRUS PERMANENT RESIDENCY PROGRAM THROUGH INVESTMENT

The Cyprus permanent residency program is based on investment in the Cypriot economy. The most popular and straightforward option is investment in real estate.

MINIMUM INVESTMENT AMOUNT

The minimum investment amount is **€300,000** (excluding VAT). Investments may be made in one of the following assets:



Residential real estate - primary market only



Commercial real estate - new developments or secondary market



Shares in Cypriot companies conducting real business activities in Cyprus



Units in Cypriot collective investment funds

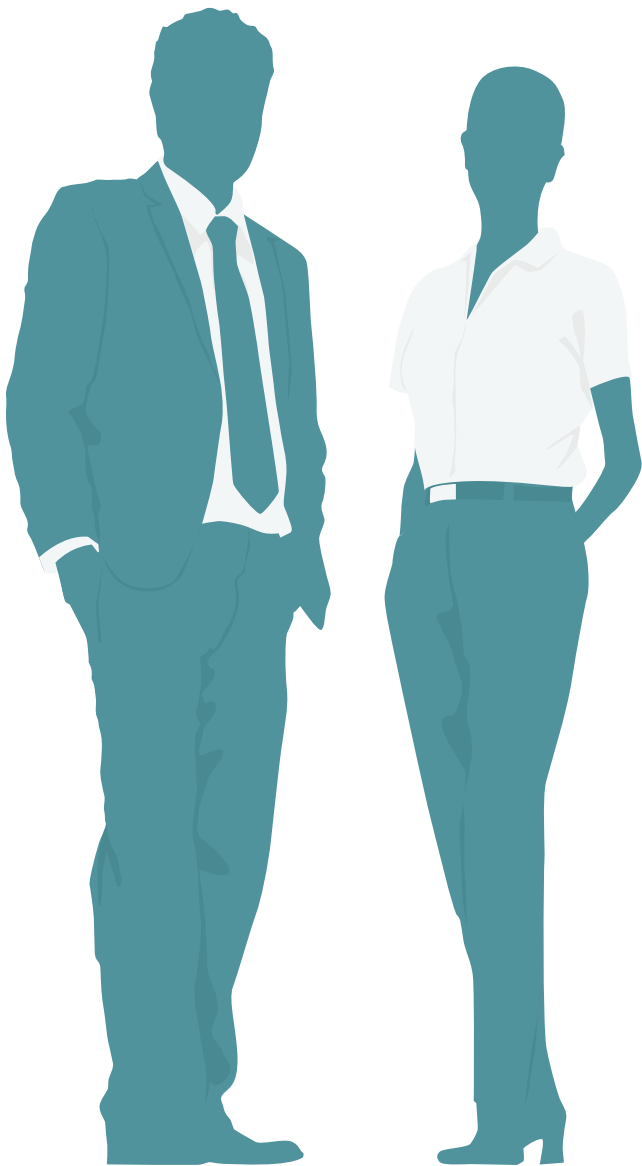
When investing in real estate, the purchase of up to **two properties**

with a combined value starting from

€300.000

is permitted for the main applicant

REQUIREMENTS FOR THE MAIN APPLICANT



Основной заявитель должен:

- Be over 18 years old
- Not be an EU citizen
- Confirm the origin of the full investment amount
- Have no criminal record
- Have medical insurance

Proof of stable income is also required:

€50.000

(per year)
for the main
applicant

+ €15.000

for the
spouse

+ €10.000

for each
child



Proof of stable income is also required. Income may include salary, rental income, dividends, pensions, and other legal sources.

WHO CAN OBTAIN PERMANENT RESIDENCY TOGETHER WITH THE INVESTOR



Under a single investment, permanent residency status may be granted to:

- The applicant's spouse
- Minor children
- Financially dependent children up to 25 years old who are unmarried

At the same time, the program does not grant the right to employment, but it does not restrict business ownership or the receipt of passive income.



REAL ESTATE, RENTAL, AND VAT

Property purchased for permanent residency:



May be used for personal residence



May be rented out

Tax nuances:

VAT

5%

if the property is the only residence and is used for living purposes

VAT

19%

if the property is rented out or is not the only property, which in certain cases may be refundable

These points are important to consider when choosing an investment strategy.

