
CAPITAL GAINS TAX ORDINANCE 2006

This is a consolidated version of this legislation i.e. it incorporates all amendments made since the legislation was enacted as set out in the table below. It has been produced by the SBAA as an aid to transparency and easier access to SBA law. However, it is not the official version of SBA legislation and, although every effort has been made to check the document, its accuracy cannot be guaranteed. The official version of legislation is published in the SBA Gazette.

Legislation incorporated in this Consolidation	Ordinance	Date in Force
Capital Gains Tax Ordinance 2006	2/2006	10/02/2006
Capital Gains Tax (Amendment) Ordinance 2009	1/2009	30/01/2009
Capital Gains Tax (Amendment) Ordinance 2011	18/2011	01/12/2011
Capital Gains Tax (Amendment) Ordinance 2014 <i>The Capital Gains Tax (Amendment) Ordinance 2008 is repealed (Ordinance 13/2008)</i>	7/2014	25/02/2014
Capital Gains Tax (Amendment) Ordinance 2017	10/2017	22/12/2017

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CAPITAL GAINS TAX ORDINANCE 2006

An Ordinance to amend and consolidate the Ordinances providing for the charging and collection of Capital Gains Tax in the Sovereign Base Areas

BE it enacted by the Administrator of the Sovereign Base Areas of Akrotiri and Dhekelia as follow:—

Short title

1. This Ordinance may be cited as the Capital Gains Tax Ordinance 2006.

Interpretation

2. In this Ordinance, unless the context otherwise require—

“child”, in relation to any parent includes a step-child of that parent or a child adopted by that parent under any legislation of any country whose status as an adopted child is recognized in the Republic or the Areas, and an illegitimate child of that parent;

“company” has the same meaning as is given to that term by section 2 of the Income Tax Ordinance 2003(a) for the purposes of that Ordinance;

“Cypriot” means a citizen of the Republic;

“degree of kindred” has the meaning assigned to it in the Wills and Succession Ordinance(b);

“expatriate” means—

- (a) a person who is not a citizen of the Republic; or
- (b) a person who is a citizen of the Republic solely by reason of his birth in the Island of Cyprus before the 16th August, 1960 and who is also a citizen of one or more other countries;

“family” includes a husband and wife and any person not beyond the third degree of kindred, irrespective of whether such persons are married or unmarried;

“gains” means any gains accruing to any person on and after the day that this Ordinance comes into force, on the disposal of any property of his, ~~provided they are not gains which fall within~~ including gains exempt from taxation under (c) the provisions of any legislation in force relating to income tax;

“lease with a registered right to purchase” means a lease which gives the lessee the right to purchase the property and where such right is registered under the Immovable Property (Tenure, Registration and Valuation) Ordinance(d); (e)

~~“property” means any immovable property situated in the Areas and any shares of a company whose assets consist of such property; (f)~~

“property” means immovable property situated in the Areas, shares in a company whose assets include immovable property situated in the Areas and rights derived from a contract of sale or exchange of immovable property situated in the Areas; (g)

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- (a) Ordinance 29/2003
 - (b) Cap. 195 (Laws of Cyprus) as amended
 - (c) Text deleted and new text inserted by Ordinance 10/2017 – came into force on 22 December 2017
 - (d) Cap. 224, Laws of Cyprus (1959 ed.). Legislation of the former colony of Cyprus has effect in the Areas by virtue of article 5 of the Sovereign Base Areas of Akrotiri and Dhekelia Order in Council 1960 (SI 1960/1369 (UK)). Schedule 2 to the Interpretation Ordinance 2012 makes provision for the interpretation of such legislation.
 - (e) Definition inserted by Ordinance 10/2017 – came into force on 22 December 2017
 - (f) Definition repealed and replaced by Ordinance 7/2014 – came into force on 25 February 2014
 - (g) Definition repealed and replaced by Ordinance 10/2017 – came into force on 22 December 2017

“property” means—

- (i) immovable property situated in the Areas;
- (ii) shares in a company whose assets include immovable property situated in the Areas;
- (iii) shares in a company which participates directly or indirectly in the administration, control or capital of another company (A), where the asset value of A is derived by 50% or more from the market value of immovable property situated in the Areas; or
- (iv) rights derived from a contract of sale or exchange of immovable property situated in the Areas;

Readjusted value of property” means the sum equal to the market value of the property at the time when such property was acquired, reduced by the sum equal to any capital gain which may have accrued in the past and on which in accordance with the provisions of this Ordinance, no tax has been paid;

“relations of the first or second degree” have the same meaning as shown in the Table set out in the Second Schedule to the Wills and Successions Ordinance, but includes in each respective degree the female equivalent to the male kindred set out in that Table;

~~“reorganisation” has the same meaning as is given to that term by section 24 of the Income Tax Ordinance 2003 for the purposes of Part VI of that Ordinance; (a)~~

“reorganisation” means the direct or indirect disposal or transfer of property carried out for the purpose of reducing or paying off any credit facility, grant or debt;

“tax” means capital gains tax charged under this Ordinance.

