



ΕΛΕΓΚΤΙΚΗ
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ΔΗΜΟΚΡΑΤΙΑ

Control of the Acquisition of Real Estate by Foreigners



AUDITED BODY: Nicosia District Administration

SPECIAL REPORT: EU-EF 35/2025

September 23, 2025

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Auditor General's Foreword

Audit Purpose

Evaluation of the institutional framework and procedures for the acquisition of real estate by foreigners.

Strict frame with a large "window"

- Basic legislation allows acquisition only for owner-occupied housing, commercial housing and industrial development, introduces specific restrictions mainly regarding the use and number of properties.
- The legislation was amended in 2011 to be in line with Community Law. As a result, no restrictions apply to Community companies (including Cypriot companies) regardless of whether they are controlled by foreigners.
- Since then, the "window" that was created has been left open, without the state considering the possibility of introducing specific restrictions.
- The 2013 circular gave an investment character to the markets, while the lack of restrictions on the number of transactions strengthened commercial exploitation.
- The issuance of more "flexible" Circulars, without amending the Law, creates doubts as to their legality.

Fictitious image

- In 2024, 27.35% of total sales real estate concerned foreigners. However, this percentage is fictitious (and in fact significantly underestimated) since the actual participation of foreigners is greater, as this percentage does not include companies (Cypriot or EU) with foreign interests.

Weaknesses of Control Mechanisms

- Absence of objective criteria for evaluating the financial situation of applicants.
- Lack of control over the origin of funds.
- The computerized system "Foreigners" has gaps. The upgrade effort It dates back to 1999.
- Failure to monitor the use of real estate.

A vital issue for the C.D.

- The restrictions are purely formal in nature since they are circumvented through the establishment of Community companies (including Cypriot ones).
- There is no reliable data on the percentage of property that actually belongs to foreigners.
- A new policy with clear objectives is required, taking into account the economic, geopolitical and other strategic interests of the Republic of Cyprus.
- Within the framework of this policy, the modernization of the Legislation is also required.
- This policy must be consistent with Community law, which prevents the introduction of arbitrary restrictions. However, restrictions may be imposed for reasons of public security, health or strategic interests.
- Most member states have established such restrictions.



Andreas Papakonstantinou
Auditor General

September 23, 2025

Abbreviations Table

District Administrations
EDL Nicosia District Administration
EU European Union
EEA European Economic Area
Republic of Cyprus
CBC Central Bank of Cyprus
Department of Land and Surveying, Ministry of Land and Surveying
Ministry of Interior
Council of Ministers
TCN Third Country National

1. Summary of audit results

The audit in question was carried out with the aim of verifying the degree of compliance of the Nicosia District Administration with the institutional framework governing the acquisition of real estate by foreigners, evaluating the institutional framework, and whether the procedures followed are effective.

1.1 Institutional framework

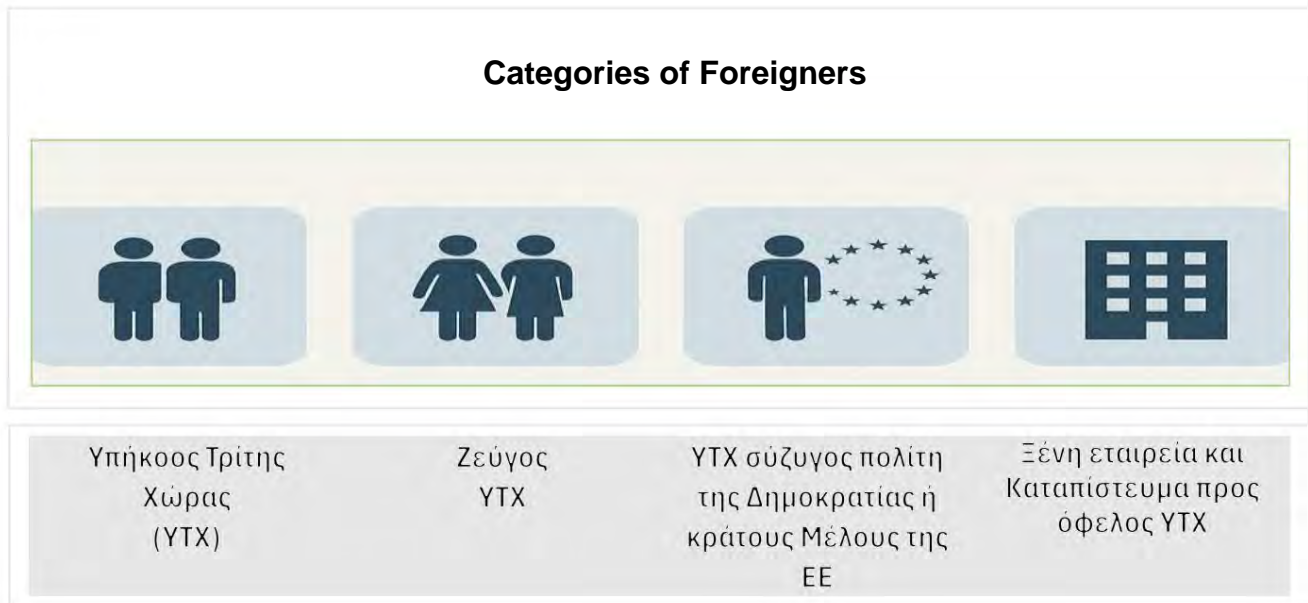
The legislation under which the acquisition of real estate by foreigners in Cyprus is examined and which came into force in 1959, as well as the relevant Regulations that came into force in 1990, as well as the subsequent Circulars, provide for the securing of approval from the Council of Ministers for the sole purpose of owner-occupied housing, professional housing and the development of an industry beneficial to the Cypriot economy, associated with new technology or know-how. The power to grant approval was, since 1999, delegated directly to the District Governors.