PROCESSING TIMEFRAMES AND STATUS

The permanent residency process takes on average 6-12 months.

The status itself:



Is permanent as long as the investment is maintained



Is confirmed by a residency card renewed every 10 years

CITIZENSHIP PROSPECTS

Cyprus permanent residency may become a pathway to citizenship:

- ✓ Citizenship after 7 years of permanent residence
- ✓ In practice – in the 6th year if the requirements are met

WHY IT IS IMPORTANT TO CONSIDER CYPRUS PERMANENT RESIDENCY RIGHT NOW

According to the official plan of the Cyprus government, the country is in the final stage of preparation for joining the Schengen Area. The technical criteria have already been fulfilled, and the next stage involves connection to the Schengen Information System (SIS) and the removal of internal borders.

This means:



Possible increase in the investment threshold



Potential growth in demand for real estate



Increase in prices for properties eligible under the permanent residency program

In practice, the current moment is considered a window of opportunity to enter one of the few remaining accessible European permanent residency-by-investment programs.

INTERMARK specialists provide a full range of services for obtaining Cyprus permanent residency – from property selection and transaction structuring to document preparation and interaction with immigration authorities.

2 THE PROCESS OF PURCHASING PROPERTY IN CYPRUS AND OBTAINING PERMANENT RESIDENCY

Purchasing property in Cyprus combined with obtaining permanent residency is a clearly structured and legally established process. All stages are transparent, most actions can be completed remotely, and the procedure itself remains stable year after year. This predictability is exactly what makes Cyprus one of the most convenient destinations for investors considering real estate as both an investment and immigration tool simultaneously.



Below is a step-by-step overview of the entire process: from reserving a property to obtaining the permanent residency card and title deed.



STAGE 1.

PROPERTY RESERVATION AND SIGNING THE PRELIMINARY AGREEMENT



The process begins with selecting a property and signing a preliminary agreement. This document confirms the intentions of the parties and allows the buyer to reserve the selected property for a limited period – usually from 1 to 1.5 months.



At this stage, the buyer pays a reservation deposit, which depending on the developer and the property value ranges from €5,000 to €20,000.



After the deposit is paid, the property is officially removed from the market, and the parties proceed to the next stage – legal due diligence and preparation of the main Sale and Purchase Agreement.

STAGE 2.**LEGAL DUE DILIGENCE OF THE PROPERTY AND BANK COMPLIANCE**

The next step is legal due diligence of the transaction and agreement of the final terms of the Sale and Purchase Agreement.

At this stage, a licensed lawyer plays a key role and:



Verifies the developer's ownership rights



Reviews permit documentation



Confirms the absence of encumbrances



Negotiates the terms of the Sale and Purchase Agreement



At the same time, the buyer undergoes bank compliance procedures in Cyprus. This requires providing documents confirming:



The legal origin of funds used for the property purchase (including taxes and associated expenses)



Sources of regular income

This stage is mandatory for all foreign buyers and is aimed at compliance with financial control requirements. With properly prepared documents, the process is completed without delays.

INTERMARK assists with passing bank compliance procedures in Cyprus.



STAGE 3.**PREPARATION OF PERMANENT RESIDENCY DOCUMENTS, SIGNING THE SPA, AND PAYMENT FOR THE PROPERTY**

After the legal due diligence is completed, the preparation of documents for permanent residency begins. This stage is completed once and includes collecting, translating, and legalizing documents.

**The buyer must:**

Prepare and apostille personal documents (birth certificates, marriage certificates, etc.)