Care and management of capital gains tax

3. Capital gains tax shall be under the care and management of the Fiscal Officer.

Charge of capital gains tax

4. Subject to the provisions of this Ordinance there shall be charged on any gains accruing to a person on the disposal of property a tax at the rate of 20% on such gains.

Exceptions

5.—(1) No tax shall be payable by an individual if the total gains accruing to him from the disposal of property do not exceed £10,000, or where the property disposed of is agricultural land and it is being disposed of by an individual whose principal occupation is farming, do not exceed £15,000, whether or not (in either case) such gains were obtained in the course of the same year or of different years.

(2) No tax shall be payable on any gain upon the disposal of a main dwelling house used by the owner exclusively for his own occupation for a total period of at least 5 years if it is situated on land not exceeding one and a half decares and such gain is not in excess of £50,000:

Provided that:

- (i) where the gain accruing from such disposal exceeds the sum of £50,000, a tax shall be charged on any sum in excess of £50,000;
- (ii) where the dwelling house is situated on land exceeding one and an half decares, a tax shall be charged on the proportion of the gain derived from the disposal of that part of the land exceeding one and an half decares;
- (iii) where an owner or property wishes to dispose of a dwelling house for a second or subsequent time, he shall be required to use it exclusively for a total period of at least 10 years to obtain relief under this section;

(a) Definition repealed and replaced by Ordinance 10/2017 – came into force on 22 December 2017

- (iv) where a dwelling house is disposed of more than 1 year after it has ceased to be used exclusively by the owner, no exemption shall be granted;
- (v) a person shall not be entitled both to the exemption provided under this subsection and to that contained in subsection (1) but instead shall be entitled only to the exemption which provides the greater relief.

(3) No tax shall be chargeable on any gain accruing from the disposal of shares registered in any recognised Stock Exchange.

(4) *No tax shall be payable for any gain upon the disposal of a main dwelling house used by the owner exclusively for own occupation if such gain does not exceed €350,000 and the disposal is carried out—*

- (a) *in the process of reorganisation after 1 January 2018;*
- (b) *under the provisions of the Bankruptcy Ordinance(a);*
- (c) *under a company liquidation order or during the appointment of an examiner by the court under the provisions of the Companies Ordinance 2007(b);*
- (d) *under the provisions of Part 6 (sale of mortgaged property) of the Immovable Property (Transfer and Mortgage) Ordinance 1966(c) before 31 December 2017.*

(5) *Where property, other than a main dwelling house used by the owner exclusively for own occupation, is disposed of in the process of reorganisation, no tax shall be payable for any gain upon the disposal of such property.*

(6) *If, following the disposal of property under subsections (4) and (5), any gain is retained by or returned to the owner, the tax exempted under those subsections is paid on the amount of gain that is retained or returned. (d)*

Special provisions (e)

5A.—(1) *No tax shall be payable on any disposal of land if the land was acquired—*

- (a) *between 16 July 2015 and 31 December 2016; and*
- (b) *by sale or contract of sale.*

(2) *Subsection (1) does not apply in respect of transactions between associated persons.*

(3) *In this section “associated person” has the same meaning as is given to that term by subsection 27(3) of the Income Tax Ordinance 2003(f).*

Determining gains (g)

~~6.—(1) In determining gains, there shall be deducted from the proceeds of the disposal—~~

- ~~(a) The value of the property as at 2nd January 1980, as arrived at by virtue of the general valuation carried out under section 69 of the Immovable Property (Tenure, Registration and Valuation) Ordinance(h), together with any subsequent increase in the value of the property due to inflation as defined in subsection (2) below:~~

~~Provided that:~~

- ~~(i) where the property was not unencumbered on 1st January 1980, the value of the property shall be deemed instead to be its market value at that time;~~

