



SUPPLEMENT No. 2
TO
THE SOVEREIGN BASE AREAS GAZETTE
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LEGISLATION

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IMMOVABLE PROPERTY (TAXATION) (AMENDMENT) ORDINANCE 2013

An Ordinance to amend the Immovable Property (Taxation) Ordinance 1980

J. S. WRIGHT
DEPUTY ADMINISTRATOR

15th August 2013.

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

1. Short title

This Ordinance may be cited as the Immovable Property (Taxation) (Amendment) Ordinance 2013.

2. Commencement

- (1) This Ordinance comes into force on the day after it is published in the Gazette.
- (2) Despite subsection (1)—
 - (a) sections 5 and 9 are to be treated as if they came into force on 14 March 2012;
 - (b) section 6 is to be treated as if it came into force on 1 January 2013.

3. Interpretation

In this Ordinance, the “principal Ordinance” means the Immovable Property (Taxation) Ordinance 1980(a).

4. Amendments to the principal Ordinance

The principal Ordinance 1980 is amended in accordance with sections 5 to 12.

5. Amendment to section 2 (interpretation)

Section 2 is amended by inserting, in the appropriate alphabetical place, the following—

““Church” means the Church of Cyprus and includes the Central Church Fund of the Holy Synod of the Church of Cyprus, the Holy Archbishopric of Cyprus, all bishoprics, stauropegic monasteries, parish monasteries, churches and chapels;”.

6. Substitution of section 3 (imposition of tax)

Section 3 is repealed and substituted with the following—

“3. Imposition of tax

- (1) Subject to sections 18 and 19A, all immovable property in the Areas is subject to tax, the amount of which is determined by reference to the total value of the immovable property of an owner using the table of rates in subsection (2).
- (2) The rates at which the amount of tax in a year is determined is as follows—

<i>Value of immovable property of an owner</i>	<i>Rate of tax</i>
For every euro from €1 up to and including €40,000	6%, subject to a minimum of €75
For every euro over €40,000 up to and including €120,000	8%
For every euro over €120,000 up to and including €170,000	9%
For every euro over €170,000 up to and including €300,000	11%
For every euro over €300,000 up to and including €500,000	13%
For every euro over €500,000 up to and including €800,000	15%
For every euro over €800,000 up to and including €3,000,000	17%
For every euro over €3,000,000	19%

- (3) The Fiscal Officer may impose a penalty of 10% of the tax payable if the owner does not pay by the deadline specified —
 - (a) in section 17; or
 - (b) in a notice issued by the Fiscal Officer in exercise of powers under this Ordinance.
- (4) There is a 10% reduction in the amount of tax payable where an owner makes arrangements to pay the tax due at least 30 days before the deadline specified in section 17. ”.

7. Amendment to section 7 (declaration of property and payment of tax)

Section 7 is amended by—

- (a) omitting the proviso after subsection (1);
- (b) inserting after subsection (1) the following—
 - “(2) Where a person acquires or disposes of immovable property after 1 January 1980, the person must submit to the Fiscal Officer, before the 30 September of the year following acquisition or disposal, a declaration or a revised declaration of the person’s immovable property, and tax is payable in accordance with that declaration.
 - (3) For the purpose of a declaration made under subsection (1) or (2), where immovable property is acquired under the Land Acquisition Ordinance**(b)**, the acquiring authority is deemed to be the owner, irrespective of whether the property remains registered in the name of the owner making the declaration.

- (4) Where the ownership of immovable property is transferred under a contract for sale, the Fiscal Officer may refund to the purchaser, on application, the tax paid by the vendor on the property (the “relevant tax”) providing—
 - (a) the contract for sale of the property provides that the relevant tax is added to the sale price;
 - (b) the contract for sale satisfies the provisions in section 3 of the Immovable Property (Specific Performance) Ordinance 2012(c); and
 - (c) the Fiscal Officer is satisfied that the tax paid by the purchaser, including the relevant tax, is more than the purchaser is required to pay under section 3 of this Ordinance.”;
- (c) renumbering the previous subsection (2) as subsection (5);
- (d) adding after the renumbered subsection (5), the following—
 - “(6) In this section “acquiring authority” has the meaning given in section 2 of the Land Acquisition Ordinance.”.