Obtain police clearance certificates (valid for 30 calendar days) for all applicants over 18 years old

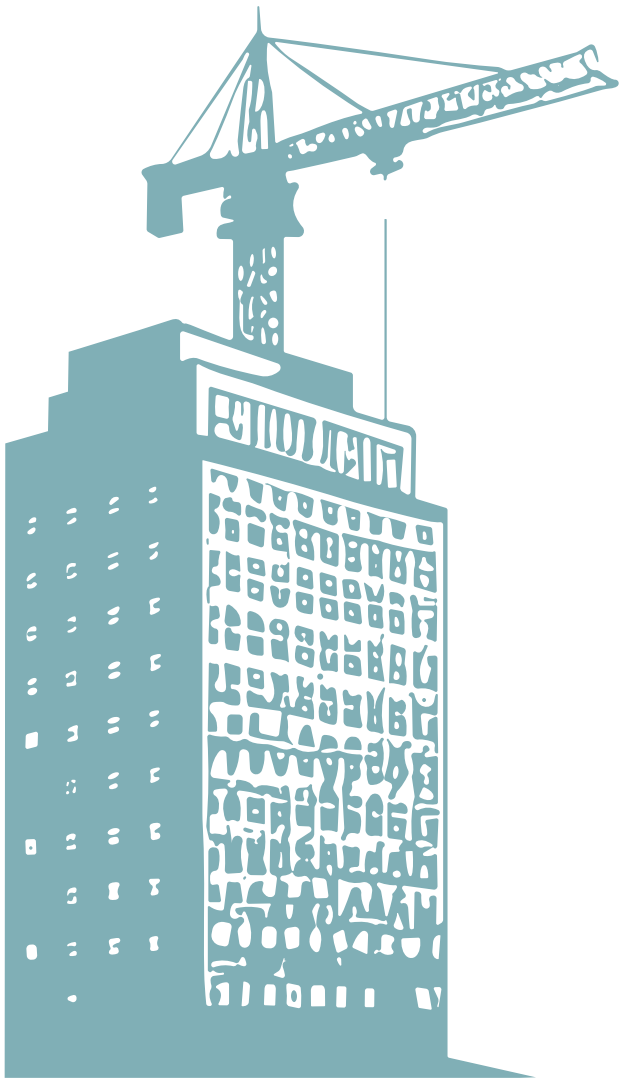
Confirm income:**€50.000**

(per year)

for the main
applicant**+ €15.000**for the
spouse**+ €10.000**for each
child



At the same time, the Sale and Purchase Agreement (SPA) is signed and payment for the property is made. To apply for permanent residency, it is necessary to pay at least €300,000 + 19% VAT.



If the property is:

- Under construction – the minimum required payment is made (usually €300,000 + VAT), but at a high stage of construction readiness, the developer may request 60–70% or more
- Completed and commissioned – 100% payment for the property is made

This stage is key, as it forms the legal and financial basis for the permanent residency application.

STAGE 4.**REGISTRATION OF THE AGREEMENT,
APPLICATION FOR VAT REDUCTION,
AND SUBMISSION OF DOCUMENTS
FOR PERMANENT RESIDENCY**

After payment, the Sale and Purchase Agreement is registered with the Cyprus Land Registry, which legally secures the buyer's rights.

Then the lawyers:

Submit an application to reduce VAT from 19% to 5% (subject to compliance with the conditions for property use)



Submit the permanent residency file and all applicant documents to the Cyprus migration authorities via power of attorney

Important: after approval of the VAT reduction, subsequent payments for the property are made at the 5% rate, and the overpayment from the first payment is taken into account in the calculations.



STAGE 5.**APPLICATION REVIEW AND WAITING FOR THE DECISION**

After submission of the documents, the waiting stage begins. The average processing time for a permanent residency application is 6–8 months.

During this period:

- ✓ The investor is not required to reside permanently in Cyprus
- ✓ The application status is monitored through lawyers or representatives
- ✓ If necessary, additional documents may be requested (rare in properly prepared applications)

STAGE 6.**APPROVAL OF PERMANENT RESIDENCY, BIOMETRICS, AND RECEIPT OF RESIDENCY CARDS**

After approval of the application, all applicants must personally travel to Cyprus to:



Provide
fingerprints



Receive
permanent
residency cards

From this moment, the investor and their family members **officially receive the status of permanent residents of Cyprus.**



STAGE 7.

OBTAINING THE TITLE DEED

The final stage is obtaining the Title Deed.