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- (a) Cap. 5, Laws of Cyprus (1959 ed.). Legislation of the former colony of Cyprus has effect in the Areas by virtue of article 5 of the Sovereign Base Areas of Akrotiri and Dhekelia Order in Council 1960 (SI 1960/1369 (UK)). Schedule 2 to the Interpretation Ordinance 2012 makes provision for the interpretation of such legislation.
 - (b) Ordinance 2/2007.
 - (c) Ordinance 16/1966, as amended by Ordinances 14/1970, 8/1978, 11/2012 and 9/2016.
 - (d) Subsections (4),(5) and (6) inserted by Ordinance 10/2017 – came into force on 22 December 2017
 - (e) Section 5A inserted by Ordinance 10/2017 – came into force on 22 December 2017
 - (f) Ordinance 29/2003, as amended by Ordinances 19/2011, 13/2012, 31/2013 and 17/2014.
 - (g) Repealed and replaced by Ordinance 7/2014 – came into force on 25 February 2014
 - (h) Cap.224 (Laws of Cyprus) as amended

- ~~(ii) where during the general valuation referred to above, any improvement made after 1st January 1980 were taken into account, the value of such property shall be deemed instead to be its market value as at 1st January 1980;~~
- ~~(iii) where part of or the full value of the property was allowed as a deduction under any Ordinance in force relating to income tax, such part of the value shall not be allowed as a deduction;~~
- ~~(iv) where the owner wishes so to opt, the market value of the property as at 14th July 1974, may be deducted instead;~~
- ~~(v) where the property is situated in any area not under the effective control of the government of the Republic, no gain shall be deemed to have accrued;~~
- ~~(b) any expenditure incurred after 1st January 1980 wholly and exclusively in relation to the acquisition of such gains not being deductible under the laws in force relating to income tax readjusted to take account of inflation.~~

~~(2) For the purposes of this section, inflation shall be computed on the basis of the retail price index which is issued from time to time by the Department of Statistics and Research of the Ministry of Finance of the Republic of Cyprus.~~

Determining gains

6.—(1) *For the purpose of determining a gain, the following must be deducted—*

- (a) subject to the following sub-paragraphs, the value of the property on 1 January 1980, as determined in accordance with sections 66, 67, 69, 70, 71 or 72 of the Immovable Property (Tenure, Registration and Valuation) Ordinance(a) (or with any other relevant provision of, or instrument made under, that Ordinance), together with any subsequent increase in the value of the property due to inflation—*
 - (i) where the property was subject to a tenancy or other similar agreement on 1 January 1980, the value of the property on 1 January 1980 is its market value as determined by the Chief Officer;*
 - (ii) where the value of the property has not been determined in accordance with sections 66, 67, 69, 70, 71 or 72 of the Immovable Property (Tenure, Registration and Valuation) Ordinance (or with any other relevant provision of, or instrument made under, that Ordinance), the value of the property on 1 January 1980 is its market value as determined by the Chief Officer;*
 - (iii) where during the general valuation of property improvements or other changes to the property after 1 January 1980 are taken into account, the value of the property on 1 January 1980 is its market value before any such improvements or other changes as determined by the Chief Officer;*
 - (iv) where the property disposed of was created following a division into building plots ~~and no new property title has been issued,~~(b) the value of the property on 1 January 1980 is the market value of the corresponding part of the original property before that property's division as determined by the Chief Officer;*
 - (v) where part or the whole of the value of the property is allowed as a deduction under any Ordinance relating to income tax, that amount must not be deducted under this paragraph;*
 - (vi) where the owner so chooses, the market value of the property as at 14 July 1974 may be deducted instead;*

(a) Cap. 224, Laws of Cyprus, 1959 ed. Legislation of the former colony of Cyprus has effect in the Areas by virtue of article 5 of the Sovereign Base Areas of Akrotiri and Dhekelia Order in Council 1960. Schedule 2 to the Interpretation Ordinance 2012 provides for the interpretation of such legislation. Section 66 is amended by Ordinance 11/84; section 69, by Ordinance 1/85; section 70, by Ordinance 12/85; section 71, by Ordinance 13/93; and section 72, by Ordinance 11/84.