The acquisition of real estate by foreigners is limited to the following provisions:

- acquisition of up to two units for each foreigner or pair of foreigners, in different developments.
- these units may concern:
 - o either two residential units,
 - o either a residential unit and a shop with an area of up to 100 sq m,
 - o either one residential unit and an office with an area of up to 250 sq m. up to two units in each alien or pair of aliens, in different deployments.
- acquisition of a plot of land or land that has not been divided into plots with an area of up to 4000 sq.m., for the construction of a residence for own residence. In the case of a couple, only one permit is granted as above.

For a foreign company and a trust for the benefit of a foreigner, the same restrictions as above apply.

Foreigners¹, for the purposes of implementing the Acquisition of Immovable Property (Foreigners) Law (hereinafter "the Law"), Chapter 109 and the related Regulations, the following categories are considered:



1.2“Window” in the Legislative Framework concerning companies with foreign interests

⁹ In the current legislation, while there are restrictions on the acquisition of real estate by foreigners (natural and legal persons), no restrictions are applied to the acquisition of real estate by legal persons controlled by foreigners and established in a member state of the EU or the European Economic Area (EEA). Specifically, in article 2 of the amending Law of 2011 (L.161(I)/2011), it is provided that legal persons established in accordance with the legislation of a member state with their registered office, central administration or main establishment in a member state or a contracting party of the EEA, are not considered "Foreigners" and by extension do not require approval from the Prefect for the acquisition of real estate.

As was found, the original intention of the Legislator (1959) was for companies controlled by foreigners to be required to obtain a permit to acquire real estate. However, with the

¹ “Foreigner” means a non-citizen of the Republic and includes a company controlled by foreigners, a foreign company and a trust for the benefit of a foreigner but does not include (a) a foreign Cypriot, i.e. a non-citizen of the Republic who was born in Cyprus or is a Cypriot descendant by birth (b) a foreign spouse of a citizen of the Republic (c) a citizen of a Member State who has the nationality of the EU and a Contracting State of the EEA and (d) a legal person established in accordance with the law of a Member State and has its registered office, central administration or principal place of business in a Member State that is a Contracting State of the EEA (Article 2).

The above exception was introduced in the 2011 amendment to the Law, so that the Legislation would be consistent with European Law, without specifying any other restrictions that might have been permitted by European Law, resulting in an "open window" for the acquisition of real estate by foreigners without any restriction.

That is, any foreigner has the possibility to establish a European company (including a Cypriot one) or to acquire shares in such a company in order to acquire real estate through these companies. Therefore, any existing restrictions for foreigners are essentially meaningless.

1.3 Ambiguity in Legislation

It is noted that the amending Law of 2011 did not amend the definition of "member state" in a way that would include the Cyprus Tax Administration (which, according to the Law, is excluded from the definition of "member state"), with the result that the amending regulation becomes contradictory in terms of the interpretation of the term "member state" with a different treatment of Cypriot companies (as foreign) compared to companies established in other EU member states and excluded. The opinion obtained from the Legal Service of the Republic on 22.3.2012 is also relevant, according to which the provision in question circumvents European Law and its amendment is appropriate.

Nevertheless, since 2011, the Ministry of Internal Affairs has applied Community Law also in the cases of legal entities established in the Republic of Cyprus, since it was deemed that they are included in the definition of the term "EEA contracting party state", without the relevant term ("member state") having been amended to clarify this to this day.

1.4 Issuance of Circulars that are not in accordance with the spirit of the Law

Expansion of real estate categories

The initial Circular Letter of the Ministry of Internal Affairs, dated 30.9.1999, provides that the permit is granted to each foreign couple (husband and wife) for the acquisition of a residence or an apartment or a plot of land up to two or three stories high for the construction of a residence for own residence. The flexibility given to foreign applicants, by the Circular Letter of the Ministry of Internal Affairs, dated 15.5.2013, may acquire up to two real estate units each, which may be located in a different development and concern either two residential units or one residential unit and a shop with an area of up to 100 sq m, or one residential unit and an office with an area of up to 250 sq m, we do not consider that it serves the purpose of home ownership or professional housing, as the intention of the Law, although it may of course enhance the investment character of the markets.

9 Possibility of Renting Properties

The Circular Letter of the Ministry of Internal Affairs, dated 30.9.1999, allows foreign owners to rent properties only to permanent residents of Cyprus, whether local or foreign (but not to residents abroad for tourism purposes, so that, as it states, the tourism industry is protected). We do not consider this provision to serve the purpose of home ownership, as the intention of the Law, either, and we are of the opinion that it is legally unfounded, once again reinforcing the investment nature of the markets.