If the property is:



Secondary market property – the Title Deed may be obtained immediately after the transaction



Under construction – the Title Deed is issued after construction completion

Until the Title Deed is issued, ownership rights are confirmed by:



The registered Sale and Purchase Agreement in the Cyprus Land Registry

The application for obtaining the Title Deed on behalf of the client is submitted by the lawyer.

SUMMARY

The process of purchasing property in Cyprus and obtaining permanent residency is a logical, step-by-step procedure in which every stage is legally secured.

With professional support:



Risks are minimal



Timeframes are predictable



Most of the process can be completed remotely

This is exactly why Cyprus remains **one of the most convenient and reliable destinations** for investors who want to combine real estate investment with obtaining European residency status.



3 TAXES AND PROPERTY MAINTENANCE COSTS IN CYPRUS: WHAT INVESTORS NEED TO CONSIDER

Cyprus' tax system is considered one of the most favourable in Europe for real estate investors: the combination of moderate one-time acquisition costs and low ongoing expenses makes investments more predictable. Nevertheless, to correctly assess ownership economics and profitability, it is important to understand all elements of taxation and related fees.

TAXES AND FEES WHEN PURCHASING PROPERTY IN CYPRUS

When purchasing property, an investor encounters a limited set of mandatory payments, which depend on whether the property is new or secondary market.

VAT

If the property is purchased on the primary market (new development), Value Added Tax (VAT) applies:

19%

standard rate

5%

reduced rate if the property will be used as the buyer's primary residence and complies with legislative requirements

VAT is often already included in the property price, but it is important to clarify this when planning the investment budget.

TRANSFER FEE

If the property is purchased on the secondary market, VAT does not apply. Instead, a Transfer Fee is payable.

The fee is calculated on a progressive scale:

3%

on the first
€85,000

5%

on the next
€85.001 -
€170.000

8%

on the amount
exceeding
€170.000

This fee is paid only when purchasing secondary market property: if the property is subject to VAT, the Transfer Fee does not apply.

OTHER FEES WHEN PURCHASING PROPERTY

In addition to the above taxes, there are additional expenses:



Registration duties and filing fees



Legal services (a lawyer is mandatory for foreigners and provides assurance regarding the legal integrity of the transaction)



Banking services and currency conversion

According to expert estimates, total acquisition **costs may amount to approximately 3-8% of the property value**, depending on the combination of VAT/Transfer Fee, stamp duty, and legal expenses.

OWNERSHIP TAXES AND POST-PURCHASE EXPENSES

Good news for investors: Cyprus has had no annual Immovable Property Tax since 2017, which significantly reduces ongoing ownership expenses.

However, there are several recurring payments that are important to be aware of.

LOCAL MUNICIPAL FEES

At the local authority level, charges may apply for municipal services such as garbage collection, street lighting, and infrastructure maintenance. Their amount varies depending on the municipality and the property size, but usually ranges from approximately €90–€300 per year.

RENTAL INCOME TAX

If the property is rented out, rental income is taxable and calculated on a progressive scale.

In some cases, investors may use a simplified regime with a fixed rate:



Standard income tax rate – up to 35%



Alternative calculation schemes may apply (for example, a fixed percentage of gross income)

This part of taxation depends on whether the owner is a Cyprus tax resident and on the income structure.

CAPITAL GAINS TAX

When selling real estate, Capital Gains Tax may apply to profits exceeding the original acquisition cost. The standard rate is 20% and applies to the capital gain generated from the sale.

This is a separate tax that investors should consider when planning an exit from the project.



HOW COSTS DIFFER WHEN PURCHASING NEW VS. SECONDARY MARKET PROPERTY

In Cyprus, there is a simple rule:

New property



- subject to 19% VAT (or the reduced 5% rate for a primary residence)
- Transfer Fee does not apply

Secondary market property



- not subject to VAT
- Transfer Fee is payable according to the progressive scale

This is one of the key factors affecting the structure of the transaction and the overall purchase economics.

PRACTICAL CONCLUSIONS FOR THE INVESTOR

Taking all taxes and fees into account, investors can structure the transaction budget in a way that avoids unexpected costs and allows for an accurate assessment of the property's profitability.