(b) Text deleted by Ordinance 10/2017 – came into force on 22 December 2017

- (b) any expenditure incurred on the property after 1 January 1980 relating wholly and exclusively to the production of the gain that is not deductible under any Ordinance in force in relation to income tax, readjusted to take account of inflation;
- (c) any expenditure incurred in relation to assigning rights derived from a lease, a contract of sale or exchange of property; **(a)**
- (d) any sum collected following the cancellation of a lease, a contract of sale or exchange;
- (e) where company shares are disposed of, the proportionate value of immovable property of the company on the latest of—
 - (i) 1 January 1980;
 - (ii) the date such property was acquired by the company; or
 - (iii) the date the shares were acquired.

(2) For the purposes of this section, inflation must be calculated on the basis of the retail prices index issued from time to time by the Department of Statistics and Research of the Ministry of Finance of the Republic.

Losses

7.—(1) Any loss accruing upon a disposal of property shall be computed in the same way as the amount of a gain accruing on a disposal is computed.

(2) Where the amount of a loss which arises out of the disposal of property is such that it cannot be set off against a gain accruing from the simultaneous disposal of other property, the amount of such loss to the extent that it cannot be so set off shall be carried forward and be set off against gains arising out of a subsequent disposal of property until such loss is extinguished.

Time gain or loss accrues

8. A gain or loss accruing from the disposal of property shall be deemed to have been incurred at the time of disposal of such property.

Proceeds from the disposal of property

9.—(1) *Unless subsection (2) applies* **(b)** the proceeds from the disposal of property shall be the sum which the contracting parties shall declare:

Provided that:

- (i) where there are reasons to doubt such declaration, the Fiscal Officer may, within a period of 6 months commencing on the date of the making of the declaration, proceed to investigate the matter and if it is proved that the declaration was false, he shall be entitled to demand the payment of tax on the difference between the sum declared and that which was proved as having been realised from the disposal of property plus interest at 9% commencing from the date when tax had been paid based on the declaration of the contracting parties.
- (ii) ~~where shares in a company the property of which also includes immovable property are disposed of, the computation of the proceeds of the disposal shall be based exclusively on the immovable property.~~ **(c)**

(a) Subsections (c),(d) and (e) inserted by Ordinance 10/2017 – came into force on 22 December 2017

(b) Existing section renumbered and text inserted by Ordinance 10/2017 – came into force on 22 December 2017

(c) Repealed by Ordinance 10/2017 – came into force on 22 December 2017

(2) Where this subsection applies, the proceeds from the disposal of property shall be determined by the Fiscal Officer on the basis of the market value of immovable property owned by a company (C) or another company (A) at the time of the disposal of the shares of C, where C participates directly or indirectly in the administration, control or capital of A.

(3) Subsection (2) applies where shares in C are disposed of, and—

- (a) C owns immovable property situated in the Areas; or
- (b) C participates directly or indirectly in the administration, control or capital of A and the asset value of A is derived by 50% or more from the market value of immovable property situated in the Areas.

(4) In this section “proceeds from the disposal of property” includes proceeds—

- (a) accrued from assigning rights derived from a lease, a contract of sale or exchange of property; or
- (b) collected following the cancellation of a lease, contract of sale or exchange. (a)

Disposal of property

10. For the purposes of this Ordinance, ~~disposal of property includes a sale, an agreement to sell or exchange~~ a disposal of property includes a sale, a sale by or on behalf of the Chief Officer at public auction, a contract of sale or exchange, the assignment of rights derived from such a contract, a lease registered under the *Immovable Property (Tenure, Registration and Valuation) Ordinance* (b) and ~~the donation of property as well as the abandonment, use or enjoyment of any relevant right~~ the donation of property, the abandonment of use or enjoyment of any relevant right and the collection of any sum following the cancellation of a lease, a contract of sale or exchange (c) but it does not include—

- (a) a transfer in consequence of death:

Provided that:

- (i) in such a case the value of the property shall be taken to be the lower of its original value and its readjusted value as at the time that it was acquired by the deceased or its value as at 1st January 1980, if this is later;
 - (ii) where the property was acquired by the deceased prior to 14th July 1974, the person disposing of such property may elect for the value of the property to be taken to be its value as at 14th July 1974;
- (b) a donation by a parent to a child of his (regardless of whether the child is married or unmarried), between a husband and wife or between relations not exceeding the third degree of kindred, (regardless of whether they are married or unmarried):

Provided that:

- (i) in any such case the value of the property shall be taken to be the lower of its original value and its readjusted value as at the time that it was acquired by the donor or its value as at 1st January 1980 if this is later. In the case of successive donations, the donor, for the purposes of this proviso shall be deemed to be the first donor;
 - (ii) where the property was acquired by the donor before 14th July 1974, the donee may elect for the value of the property to be taken to be its value as at 14th July 1974;
- (c) an exchange in relation to properties which shall come into the hands of the parties who shall carry out the exchange:

Provided that:

- (i) where the lower of the original value and the readjusted value of the property at the time that it was acquired, or its value as at the 1st January 1980 if this is later, is at

(a) Subsections (2),(3) and (4) inserted by Ordinance 10/2017 – came into force on 22 December 2017

(b) Text deleted and new text inserted by Ordinance 7/2014 – came into force on 25 February 2014

(c) Text deleted and new text inserted by Ordinance 10/2017 – came into force on 22 December 2017

the time of the exchange equal to or greater than the value of the other property for which such property is exchanged, tax shall be chargeable on the full amount of the gain which accrues from such disposal:

- (ii) where the lower of the original value and the readjusted value of the property at the time that it was acquired, or its value as at 1st January 1980 if this is later, is at the time the exchange lower than the value of the property for which such property is exchanged, tax shall be chargeable only on such part of the gain as was not used for acquiring the other property. In such a case the value of the other property so acquired shall be deemed to be reduced by the amount of that part of the gain on which tax was not paid;
 - (iii) where the property was acquired by the previous owner before 14th July 1974, the new owner may elect for the value of the property to be taken to be its value as at 14th July 1974;
- (d) a donation to a limited company whose shareholders are members of the family of the person disposing of property and who continue to be so for at least 5 years immediately following such donation:

Provided that:

- (i) in such a case, the value of the property shall be taken to be the lower of its original value and its readjusted value at the time of acquisition by the donor or its value as at 1st January 1980 if this is later:
 - (ii) where the property was acquired by the donor before 14th July 1974, the donee may elect for the value of the property to be taken to be its value as at 14th July 1974:
 - (iii) this paragraph shall also apply where, within 5 years of the donation, the shares of a member of the family of the donor are inherited by any person not being a member of the family of the donor;
- (e) a donation made by a limited company whose shareholders are all members of the same family, to a shareholder where the property so disposed of was itself donated to the company:

Provided that:

- (i) in such a case the value of the property shall be taken to be the lower of its original value and its readjusted value at the time that it was acquired by the donor or its value as at 1st January 1980 if this is later:
 - (ii) where the property was acquired by the donor before 14th July 1974, the donee may elect for its value to be taken to be its value as at 14th July 1974:
 - (iii) in the case of a donation made by the company to a shareholder, the exemption provided by section 5 above shall not be granted when the donee disposes of the property within 3 years of its transfer to him;
- (f) any donation to the Crown and any donation for educational, training or other philanthropic purposes made to a local community or to any philanthropic institution in the Areas or the Republic approved by the Administrator;
- (g) exchange or sale in the Republic under the Agricultural Land (Consolidation) Law 1969 of the Republic as that Law may be amended or substituted;
- (h) an assignment of property in the course of a reorganisation:

Provided that in such a case the value of the property shall be taken to be the lower of its original value and its readjusted value as at the time it was acquired by the person disposing of the property, or its value as at 1st January 1980 if this is later;

- (i) a transfer in the course of a reorganisation of shares which represent the capital of the receiving or acquiring company to or by a shareholder of the assigning or acquired company in exchange for shares which represent the capital of that company:

Provided that in such a case the value of the property shall be taken to be the lower of its original value and its readjusted value as at the time it was acquired by the person disposing of the property, or its value as at 1st January 1980 if this is later.

(j) *a transfer of property from one ex-spouse (referred to as “the donor” in this paragraph) to the other ex-spouse (referred to as “the donee” in this paragraph) giving effect to a court order in the context of—*

(i) divorce proceedings or proceedings for the dissolution of marriage but only if those proceedings were in being on 25th July 2008 or were commenced after that date;

(ii) a settlement following proceedings under the Settlement of Property Issues between Spouses Law(a) of the Republic but only if those proceedings were in being on 25th July 2008 or were commenced after that date:

Provided that:

(iii) in such a case the value of the property shall be taken to be the lower of its original value and its readjusted value at the time of acquisition by the donor or its value as at 1st January 1980 if this is later:

(iv) where the property was acquired by the donor before 14th July 1974, the donee may elect for the value of the property to be taken to be its value as at 14th July 1974:

(v) where the property was acquired by the donor by donation in accordance with paragraph (b), the proviso to paragraph (b) applies instead of this proviso; (b)

(k) a lease or transfer of a lease with a registered right to purchase.(c)

Tax to be credited as payment of estate duty

11.—(1) Any tax paid under this Ordinance on account of the donation of any property by a person shall be credited to the estate as part of the whole of any estate duty payable on such property under the provisions of any enactment in force relating to estate duty:

Provided that such credit shall not exceed the amount payable as estate duty.