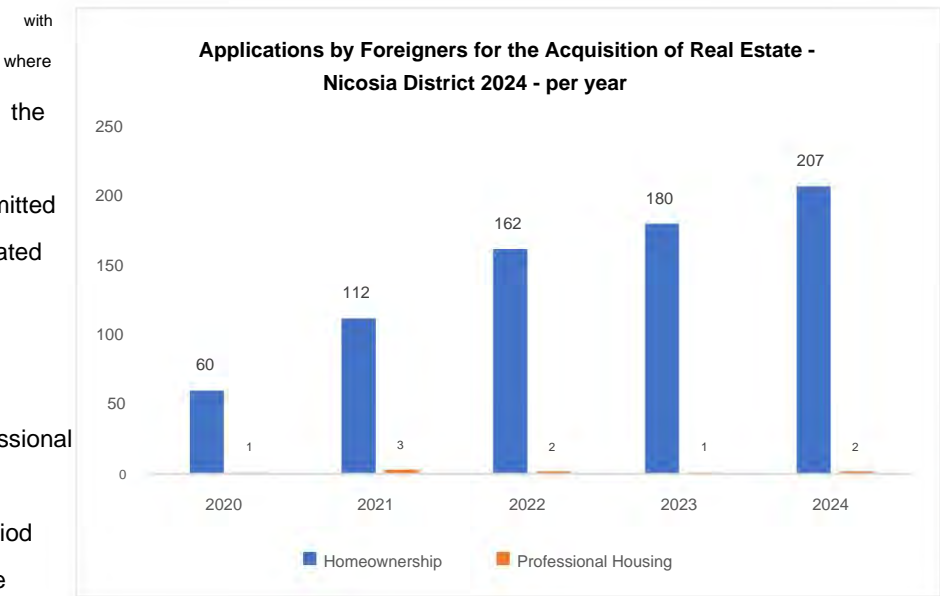
1.5 Statistical Data

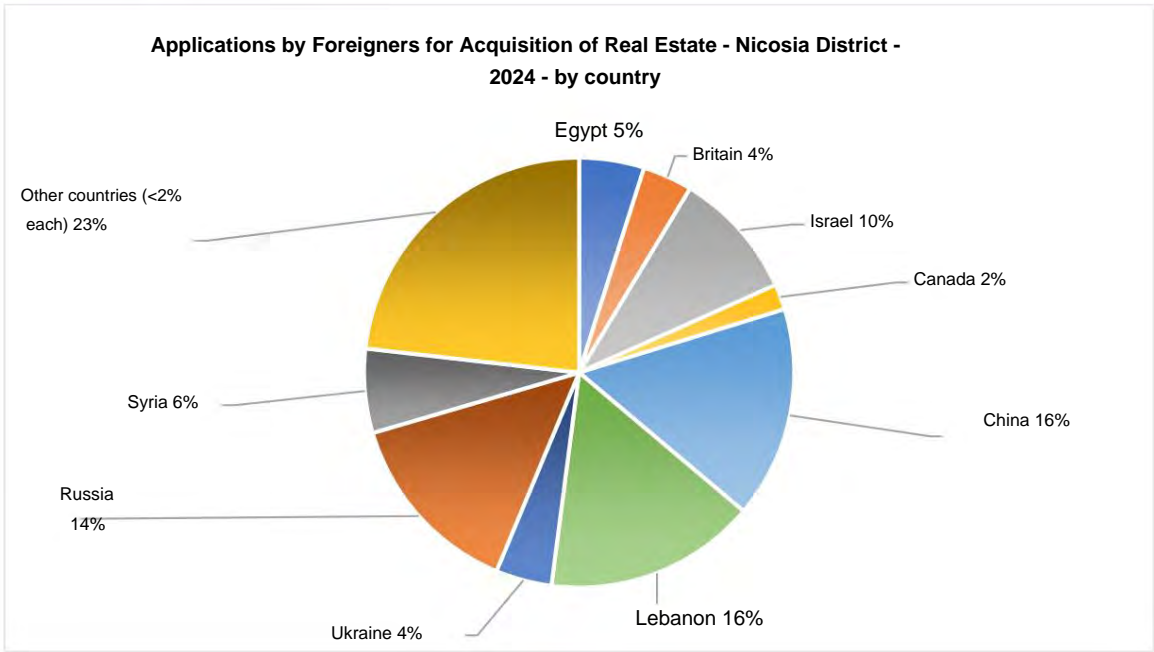
Applications from the Nicosia District Administration

According to information we obtained from the Nicosia District Administration (NDA), 98.76% of the applications submitted during the period 2020-2024, stated

as the purpose of acquiring the property, home ownership, while only 1.24% were for professional housing. Of the 32 cases we examined and related to the period 2020-2024, all applications were

submitted by natural persons for owner-occupied housing. This finding is logical and expected, since companies are apparently established for professional housing where no application is required.

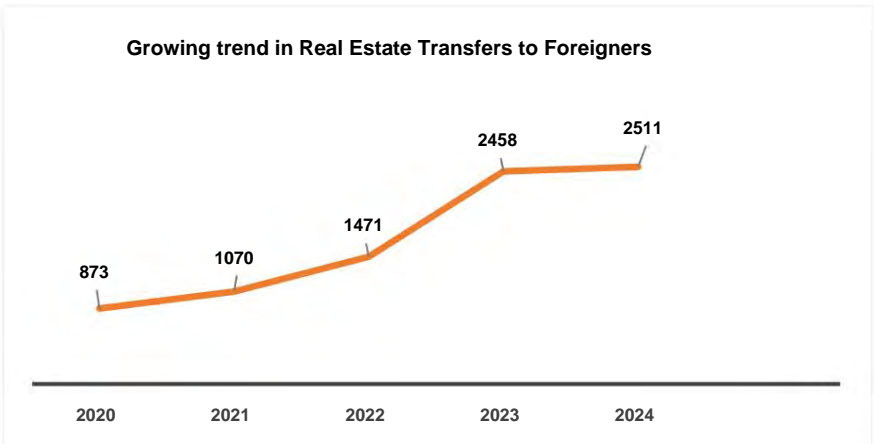


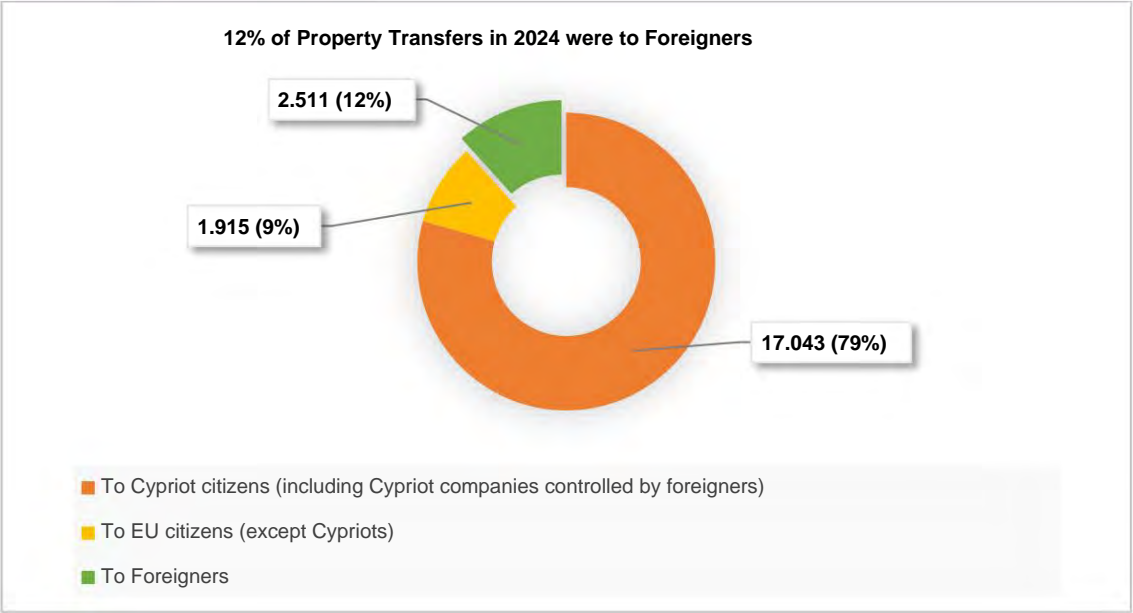


γ The value of the property acquired by foreigners for the 32 cases we examined amounted to €9,400,520. In 4 of the 32 applications, the buyers proceeded to acquire an additional residential unit, with a total value of €2,222,000, also stating as their purpose the homeownership.