One-time acquisition costs may add up to 8% or more to the base property price (depending on the property type and transaction structure)



The absence of an annual property tax significantly reduces ongoing ownership expenses



Rental income and capital gains are taxed in accordance with Cyprus tax legislation. It is important to take into account tax rates and any applicable tax breaks (for example, for Non-Doms).



When purchasing new property, the tax burden related to VAT and Transfer Fee is structured differently than for secondary market property – this affects liquidity and investment payback periods





4 SPECIAL NON-DOM TAX REGIME IN CYPRUS: WHAT IT IS AND WHO BENEFITS FROM IT WHAT IS THE NON-DOM REGIME

Cyprus offers one of the most attractive tax regimes in Europe for private investors, entrepreneurs, and capital owners – the Non-Domiciled Resident (Non-Dom) status. This regime allows individuals to legally and significantly reduce the tax burden on passive income while remaining fully compliant with European legislation.

It is important to understand that Non-Dom is not a separate type of residence permit or permanent residency, but rather a tax status applied to Cyprus tax residents who meet certain conditions.

WHAT IS THE NON-DOM REGIME

Non-Dom status exempts a Cyprus tax resident from paying the Special Defence Contribution (SDC) on several key types of income. Under normal circumstances, this contribution forms the primary tax burden for investors.

Under the Non-Dom regime, an investor receives the following tax benefits:

- ✓ Full exemption from dividend tax (SDC) – both from Cypriot and foreign companies (the standard rate is 17%)
- ✓ Exemption from interest tax (SDC) – on bank deposits, bonds, and loans (the standard rate is 30%)
- ✓ Exemption from SDC on rental income – the effective rate is approximately 2.25% and applies only to income from real estate located in Cyprus
- ✓ No inheritance or gift tax
- ✓ Exemption from capital gains tax, except for the sale of real estate located in Cyprus
- ✓ Access to the progressive income tax scale, where a 0% rate applies to income up to €19,500 per year
- ✓ The ability to deduct 20% of rental income as non-taxable expenses

Separate tax incentives are also available for working expatriates – for example, a 50% income tax exemption for salaries exceeding €55,000 per year.

WHO CAN OBTAIN NON-DOM STATUS

To qualify for the Non-Dom regime, two key conditions must be met.

FIRST

condition

Become a Cyprus tax resident.

This is possible:



By residing in Cyprus for 183 days or more per year



Or under the 60-day rule, subject to additional conditions (the availability of housing, absence of tax residency in another country, and having the centre of vital interests in Cyprus)

SECOND

condition

Absence of Cyprus domicile status.

A person is not considered domiciled if:



They were not born in Cyprus



They have not resided in Cyprus for more than 17 out of the last 20 years

Most foreign investors automatically meet this requirement, making the Non-Dom regime widely applicable in practice.

HOW LONG THE NON-DOM REGIME REMAINS VALID

Non-Dom status may apply for up to 17 years from the moment Cyprus tax residency is obtained. During this period, the investor benefits from all tax advantages provided under the regime.

WHY NON-DOM IS ESPECIALLY ATTRACTIVE FOR INVESTORS

The Non-Dom regime makes Cyprus a unique jurisdiction for international investors because it combines:

- ✓ A European legal system
- ✓ No tax on dividends and interest
- ✓ A low tax burden on rental income
- ✓ No inheritance tax
- ✓ Flexible residency requirements

INTERMARK Global is not a tax advisor.
The information provided is indicative only.



5 PROPERTY MANAGEMENT MODELS IN CYPRUS: HOW TO CHOOSE THE OPTIMAL FORMAT FOR AN INVESTOR

The profitability of real estate in Cyprus depends not only on the location and quality of the property, but also on the chosen management model.

The market offers several stable and well-established rental formats – from fully passive solutions to more flexible and profitable models that require active involvement.

The choice of management model directly affects:



The level of profitability



The stability of cash flow



The level of owner involvement



Property wear and operating expenses

In practice, there are three main models of property management in Cyprus: **long-term rentals, short-term rentals, and serviced apartments.**

LONG-TERM RENTAL: STABILITY AND MINIMAL INVOLVEMENT

Long-term rental is the most conservative and predictable management format. The property is rented to a single tenant for a period usually ranging from 6 months to a year or more, under an official agreement with fixed conditions.