(2) Any tax paid by any person under any Ordinance in force relating to estate duty, such tax being proportionate to the disposable property, shall be deductible from the tax which is chargeable under this Ordinance:

Provided that such a deduction shall not exceed the amount of tax chargeable under this Ordinance.

Notification of intention to dispose of property

12.—(1) A person who intends to dispose of property shall notify the Fiscal Officer of the intended disposal within one month of the date on which the disposal is intended to take place and in any event before the property is transferred, and shall provide the Fiscal Officer with such further particulars as may be required for the purposes of this Ordinance and shall pay such tax as the Fiscal Officer shall assess.

(1A) Where the property is subject to a lease with a registered right to purchase and is disposed of to a person other than the lessee and not for the benefit of the lessee, the lessee is to be treated as the person disposing of the property. (d)

(2) The notification required under subsection (1) above shall be given in such form as the Fiscal Officer may direct.

(a) Law No. 232/1991, Republic of Cyprus

(b) Paragraph (j) inserted by Ordinance 1/2009 – came into force on 30 January 2009

(c) Paragraph (k) inserted by Ordinance 10/2017 – came into force on 22 December 2017

(d) Section (1A) inserted by Ordinance 10/2017 – came into force on 22 December 2017

(3) Where immovable property is sold by or on behalf of the Chief Officer at public auction, for the purposes of this Ordinance, the person disposing of the property is to be treated as the Chief Officer. (a)

(4) Where immovable property is sold by or on behalf of the Chief Officer at public auction, notification for the purposes of subsection (1) must be given within 1 month of the receipt of the proceeds of sale, and the tax must be paid out of the proceeds of sale.

Fiscal Officer to assess tax

13. If a person fails to notify the Fiscal Officer of a proposed disposal of property within the time required under section 12 above, the Fiscal Officer may, at any time thereafter, assess the amount of tax payable with respect to that disposal and shall send to the person concerned a notice of such assessment.

Additional assessment

14. Where it appears to the Fiscal Officer that the amount which any person is liable to pay as tax has been assessed at less than the proper amount, the Fiscal Officer may at any time within 3 months of the notice of the self-assessment and payment of tax, make an additional assessment of the amount which such person is, in his opinion, liable to pay:

Provided that where the under-assessment is due to fraud or wilful evasion, such additional assessment may be made at any time.

Objections and appeals

15.—(1) The provisions of any Ordinance in force relating to the assessment and collection of taxes, regarding objections and appeals, shall apply with appropriate modifications to tax chargeable under this Ordinance:

Provided that the Fiscal Officer shall come to a decision regarding any objection submitted to him for consideration within 2 years from the date of submission.

(2) In the case of a sale by or on behalf of the Chief Officer at public auction, the owner of the property may submit an objection or appeal for the purpose of claiming any expenses or reliefs to which the owner is entitled at any time before the end of the month following the month in which the owner receives notice of the assessment by letter sent by registered post to the owner's last known address. (b)

Obligation to pay tax

16. A person disposing of property shall be liable to pay the tax at the time when such property is disposed of:

Provided that in the case of an agreement for sale which provides that the payment of the agreed price for the property is to be made by instalments, the tax may be paid, with interest chargeable on the unpaid balance, in proportion to such instalments.

Manner of payment of tax

17.—(1) A person shall pay tax in such manner as he is directed in a notice of assessment on or before the date specified in such notice.

(a) Subsections (3) and (4) inserted by Ordinance 7/2014 – came into force on 25 February 2014

(b) Section 15 amended by renumbering it as subsection (1) and subsection (2) added by Ordinance 7/2014 – came into force on 25 February 2014

(2) (A person shall pay any tax to which he is assessed notwithstanding any notice of objection or appeal and in any event before the transfer of the property unless the Fiscal Officer orders that payment of the tax or any part thereof may be held over to a date specified in such order:

~~Provided that no transfer of the property may be made before payment of any tax assessed, unless the Fiscal Officer orders the holding over of such payment.~~ (a)

(2A) Except in the case of a sale by or on behalf of the Chief Officer at public auction, unless the Fiscal Officer orders that payment of the tax be held over, —

(a) the property may not be transferred unless the tax that has been assessed is paid; and

(b) the property is charged with payment of the tax until payment is made.

