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The House of Representatives recently approved significant changes to the Immovable Property Tax Law. The amendments reduce the immovable property tax burden for tax year 2016 by up to 75% and abolish the immovable property tax as from 2017.

Immovable Property Tax Law (IMP)

IMP tax is imposed on an annual basis, on the market value (as at 1 January 1980) of the immovable property situated in Cyprus as at 1 January of each year.

The IMP tax is calculated by applying the following rates on the total market value of the immovable property owned by each person (either individual or company irrespective of its tax residency status):

Total Immovable Property Value –as at 1 January 1980	Tax Rate
€	%
Up to 40.000	0,6
40.001 - 120.000	0,8
120.001 - 170.000	0,9
170.001 - 300.000	1,1
300.001 - 500.000	1,3
500.001 - 800.000	1,5
800.001 - 3.000.000	1,7
Over 3.000.001	1,9

Owners whose total immovable property is valued at less than €12.500 are exempt from the IMP Tax.

Amendments to the IMP Tax Law

The amended IMP Tax Law provides as follows:

- Taxpayers that settle their 2016 IMP tax liability by **31 October 2016**, are required to pay only 25% of the tax due calculated according to the above rates (**75% discount**).
- Taxpayers that settle their 2016 IMP tax liability during the period **1 November 2016 – 31 December 2016**, are only required to pay 27.5% of the tax due calculated according to the above rates (**72.5% discount**).
- Taxpayers that do not settle their 2016 IMP tax liability by **31 December 2016**, will be subject to an additional **10% charge**, imposed on the 27.5% tax due.

If the taxpayer's 2016 IMP tax liability is less than **€10**, the tax is not collectable.

Finally, the IMP tax is abolished as from **1 January 2017**.

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