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NORTH SEEKS TAX TO FINANCE GREEK CYPRIOT PROPERTY CLAIMS..... 1

North seeks tax to finance Greek Cypriot property claims

The head of the north's Immovable Property Commission (IPC), Ayfer Erkmen, has called on the 'government' to introduce a type of capital gains tax to help pay off mounting compensation claims submitted by Greek Cypriot property owners, Turkish Cypriot press reported on Monday.

Under the proposal, people who acquired Greek Cypriot property after the 1974 invasion could be hit with a 15 per cent tax bill, the report in Cyprus Today said.

It said latest figures show that the IPC has paid out almost £270m sterling in compensation to Greek Cypriots since 2006 although the amount accounts for less than one fifth of the 6,413 applications that have been lodged with it to date.

The pace of payouts has slowed in recent years because of funding issues, although new applications are on the up again following the collapse of peace talks at the Swiss resort of Crans-Montana last summer, the reports said.

Under the new proposal, a person holding an 'esdeger' (exchange) title deed – issued for equivalent land and property abandoned by Turkish Cypriots in the south – would be forced to stump up the cash to help pay for future compensation settlements.

Homeowners would be able to take out a special loan to pay the tax, Erkmen said, adding that they would then benefit from a subsequent rise in the value of their property, which he said would become 'legalised' in the eyes of the European Court of Human Rights.

'Whether this tax is charged on an annual basis or ... at the point of sale, is one issue that needs to be talked about,' Erkmen added. The reports said that buyers need to understand that there was talk behind the scenes of introducing a special financial plan that would provide for the creation of a body, backed by banks, that could offer low-interest loans for the payment of the tax.

Once the Greek Cypriot owner was compensated, the value of the property would appreciate by two to three times its current value instantly, Erkman said.

He said he had talked the Turkish authorities – which effectively bankroll the IPC – out of introducing a whopping 60 per cent levy. Erkman said funding from the 'TRNC government' of roughly £14m sterling per year, based on current exchange rates, was not enough to settle the thousands of outstanding claims.

He also said that a total of 21 new applications had been made to the IPC in the first two months of 2018 and that 2017 saw 87 more applications compared with the previous year.

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