(2B) In the case of a sale by or on behalf of the Chief Officer at public auction, the tax assessed must be deducted from the proceeds of sale as a charge on the property and paid to the Fiscal Officer.(b)

(2C) In the case where the property is subject to a lease with a registered right to purchase and is disposed of to a person other than the lessee and not for the benefit of the lessee, the lessor shall pay the tax assessed. (c)

(3) Any tax remaining unpaid by the date specified in the notice of assessment or in any order made under subsection (2) above in relation to such tax shall be deemed to be in arrears.

(4) Tax payable under this Ordinance shall be collected in accordance with any Ordinance in force relating to the collection of taxes.

Interest on unpaid tax

18.—(1) Simple interest at the rate of 9% per year shall be paid upon all tax from and after the expiration of 1 month of the date of the disposal of the property till the date of payment and shall be recovered as though it formed part of the tax in arrears:

Provided that where any tax chargeable has not been assessed the person liable to pay the tax may pay to the Fiscal Officer an amount on account of the tax thereafter to be assessed; and any such amount shall, on assessment, be appropriated to the tax due from that person.

(2) No interest is payable in the case of a sale by or on behalf of the Chief Officer at public auction. (d)

Appropriation of payments

19. Where under this Ordinance any amount is payable by any person by way of interest and tax, any payment made by him shall be appropriated first to interest and then to the tax:

Provided that where interest has been paid on any amount which exceeds the amount representing tax, such interest shall be refunded.

Penalty for failure to deliver declaration

20. A person who fails to deliver a declaration of the disposal of any property within the period provided for by section 12 above is guilty of an offence and is liable on conviction to a fine not exceeding £500.

(a) Proviso repealed by Ordinance 7/2014 – came into force on 25 February 2014

(b) Subsections (2A) and (2B) inserted by Ordinance 7/2014 – came into force on 25 February 2014

(c) Section (2C) inserted by Ordinance 10/2017 – came into force on 22 December 2017

(d) Section 18 amended by renumbering it as subsection (1) and subsection (2) added by Ordinance 7/2014 – came into force on 25 February 2014

Penalty for failure to furnish information

21. A person who fails to comply with a notice issued under section 16 above is guilty of an offence and is liable on conviction to a fine not exceeding £500.

Penal provisions relating to fraud, etc.

22. Any person who wilfully and with intent to evade or to assist any other person to evade payment of the tax—

- (a) signs any declaration, statement or return furnished under this Ordinance without reasonable grounds for believing the same to be true;
- (b) gives any false answer whether orally or in writing to any question or request for information asked or made in accordance with the provisions of this Ordinance;
- (c) prepares or maintains or authorises the preparation or maintenance of any false book of account or other document;
- (d) makes use of or authorises the use of any fraudulent device, or contrivance;
- (e) makes any incorrect statement in connection with a claim for relief on account of expenditure;
- (f) makes any false declaration in relation to the proceeds derived from the disposal of property,

is guilty of an offence and is liable on conviction for any such offence to a fine not exceeding the aggregate of £1,000 plus three times the amount of tax that he, or the person whom he has assisted, evaded or sought to evade, or to imprisonment for a term not exceeding 12 months, or to both such fine and such imprisonment.

Power of Fiscal Officer to compound offences

23. The Fiscal Officer may at any time before a prosecution has been commenced for any offence under this Ordinance, compound such offence:

Provided that where a prosecution has been commenced against any person for any offence under this Ordinance the Fiscal Officer may, with the consent of the Attorney General and Legal Adviser, compound such offence at any time before judgment and may, with such consent, withdraw such prosecution.

Tax to be payable notwithstanding proceedings for penalties

24. The prosecution, conviction or imprisonment of any person for an offence under this Ordinance shall not affect the liability of that or of any other person to pay any tax in relation to which the offence was committed, or to be assessed for such tax, or to pay or to be assessed for any penalty, interest or other amount which becomes payable or assessable by reason of the failure of the person liable to pay the tax to pay it by the date that it is due.

