



INFORMATION SHEET 18

Subject:	Stamp Duty		
Authored:	September 2019	Updated	-----
Company:	Costas Tsielepis & Co Ltd		
Reference:	Stamp Duty Law 19/1963		

Scope of the Stamp Duty law

Stamp duty is a tax on documents and/or agreements.

The Law provides that stamp duty is payable on 'documents' which relate to any property/assets situated in Cyprus and/or to any matter or thing to be performed or done in Cyprus, irrespective of the place of the execution of such documents.

A copy of the Law can be found here: http://www.cylaw.org/nomoi/enop/non-ind/1963_1_19/full.html

Stamp Duty rates applicable from 1 March 2013

Stamp duty on contractual agreements entered into on or after 1 March 2013 is levied at the following progressive rates:

- No stamp duty is payable on the first €5.000 of consideration stated in the contract;
- On value of consideration of between €5.001 to €170.000 the rate is 0,15%;
- On value of consideration of more than €170.000 the rate is 0,2%;
- For contracts without fixed amounts the stamp duty payable is €35.

The maximum amount of stamp duty payable is €20.000 per contact which applies to contracts with a consideration value of €10.046.250 or more.

On a contract with consideration over €170.000, the fixed component of stamp duty for the first €170.000 of consideration is €247,50.

Where a transaction involves secondary documents, whether these are drafted at the same time or at a different time, stamp duty applies only to the master document. The secondary documents are subject to a fixed stamp duty of €2. It is noted that the contracting parties can determine which of the documents constitute the main document and which the secondary one.

For the establishment of a Cyprus International Trust €430 stamp duties are also payable.

Timing of the obligation to apply stamp duty

The Law provides that a document which is subject to stamp duty can be stamped and the relevant duty paid, without any penalties, prior to or within 30 days from the date of the agreement or 30 days from the date the document (or any physical or electronic copies of the same) are brought to Cyprus, if executed abroad.

Party liable to pay the stamp duty

The contracting parties can specifically provide in the agreement which party is liable to pay the stamp duty. In the absence of such a provision, the Law provides the following:

- (a) In the case of any promissory note, bond, debenture, or indemnity bond - by the person making, issuing or executing such instrument;
- (b) In the case of a bill of exchange – by the issuer;
- (c) In the case of a policy of insurance – by the insured person;
- (d) In the case of a sales agreement or memorandum of an agreement of sale – by the buyer; in the case of a lease or agreement to lease – by the lessee or person appearing to be the lessee;
- (e) In the case of a transfer of shares in a company or other body corporate – by the purchaser or issuer;
- (f) In the case of a transfer of debentures, being marketable securities, whether the debenture is liable to duty or not – by the purchaser or issuer;
- (g) In the case of a transfer of any interest secured by bond or policy of insurance – by the purchaser or issuer;
- (h) In the case of an instrument creating a charge on a company – by the company.

The person responsible for the payment of the stamp duty should present the relevant instrument (agreement) to the Department of Taxation for it to be stamped and the relevant duty to be paid within 30 days from the date of the document.

Generally, the stamp duty is payable by the buyer of the asset or the recipient of the service.

Penalties and charges

The penalties in case of stamping after the execution of a document are as follows:

- (a) If a document is stamped within thirty days after its first execution there are no penalties.
- (b) If a document is stamped within six months after its first execution:
 - (i) In any case for which the stamp duty not paid does not exceed €2, penalties at a fixed charge of €2 are payable.
 - (ii) In any case for which the stamp duty not paid does exceed €2 but not €35 penalties equal to the amount of stamp duty not paid are payable.

- (iii) In any case for which the stamp duty not paid does exceed €35, penalties at a fixed charge of €35 plus additional ten cents for every euro of the amount of stamp duty not paid which exceeds €35 are payable.
- (c) If a document is stamped at any time after six months from its first execution, penalties will be double the respective penalties aforesaid mentioned.

Agreements without a specific period

When a document is drafted for the purpose of annual payments or for any other amount which will be periodically paid (i.e. employment contracts, pension scheme contracts, contracts relating to the use of intangible assets within Cyprus etc.) those documents will be subject to stamp duty based on the total aggregate amount stated on the agreement. If, however, the total aggregate amount is not stated on the agreement, it is considered that the amount of the agreement is equal:

- (a) With the total aggregate amount of the payment over the period of the payments when the period stated on the agreement does not exceed 20 years;
- (b) With the total amount of the payment over the period of 20 years when the period of the payments is not stated on the agreement or there is an indefinitely period and the payment will not be terminated by the death of a person;
- (c) With the total amount of the payment over the period of 12 years when the period is not stated on the agreement or there is an indefinitely period and the payment will be terminated by the death of a person.

Exceptions

The following are the most material exceptions to the general rule on stamp duty, as provided in the Law itself:

- (a) Agreements, mortgages or other documents which are executed within the framework of debt restructuring;
- (b) Agreements for the sale of goods;
- (c) Qualifying vessel sale agreement or any agreement for purchase of part of a qualifying vessel or interest in a qualifying vessel; and
- (d) Acquisitions and disposal of shares traded in any recognized stock exchange.

NOTE

The information in this document is intended as a guide only and every reasonable effort was made to ensure the accuracy and timeliness of the information. In no circumstances shall we be legally bound by any information contained in this document, and shall accept no liability in respect of loss caused by reliance on such information.

Our own in-house tax consultants and our network of associates in Cyprus and worldwide are at your disposal should you require any further information or clarifications.