For the investor, this model looks as follows:

- ✓ Average yield – around 5% per annum
- ✓ Minimal management effort
- ✓ Fixed monthly income
- ✓ Utility and operating expenses are most often paid by the tenant
- ✓ For long-term rental, the apartment does not need to be furnished or equipped with small household appliances

The main advantage of long-term rental is **stability**. The investor is practically not involved in operational processes, and income is easy to forecast.

However, the model also has limitations. Income is lower compared to short-term rental, there is no pricing flexibility, and the owner cannot quickly use the property for personal purposes during the lease term. In addition, control over the condition of the property is limited, as inspections are conducted less frequently.

From the point of view of income distribution, the model is very straightforward: 100% of the income remains with the owner, without the involvement of a management company.



SHORT-TERM RENTAL: FLEXIBILITY AND HIGHER PROFITABILITY

Short-term rental is aimed primarily at tourists and is used in popular resort and coastal locations. The property is rented out on a daily basis through online platforms or with the involvement of a management company.

From a profitability perspective, this model is more aggressive:

- ✓ Up to 7% per annum with the right strategy
- ✓ Flexible pricing depending on seasonality and demand
- ✓ The possibility of personal use of the property at any time

Short-term rental allows investors to **maximize income during the high season** and adapt to changing market conditions.

However, it requires significantly more attention to management.

Key features and limitations include:



High operational workload



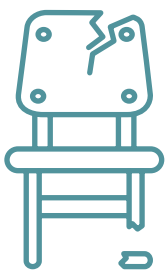
Management company commission – around 20% of income



Income instability due to seasonality



The need for full furnishing, appliances, and kitchenware



Increased property wear due to frequent tenant turnover



High location requirements – the property must be situated in a tourist-attractive area

The financial distribution of income in short-term rental usually follows a 50/20/20/10 model of gross income, where the shares are distributed between the owner, online platforms (OTA), the management company, and operational expenses.

SERVICED APARTMENTS: A FULLY PASSIVE FORMAT

Serviced apartments are the most passive property management format in Cyprus.

In this model, the developer or project operator acts as the management company and handles the entire property management cycle:

- ✓ Marketing and promotion
- ✓ Guest acquisition
- ✓ Bookings
- ✓ Cleaning and technical maintenance

For the owner, this means minimal involvement. Management is integrated into the project itself and operates under unified standards, without the need to select or replace a management company.

Key advantages of the format:



Fully passive income



Professional management



Transparent and regular reporting



No operational responsibilities for the owner

Renting out an apartment through a management company and owning commercial real estate may allow the recovery of 19% VAT

The main disadvantage is dependence on the quality of the operator. Income directly depends on its marketing, occupancy rates, and management efficiency. In addition, the owner has limited influence over the rental strategy.

A typical income distribution model in serviced apartments is 80/20 of gross income in favour of the owner, while expenses most often remain the responsibility of the owner.

WHICH MANAGEMENT MODEL TO CHOOSE

Выбор модели управления зависит от целей инвестора и допустимого уровня вовлечённости.



For stable income and minimal risks – long-term rental is suitable



For maximizing profitability and flexibility – short-term rental with professional management



For a fully passive format – serviced apartments with an integrated management company

In practice, investors often combine approaches or change the management model over time – for example, starting with short-term rental and later transitioning to long-term rental as market conditions or personal priorities evolve.

6 COMMERCIAL REAL ESTATE

Commercial real estate in Cyprus is an additional investment instrument that allows investors to diversify their portfolio and generate stable cash flow through long-term lease agreements. At the same time, yields in the commercial segment are generally higher than in residential projects while maintaining a transparent and understandable investment structure.

In practice, there are three main types of commercial real estate in Cyprus



Retail



Office



Hotels

(starting from an investment ticket of €5,000,000)

* the company does not deal with warehouse real estate

Key advantages

- ✓ Entry ticket from €400,000
- ✓ Yield of up to 8% p.a.
- ✓ Low level of owner involvement
- ✓ Low operating expenses (except for hotels)
- ✓ Low asset depreciation

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