Transfers on a Pancyprian basis

δ As shown in the graph, during the years 2020-2024, the number of properties transferred to foreign buyers (FPP), according to data from the Department of Lands and Surveys (DLS), shows an increasing trend, which indicates the increased interest in purchasing real estate by foreigners in Cyprus as well as the necessity of effective management of the issue.



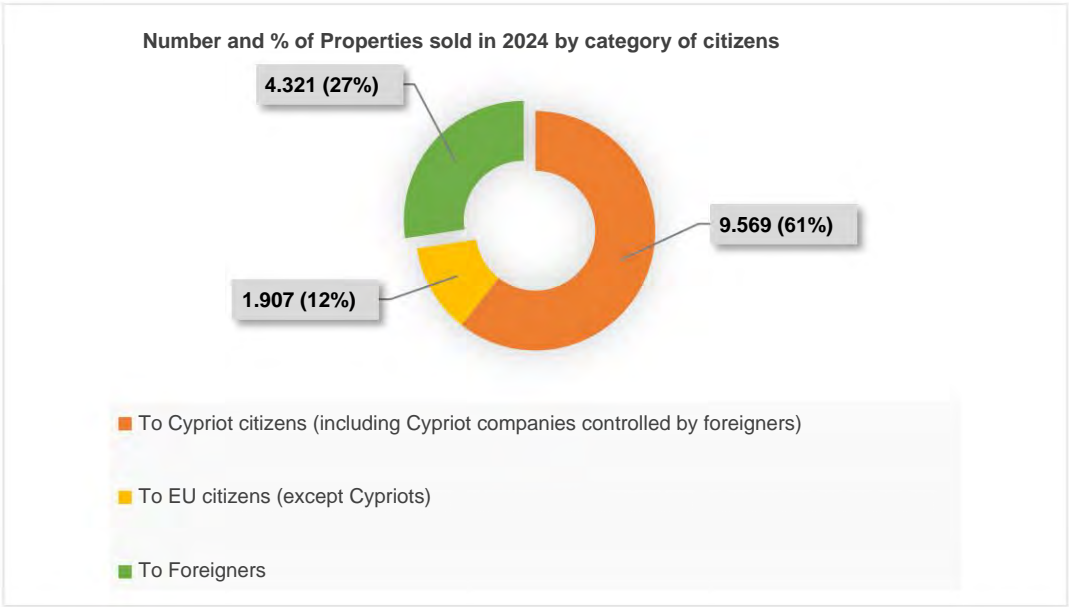


Sales on a Cyprus-wide basis

The number of sales does not match the number of transfers mainly for the following reasons:

- There is a time difference between the purchase and sale and the subsequent transfer • Some buyers, before proceeding with a transfer application, proceed with the sale of the property property
- Some foreigners purchase real estate without meeting the requirements of the Law regarding the right to acquire real estate, resulting in them being "trapped".

9 For 2024, sales to foreigners amounted to 27%. Only 61% of sales It concerned Cypriot buyers.



Number of Properties Sold in 2024 by Province							
(based on the sales documents filed with the TKX)							
Province	Total Sales	To Cypriot citizens		To EU citizens (except Cypriots)		To Foreigners	
		Number	%	Number	%	Number	%
Paphos	3.107	1.087	34,99	647	20,82	1.373	44,19
Larnaca	3.356	1.820	54,23	400	11,92	1.136	33,85
Famagusta	775	418	53,94	150	19,35	207	26,71
Limassol	5.032	3.239	64,37	459	9,12	1.334	26,51
Nicosia	3.527	3.005	85,20	251	7,12	271	7,68
Total	15.797	9.569	60,57	1,907	12,07	4.321	27,35

⁹ Most worryingly, however, is the fact that the 27% involving foreigners is actually much higher, since this percentage does not include transfers/sales to Cypriot companies with foreign shareholders, since under the current legislative framework these companies are not considered "Foreigners". These cases are recorded as transfers/sales to Cypriot buyers, with the result that official figures underestimate the actual participation of foreigners in the market and overestimate the participation of Cypriots.

Assignments

⁹ Furthermore, many properties may be transferred to foreigners through assignment contracts, which allow the transfer of rights and obligations arising from a contract of sale of a property to the foreigner, however, according to statements by the Minister of Interior, distinction of assignment contracts by nationality is not possible in the existing "Land Information System" of the LSRC. The total number of Assignment Contracts, including Cypriots, Europeans and Third Country Nationals, that have been filed with the LSRC and are still in force, amounts to 9,746.

1.6 Weaknesses in monitoring and implementing provisions of the Legislative Framework

⁹ Deficiencies were identified in the procedure followed for examining requests, as formulated through the relevant Circular Letters of the Ministry of Internal Affairs, resulting in the objective, fair and uniform examination of all requests submitted not being ensured.

by foreigners. Weaknesses and gaps were also identified in the existing institutional framework, making it imperative to review and modernize it, in order to be consistent with the data and conditions of the time.

⁹ The Circular Letter of the Ministry of Internal Affairs, dated 30.09.1999, provides that the financial and professional situation of the applicants, the purpose of acquiring the property as well as its use are examined. However, objective and measurable income or other criteria have not been established for the purposes of a uniform, fair and non-discriminatory assessment of applicants regarding their financial situation (e.g. minimum annual income, bank deposit receipts corresponding to the market value of the property, employer statements, etc.), so the assessment of the

application depends, in essence, on the perception of the individual officer who carries it out.