8. Amendment to section 17 (interest on tax unpaid)

Section 17(d) is amended by repealing—

- (a) the two provisos after subsection (1);
- (b) subsection (2).

9. Insertion of section 19A (tax on the immovable property of the Church)

After section 19 insert the following—

“19.A Tax on the immovable property of the Church

- (1) Despite section 18(b), tax is imposed and payable on the disposal of the immovable property of the Church which—
 - (a) on 14 March 2012—
 - (i) was registered in the name of the Church; or
 - (ii) could have been registered in the name of the Church under section 41(1) of the Immovable Property (Tenure, Registration and Valuation) Ordinance(e); or
 - (b) after 14 March 2012 is acquired by the Church—
 - (i) by donation; or
 - (ii) in exchange for immovable property to which paragraph (a) applies, where the Republic is the contracting party.
- (2) Tax on the property to which subsection (1) applies is payable for whichever is applicable of the following periods—
 - (a) where subsection(1)(a) applies, the period commencing on 14 March 2012 and ending on the date of disposal; or
 - (b) where subsection(1)(b) applies, the period commencing on the date of donation or exchange and ending on the date of disposal.
- (3) Where the period specified in subsection (2) exceeds 20 years, tax is payable only for the period of 20 years which precedes disposal.
- (4) Interest determined in accordance with section 17 is payable on the tax imposed under this section.”.

10. Insertion of section 21A (administrative penalties)

After section 21 insert the following—

“21A. Administrative penalties

Without limit to sections 3(3) (penalty for late payment), 20 (other offences) and 21(power to compound), the Fiscal Officer may impose the following administrative penalties—

- (a) a penalty of €100 where a person fails to give notice, submit a declaration or provide information within a period or on a date specified in this Ordinance;
- (b) a penalty of €200 where—
 - (i) a person (“A”) has failed to give notice, submit a declaration or provide information within a period or on a date specified in this Ordinance;
 - (ii) the Fiscal Officer has served a notice requiring A to comply within a period of not more than 60 days; and
 - (iii) A fails to comply;
- (c) a penalty of €200 where—
 - (i) a person (“A”) has failed to give notice, submit a declaration or provide information required by this Ordinance but where there is no specified period or date for compliance;
 - (ii) the Fiscal Officer has served a notice requiring A to comply within a period of not more than 60 days; and
 - (iii) A fails to comply;
- (d) a penalty of €100 where—
 - (i) a person (“A”) has failed to give notice, submit a declaration or provide information required by this Ordinance, but where there is no specified period or date for compliance;
 - (ii) the notice, declaration or information concerns another person;
 - (iii) the Fiscal Officer has served a notice requiring A to comply within a period of not more than 60 days; and
 - (iv) A fails to comply;
- (e) a penalty of 5% of the tax payable where the owner does not pay by the deadline specified—
 - (i) in section 17(1); or
 - (ii) in a notice issued by the Fiscal Officer in exercise of powers under this Ordinance.”.

11. Repeal of section 23A (date on which tax is due for 1980)

Section 23A(f) is repealed.

12. Insertion of section 23A (Delegation of functions to the Republic)

After section 23 insert the following new section 23A—

“23A. Delegation of functions to the Republic

- (1) The functions of the Fiscal Officer specified in this Ordinance are general delegated functions for the purpose of the Delegation of Functions Ordinance 2007 (the “2007 Ordinance”)(g), subject to the modifications specified in subsection (2).

- (2) The modifications are that section 18(b) and (c) (prohibition on power to impose a fixed penalty or to compound an offence) of the 2007 Ordinance do not apply.”.

13. Transitory provision: tax in 2013

- (1) For the year 2013, the tax is payable on or before 15 November 2013.
- (2) For the purpose of subsection (1), references in sections 15(2), 15(3) and 17(1) of the principal Ordinance are to be read as 15 November.