Prosecution not to be instituted except with sanction of Attorney General and Legal Adviser

25. No prosecution in respect of any offence under this Ordinance shall be instituted except at the instance of or with the written consent of the Attorney General and Legal Adviser.

Administrative penalties (a)

25A.—(1) The Fiscal Officer may, by written notice to a person, require the person to pay an administrative penalty in accordance with subsection (2), (3) or (5).

(a) Section 25A inserted by Ordinance 18/2011 – came into force on 1 December 2011

(2) A person who fails to make a notification, deliver a declaration, provide information or comply with any other duty imposed by this Ordinance within the period provided for in this Ordinance may be required to pay an administrative penalty of up to €100.

(3) A person who fails to make a notification, deliver a declaration, provide information or comply with any other duty imposed by this Ordinance within the period for compliance stated in a notice sent to the person by the Fiscal Officer may be required to pay an administrative penalty of up to €200.

(4) The Fiscal Officer may not require a person to pay an administrative penalty under both subsections (2) and (3) in respect of the same default.

(5) A person who fails to pay tax due under this Ordinance within the period provided in this Ordinance or the period for compliance stated in a notice sent to the person by the Fiscal Officer may be required to pay an administrative penalty of up to 5 % of the tax due.

(6) The Fiscal Office may send a notice to a person for the purposes of subsection (3) or (5) in respect of a duty referred to in those subsections whether or not this Ordinance provides for a period for compliance with the duty; and the period for compliance with the duty stated in any notice must not exceed 60 days.

(7) An administrative penalty payable under this section is recoverable as a debt.

(8) The prosecution of a person for an offence under this Ordinance does not affect the person's liability to pay an administrative penalty under this section.

Principal officer to act on behalf of a company or body of persons

26. The secretary, manager, chairman or other principal officer of any company or body of persons shall be liable for any failure of the company or body of persons to do any act or other thing required to be done by such company or body of persons under this Ordinance:

Provided that any person to whom a notice has been given under the provisions of this Ordinance as representing a company or body of persons shall be deemed to be its principal officer unless he proves that he has no connection with such company or body of persons, or that some other person resident in the Areas or the Republic is its principal officer.

Regulations

27.—(1) The Administrator may make regulations for the purpose of carrying out or giving effect to the objects and purposes of this Ordinance.

(2) Such regulations may prescribe a penalty not exceeding £25 for any contravention of, or non-compliance with, the regulations and any person contravening or not complying with any regulation for which such a penalty is prescribed is guilty of an offence is triable summarily in the Judge's Court.

Repeals

28. The following Ordinances are repealed—

- (a) the Capital Gains Tax Ordinance 1980;
- (b) the Capital Gains Tax (Amendment) Ordinance 1981; **(a)**
- (c) the Capital Gains Tax (Amendment) Ordinance 1991; **(b)**
- (d) the Capital Gains Tax (Amendment) Ordinance 1994; **(c)**
- (e) the Capital Gains Tax (Amendment) Ordinance 1999. **(d)**

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- (a)** Ordinance 3/1981
 - (b)** Ordinance 1/1991
 - (c)** Ordinance 9/1994
 - (d)** Ordinance 22/1999

(2) Without prejudice to the operation of sections 8 to 10 of the Interpretation Ordinance (which relate to the effects of repeals) the continuity of the law relating to capital gains tax shall not be affected by the substitution of sections of this Ordinance for sections of the Capital Gains Tax Ordinance 1980(a) which are repealed in accordance with subsection (1) above, whether or not the sections of this Ordinance modify the corresponding repealed sections.

29. This Ordinance does not apply to any authorised service organisation as defined in the Treaty of Establishment.

Delegation of functions to the Republic (b)

29A.—(1) *The functions placed on the Fiscal Officer by this Ordinance are general delegated functions for the purposes of the Delegation of Functions to the Republic Ordinance 2007(c).*

(2) *Subsection (1) does not apply to the functions in section 23.*

(3) *The functions placed on the Chief Officer by section 6 of this Ordinance are general delegated functions for the purposes of the Delegation of Functions to the Republic Ordinance 2007(d). (e)*

(a) Cap.1 (Laws of Cyprus) as amended by Ordinance 37/2003
(b) Section 29A inserted by Ordinance 18/2011 – came into force on 1 December 2011
(c) Ordinance 17/2007
(d) Ordinance 17/2007
(e) Subsection (3) inserted by Ordinance 7/2014 – came into force on 25 February 2014