⁹ From the audit of the 32 cases of our sample for the EDL that concerned the period 2020-2024, it was found that there was an absence of documented explanations regarding the financial situation of the applicants and, although the applicants' files included copies of bank accounts from Cyprus and abroad, these amounts were not representative of the value of the properties purchased. Furthermore, no audit appears to be carried out regarding the source of funds for the purchases, since there is no relevant requirement/provision in the current legislative framework.

⁹ The existing institutional framework does not include restrictions on the exercise of the right to purchase and sell real estate by applicants, except for maintaining the total limit of two units, with the result that the number of purchases and sales carried out, potentially, is unlimited. In this way, commercial/investment exploitation by foreign owners is indirectly permitted since they can proceed to successive transfers of real estate, instead of being limited exclusively to owner-occupied or professional housing, as provided for by the Law.

Upon further investigation at the Department of Lands and Surveys (DLS), our above position is confirmed, as for the conduct of purchases and sales and the registration of sales documents at the DLS, the presentation of the special real estate acquisition permit, which is issued for

foreigners by the competent District Administration, if this is not provided for in the legislative framework. This permit is required only when transferring real estate. Therefore, there is no restriction on the number of purchases and sales carried out. Specifically, in 2024, according to data from the Cyprus Chamber of Commerce, 15,797 sales were recorded on a Cyprus-wide basis, of which 4,321 (27.4%) were made to foreign buyers outside the EU.

9 The current audit procedure followed to determine the possession of other real estate by foreigners is considered insufficient. From our audit of 32 cases of the EDL relating to the period 2020–2024, it was found that no substantive investigation is carried out, beyond the search in the "Foreigners" system, which does not provide complete and updated information. It is noted that the Department of Land and Surveying, to which the responsibility for confirmation, states in his letter that he does not have such authority under the Law. Therefore, the decisions of the District Administrations are probably based on insufficient data.

9 There is no mechanism for monitoring the use of real estate after the issuance of the relevant permit. The absence of systematic supervision implies weaknesses in ensuring the proper observance of the provisions, especially in relation to the use of real estate according to the purpose of their purchase. In the absence of a control mechanism, it cannot be ensured that the stated purpose of the purchase of real estate is observed, while at the same time it is not possible to effectively prevent abuses, such as their tourist exploitation. Of the 32 cases we examined, in no case is there any indication of control of the actual use of real estate acquired from foreign owners, due, as we were told, to a lack of personnel.

1.7 Computer System

9 The computerized "Foreigners" system of the Ministry of Interior, which is used by the District Administrations for the registration and search of applicant data during the evaluation of applications, presents significant weaknesses and basic deficiencies, such as incomplete registration of data, problems with identifying applicants, issues that make it difficult to locate previous applications and therefore any pre-existing real estate from the applicants.

9 Despite the fact that, in a letter from the Ministry of the Interior, dated 30.09.1999, it was stated that the upgrading of the said system was being studied, it is observed that to this day, 25 years later, no substantial improvements have been made and the significant weaknesses and deficiencies remain.

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1.8 Other Member States

⁹ From a brief investigation that we conducted via the Internet regarding the restrictions and procedures followed by EU countries for the acquisition of real estate by foreigners, it became clear that in several countries different types of restrictions are applied (regions, agricultural land, taxation, residence, etc.), while in the fewest no substantial restrictions are applied. We believe that it is necessary to carefully examine the current regime in relation to European practices and to decide on the optimal framework for our country, taking into account the particular circumstances, the policy that the state wishes to follow on the matter, as well as any administrative costs involved in each decision.

1.9 Position of the Ministry of Internal Affairs

As we have been told, the Ministry of Internal Affairs recognizes the weaknesses of the existing legislative framework.

2. Introduction

2.1 Main information about the controlled entity

The Provincial Administrations (PAs) are subordinate to the Ministry of the Interior (MIA) and ensure the implementation of Government policy, within the geographical boundaries of the respective province.

The Regional Administrative Organizations (RAOs) are involved in a large number of activities related to the daily life of the citizen, within the framework of their role in decentralizing state power. Their responsibilities also include granting permits for the acquisition of real estate by foreigners, a power that was delegated directly to the District Governors by the Council of Ministers (CM), with its decision, no. 50.228, dated 25.8.1999.

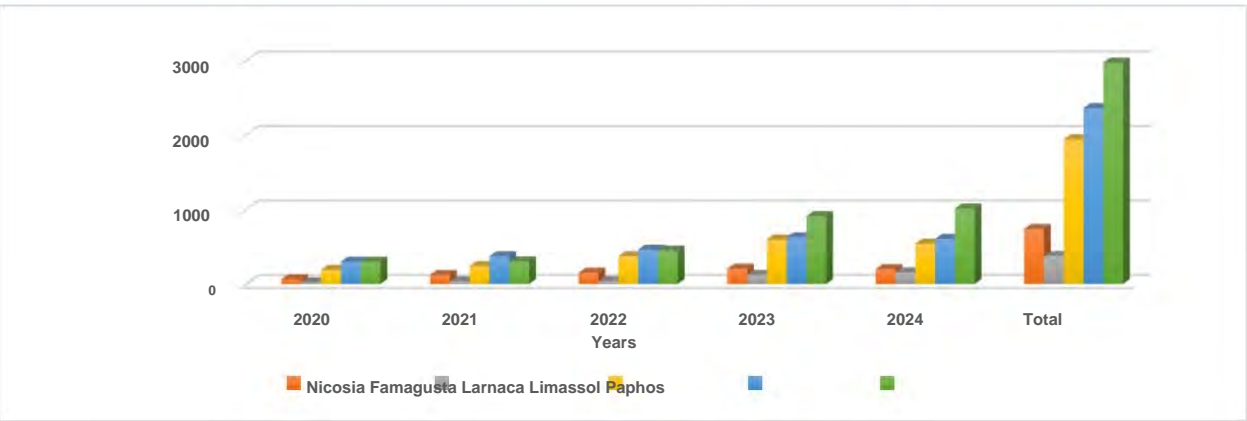
According to the Acquisition of Immovable Property (Foreigners) Law, Cap. 109, which came into force in 1959 and the relevant amendments thereto, citizens of states other than the European Union, including foreign companies, as these terms are interpreted in the Law, are required to obtain a permit from the Council of Ministers to acquire immovable property in Cyprus, a power which, as mentioned above, was delegated by the Council of Ministers directly to the District Governors. Where the immovable property exceeds the area strictly necessary for the construction of a residential or commercial premises and in any case exceeds the area of two staircases, the permit shall also be subject to such terms, restrictions, conditions and criteria as may be determined by Regulations. The relevant Regulations came into force on 21.12.1990 and provide for the granting of a permit for the purposes of (a) residence, provided that it is intended for owner-occupation, (b) professional or commercial premises and (c) industry in sectors which are deemed by the Council of Ministers to be beneficial for the Cypriot economy.