Notes

- (a) Ordinance 17/1980, amended by Ordinances 5/1981, 10/1984, 9/1992 and 8/1995.
- (b) Cap. 226, Statute Laws of Cyprus revised edition 1959, as applied in the Areas by the Sovereign Base Areas of Akrotiri and Dhekelia Order in Council 1960 (S.I. 1369/1960, United Kingdom). Schedule 2 to the Interpretation Ordinance 2012 (Ordinance 8/2012) provides for the interpretation of such legislation.
- (c) Ordinance 16/2012.
- (d) The second proviso in subsection (1) and subsection (2) were substituted by Ordinance 8/1995.
- (e) Cap. 224, Section 41 was substituted by Ordinance 7/2011.
- (f) Section 23A was inserted by Ordinance 5/1981 as section 25A and renumbered as section 23A by Ordinance 10/1984.
- (g) Ordinance 17/2007.

EXPLANATORY NOTE

(This note is not part of the Ordinance)

Introduction

1. This explanatory note relates to the Immovable Property (Taxation) (Amendment) Ordinance 2013 (the “Ordinance”). It has been prepared by the Office of the Attorney General and Legal Adviser in order to assist the reader of the Ordinance. It does not form part of the Ordinance.
2. This note should be read in conjunction with the Ordinance. It is not, and is not meant to be, a comprehensive description of the Ordinance. So, when a section or part of a section does not seem to require any explanation or comment, none is given.

Background

3. The Ordinance amends the Immovable Property (Taxation) Ordinance 1980 (the “principal Ordinance”), which imposes an annual tax on immovable property in the Areas payable by the owner of the property. The principal Ordinance corresponds to Republican law 24/1980 (the “corresponding Republican law”). This Ordinance replicates relevant amendments to the corresponding Republican law.

Particular points

4. The amendments made by sections 5 and 9 of the Ordinance replicate the effect of Republican law 187(I)/2012. Section 5 inserts a definition of “Church” in section 2 of the principal Ordinance. Section 9 inserts a new section 19A. The effect of the new section 19A is to impose a tax on the immovable property of the Church, which was owned by the Church on 14 March 2012 or acquired after that date by donation or exchange, where the Republic is the contracting party. Tax, plus interest on the tax, is payable on disposal of that property. The tax is payable for the period commencing on 14 March 2012, or the date of donation or exchange, if later, until the date of disposal. If that period is more than 20 years, tax is payable for the 20 years which precede disposal.
5. Section 6 substitutes a new section 3 in the principal Ordinance. This amendment replicates the effect of Republican law 33(I)/2013. It sets out the rates of tax on immovable property effective from 1 January 2013. A penalty of 10% of the tax payable is imposed if the owner does not pay by the statutory deadline in section 17 (30 September of the year of assessment). There is a 10% discount if the tax is paid up to 30 days before the statutory deadline i.e. before 1 September.
6. Section 7 amends section 7 of the principal Ordinance. This replicates the effect of amendments to section 7 of the corresponding Republican law made by Republican law 25/1981. Where immovable property is acquired by compulsory acquisition, it is the acquiring authority which is deemed to be the owner of the property for the purpose of assessment of tax, irrespective of whether transfer to that authority has been registered. The amendments to section 7 also make provision for a refund of tax following the sale of property in the limited circumstances specified in the new section 7(3).
7. Sections 8 and 11 repeal provisions in the principal Ordinance relating to deadlines for payment of tax in previous years. They were transitory provisions only and are no longer relevant.
8. Section 10 replicates the effect of amendments made by Republican law 134(I)/2010. It inserts a new section 21A in the principal Ordinance which provides for a power for administrative penalties to be imposed for non-compliance with statutory provisions, or for non-compliance with notices served by the Fiscal Officer requiring compliance within the specified period.
9. Section 12 inserts a new section 23A in the principal Ordinance. In accordance with current drafting practice, the new section makes clear on the face of the principal Ordinance that the functions related to the assessment and collection of the tax are delegated to the Republic in accordance with the provisions in the Delegation of Functions Ordinance 2007. The delegation includes a power to impose an administrative penalty and to compound offences.
10. Section 13 is a transitory provision applying to 2013 only. It provides that in 2013 tax is due on 15 November 2013, not 30 September. This replicates the effect of the amendment to Republican law made by law 93(I)/2013.