
Tax Law Amendment regarding debt restructurings

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On 10 July 2018, the House of Representatives voted for amending the provisions of the tax legislation regarding bank debt restructurings involving immovable property in Cyprus.

The already applicable provisions facilitated tax free debt restructurings effected by 31 December 2019 involving the transfer of immovable property in Cyprus by borrowers, debtors, guarantors to credit institutions (including their subsidiaries).

With the amendment voted by parliament, the provisions facilitating the tax free transfer of immovable property in the context of debt restructurings have been extended to be also applicable to the following qualifying lenders:

- credit acquiring companies and their subsidiaries, and
- licensed public bodies / companies holding non-performing debt

In addition, the law amendment extends the scope of tax free transfers of immovable property to cases where a sale is performed to a third party and the consideration is used for the partial / full repayment of the debt to qualifying lenders. This applies only in cases of repayment of debt which was non-performing as at or prior to 31 December 2015.

The aim of this amendment is to encourage further the restructuring of non-performing debts.

Let's talk

For a deeper discussion of how this development might affect you or your business, please contact:

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