The practice followed on the subject, as well as the criteria taken into account for the examination of applications from foreigners, are described in the relevant Circular Letters of the Ministry of the Interior, based on the Circular dated 30.9.1999, as well as the amendments to the circulars, which followed, dated 28.11.2012 and 15.05.2013.

According to data we obtained from the Department of Cadastre and Surveying for the years 2020-2024, the number of properties transferred to foreign buyers (Third Country Nationals – natural persons) shows an increasing trend, which indicates an increased interest by third country buyers in purchasing properties in Cyprus. The majority of the transfers appear to be in Paphos and Limassol. It is noted, however, that these numbers do not include transfers to Cypriot companies with foreign shareholders, as these cases are considered as transfers to Cypriot buyers, and therefore the number may be much higher. Table 2 and Graph 2 are relevant.

Table 2. Property Transfers to Foreign Buyers 2020-2024 by Province

Years	2020	2021	2022	2023	2024	Total
Province						
Famagusta	23	36	39	121	155	374
Nicosia	63	120	151	205	199	738
Larnaca	190	241	373	597	540	1.941
Limassol	298	372	460	625	605	2.360
Paphos	299	301	448	910	1.012	2.970
Total	873	1.070	1.471	2.458	2.511	8.383

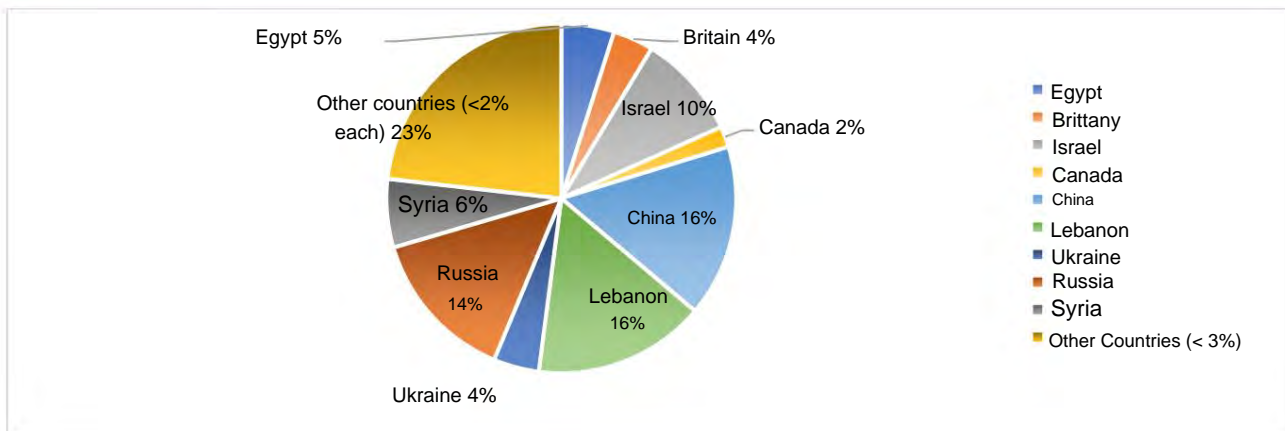


Graph 2. Property Transfers to Foreign Buyers 2020-2024 by Province

Based on the above observation, namely the continuous increase in interest, the effective management of the acquisition of real estate by foreigners becomes of particular and decisive importance.

Foreigners who applied to acquire real estate in Cyprus through the Nicosia District Administration for the Nicosia area, during the years 2020-2024, mainly come from China, Lebanon, Russia and Israel. See Chart 3 below.

Graph 3. Applicants by country of origin 2020-2024



Source: EDL Application Register 2020-2024

2.2 Purpose of the audit

The purpose of conducting the audit under review by our Service is to verify the degree of compliance of the Nicosia District Administration (NDA) with the institutional framework governing the acquisition of real estate by foreigners and to what extent the procedures followed for granting approval to foreigners are deemed effective. During the course of the audit

Weaknesses were identified in the institutional framework, and its evaluation was deemed appropriate.

The audit included applications from foreigners for the acquisition of real estate, submitted to the EDL for the period 2020-2024, from which we selected, by random sampling, and examined 32 cases.

It should be noted that although our audit concerned the Nicosia district, which presents much lower rates of transfers/sales to foreigners than other districts, our audit findings nevertheless highlight issues related to the overall management and implementation of the policy for the acquisition of real estate by foreigners, which require further investigation at the level of political decisions and strategic planning.

3. Analysis of findings and recommendations

3.1 Assessment of the institutional framework

3.1.1 Weaknesses in the implementation of the institutional framework

The Law, under which the acquisition of real estate in Cyprus by foreigners is examined, provides for the need to obtain a permit from the Council of Ministers for the acquisition of real estate for the construction of a residential or commercial building, a power that has been delegated to the District Governors since 1999. At the same time, it provides that when the real estate exceeds the absolutely necessary area and in any case exceeds the area of two staircases, the permit is subject to terms and conditions determined by Regulations. The relevant Regulations that came into force on 21.12.1990 allow the granting of a permit only for the purposes of:

- homeownership,
- professional/commercial premises, and
- industry beneficial to the Cypriot economy, linked to new technology or know-how.

However, the practice that is followed and has been shaped through the Circulars of the Ministry of Interior, with the basic Circular, dated 30.9.1999, and the subsequent amendments dated 28.11.2012 and 15.5.2013, essentially expands the concept of home ownership and professional housing, allowing the acquisition of more real estate units without the Regulations having been amended in this regard, which raises doubts as to the legality of the applied practice.

Circulars, whose purpose is to interpret and explain the relevant Laws and Regulations, should in no case include practices that contradict the provisions of the relevant institutional framework. Amendments that alter the existing legislated policy must be accompanied by an amendment to the Laws and/or Regulations.

Specifically, the following were noted:

(a) Right to acquire two properties in different areas

The initial Circular Letter of the Ministry of the Interior, dated 30.9.1999, provides that the permit is granted to each foreign couple (husband and wife) for the acquisition of a residence or an apartment or a plot of land up to two or three stories for the construction of a residence for owner-occupation. Later, with a later amendment in the Circular Letter of the Ministry of the Interior, dated 15.5.2013, it is permitted to grant a permit for the acquisition of up to two units to each foreigner or foreign couple, in different developments. These units

may concern either two residential units, or one residential unit and a shop with an area of up to 100 sq m, or one residential unit and an office with an area of up to 250 sq m. We consider that this does not serve the purpose of home ownership or business premises as the clear intention of the Law, but may also enhance the investment nature of the purchases, namely the possible rental of any additional privately owned units.

From the audit we conducted in 32 cases of granting a permit to acquire real estate, It was found that, although in most cases the purpose of purchasing the property appears to have been for home ownership, in four cases the acquisition concerned the purchase of a second property with a total value of €2,222,000 (for all four cases).

(b) Restrictions on the use of real estate by foreign owners

The Circular Letter of the Ministry of Interior, dated 30.9.1999, provides that foreign property owners may rent their residences to permanent residents of Cyprus, either to Cypriots or to other foreigners. It also provides that the rental of their residences to residents abroad for tourist purposes is not permitted because, in such a case, the provisions of the Law are being exploited and circumvented, to the detriment of the tourist industry.
of the place.

However, we consider that this provision does not serve the purpose of home ownership, as the intention of the Law, it lacks legal substance since it is not covered by the institutional framework, but only exists as a circular provision, and reinforces the investment nature of the markets. Furthermore, although specific restrictions are mentioned for the rental of residences to foreign residents, no control mechanism has been established to monitor compliance with these restrictions, so such a possibility cannot be ruled out. The establishment of provisions in a Circular that is not covered by the institutional framework, in connection with the absence of a clear and effective control mechanism for these provisions, does not ensure the effective and lawful management of the acquisition of real estate by foreigners.

3.1.2 Shortcomings in the institutional framework and in the practice followed

Deficiencies were identified in the procedure followed for examining requests, as established through the relevant Circular Letters of the Ministry of Internal Affairs, resulting in the failure to ensure the objective, fair and uniform examination of all requests submitted by foreigners. Weaknesses and gaps were also identified in the existing institutional framework, which allows applicants to exploit specific situations, making its review and modernization imperative, in order to be consistent with the data and conditions of the time.

Specifically, the following were noted:

(a) Assessment of the financial situation of the applicants

Although the Circular Letter of the Ministry of Internal Affairs, dated 30.09.1999, provides that the financial and professional situation of the applicants is examined, as well as the purpose of acquiring the property and its use, it was observed that no objective and measurable income criteria or other criteria have been established for the purposes of a uniform, fair and non-discriminatory evaluation of the applicants (e.g. minimum annual income, bank deposit receipts corresponding to the market value of the property, employer statements, etc.) as is provided for in other housing schemes. Failure to specify the above makes the evaluation subjective, depending on the individual officer conducting it, while at the same time, any evaluation becomes meaningless since there is no objective and measurable criterion with which the application for consideration will be compared and furthermore, no restrictions are specified in the relevant Law.

From the audit of the 32 cases of our sample for the EDL that concerned the period 2020-2024, it was found that there was an absence of documented explanations regarding the financial situation of the applicants and, although the applicants' files included copies of bank accounts from Cyprus and abroad, these amounts were not representative of the value of the properties purchased. Furthermore, no audit appears to be carried out regarding the source of funds for the purchases, since there is no relevant requirement/provision in the current framework.

(b) Absence of a time frame for examining applications

The Law provides that the YS (a power delegated directly to the District Governors), shall handle the application, decide on it and notify the person who submitted the application in writing of its decision with "all possible speed", without however setting a specific time frame for the completion of the procedure. This creates ambiguity, lack of transparency and the possibility of unequal treatment of applicants.

As a result, applicants have no indication of when their application will be examined and at the same time it becomes difficult to assess the degree of compliance of the EDs with this specific condition. From the cases we examined, it was found that the average duration of completion of the examination of applications amounted to 3-4 weeks, while there were also individual applications that were completed in 2-3 months.

We consider it important to establish a time frame to ensure that applications for the acquisition of real estate by foreigners are examined promptly and effectively, within the given time frame.

due to time frame. Furthermore, it should not constitute an obstacle in case the applicant needs approval immediately (e.g. for participation in auctions).

(c) Right to Buy and Sell Real Estate

The legal framework does not include restrictions on the exercise of the right to buy and sell real estate by applicants, but only provides for the maintenance of the total limit of two units (as specified in the Circular Letter of the Ministry of Internal Affairs, dated 15.05.2013), with the result that the possibility of repeated purchases and sales being carried out without limit cannot be ruled out.

The relevant Circular Letter allows the purchase by foreigners of two properties, even if they are located in different residential units. As was found, when submitting the application for the acquisition of a new property, foreigners provide evidence of the sale of one of the two properties they owned, in order to approve the acquisition of a new one, without any restriction on these transactions. This ambiguity provides the opportunity for foreigners to carry out unlimited purchases and sales, giving the property a commercial/investment character, instead of a character of owner-occupied or professional housing, as the intention of the Law.

Upon further investigation at the Department of Land and Surveying (DLS), our above position is confirmed, as for the conduct of sales and purchase transactions and the registration of sales documents at the DLS, the presentation of the special real estate acquisition permit, which is issued for foreigners by the competent District Administration, is not required, since such a thing is not provided for in the legislative framework. This permit is required only upon the transfer of real estate. Consequently, there is no restriction on the number of sales and purchases carried out.

Specifically, in 2024, according to data from the Cyprus Chamber of Commerce, 15,797 sales were recorded on a Cyprus-wide basis, of which 4,321 (27.4%) were made to foreign buyers outside the EU. Table 3 is relevant.

Table 3. Number of Properties Sold in 2024 by Province

Number of Properties Sold in 2024 by Province (based on the sales documents filed with the Land Registry)							
Province	Total Sales	To Cypriot citizens		To EU citizens (except Cypriots)		To Foreigners	
		Number	%	Number	%	Number	%
Paphos	3.107	1.087	34,99	647	20,82	1.373	44,19
Larnaca	3.356	1.820	54,23	400	11,92	1.136	33,85
Famagusta	775	418	53,94	150	19,35	207	26,71
Limassol	5.032	3.239	64,37	459	9,12	1.334	26,51
Nicosia	3.527	3.005	85,20	251	7,12	271	7,68
Total	15.797	9.569	60,57	1,907	12,07	4.321	27,35

(d) Right to acquire real estate through the formation of companies

While the current legislation contains restrictions on the acquisition of real estate by natural persons – foreigners, no restrictions are applied to the acquisition of real estate by companies controlled by foreigners and established in a member state of the EU or the European Economic Area (EEA). Specifically, in article 2 of the amending Law of 2011 (L.161(I)/2011), it is provided that legal entities established in accordance with the legislation of a member state with their registered office, central administration or main establishment in a member state or a contracting party of the EEA, are not considered “Foreigners” and by extension do not require approval from the District Governor for the acquisition of real estate.

It is noted, however, that the amending Law of 2011 did not amend the definition of “member state” in a way that would include the Cyprus Tax Administration (which, according to the Law, is excluded from the definition of “member state”), with the result that the amending regulation becomes contradictory in terms of the interpretation of the term “member state” with a different treatment of Cypriot companies (as foreign) compared to companies established in other EU member states and excluded. The opinion obtained by the Legal Service of the Republic on 22.3.2012 is also relevant, according to which the provision in question circumvents European Law and its amendment is appropriate.

Nevertheless, since 2011, the Ministry of Internal Affairs has applied Community Law also in the cases of legal entities established in the Republic of Cyprus, since it was deemed that they are included in the definition of the term “EEA contracting party”, without the relevant term having been amended to date to make this clear.

As it was found, although the original intention of the Legislator (1959) was for companies controlled by foreigners to be required to obtain a permit to acquire real estate. However, with the amendment of the Law in 2011, the above exception was introduced, so that the Legislation would be consistent with European law, without specifying any restrictions that might have been permitted by European Law, resulting in an “open window” for the acquisition of real estate by foreigners without any control.

That is, the foreigner has the possibility to establish a European company (including a Cypriot one) or to acquire shares in such a company in order to acquire real estate through these companies. Therefore, any existing restrictions for foreigners are essentially without substance.

The question therefore arises as to whether there is a reason for restrictions on the acquisition of property for natural persons, since any restrictions can be circumvented by acquiring property through a company.

(e) Unequal Treatment Based on Gender

An important point that we consider to be in need of revision in the existing Law is the unequal treatment and discrimination on the basis of gender. The current legislation allows the foreign spouse of a citizen of the Republic as well as the Cypriot descendants by patrimony of a non-citizen of the Republic, to acquire immovable property without the approval of the Council of Ministers. On the contrary, no corresponding exception is provided for the foreign spouse, a citizen of the Republic and the Cypriot descendants by matrimony. This provision creates issues of legal and social equality and raises reasonable concerns about an unfair or outdated regulation, which is not consistent with the modern principles of equality and equal treatment of the two sexes. The issue, as we have been informed, was also recently raised by the Commissioner for Administration in the context of examining a relevant complaint that was submitted to her and requested a relevant amendment to the Law.

Audit Service Recommendations

Taking into account the above, we consider that it is imperative to redefine the purpose of the legislation, with a clear distinction between social and investment nature. The practices established through Circulars of the Ministry of Internal Affairs, if deemed appropriate, should be incorporated into the legislation to enhance legality, transparency and consistency. In the context of modernizing the legislation, which, it should be noted, was enacted in 1959, the inclusion of issues that are considered essential during the application examination process, such as:

- establishing a maximum number of properties per foreigner and limiting the number of purchase and sale transactions
- income and property criteria for foreigners
- documentation of source of funds
- control of property use for tourist purposes
- introduction of an application fee to cover costs and prevent abuse
- examination of the applicant's criminal record

At the same time, detailed evaluation manuals/guides should be prepared for evaluation officers, with clear and objective criteria for approving/rejecting applications.

3.2 Weaknesses of the computerized "Foreigners" system of the Ministry of Interior

When evaluating applications, the Nicosia District Administration (NDA) uses the computerized system of the Ministry of Interior called "Foreigners" for the registration and search of applicant data, any previous applications and/or other pre-existing property. From the audit we carried out on the relevant files, and following communication with the competent officer who is an experienced user of the system, it was found that the said system presents significant limitations in the provision of sufficient information, which makes it difficult for the users to perform their duties properly and effectively and by extension to ensure complete and objective information.

Specifically, difficulties were reported in identifying applicants during the search, as their details, especially in cases with middle names, are not fully recorded. This creates problems in searching and confirming previous registrations, as the system is unable to identify registered applicants who do not have the exact same details. This results in the inability to identify applicants as well as the inability to locate previous property ownership registrations. Furthermore, in cases where the same

An applicant who submits more than one application may not be recognized as the same person, due to a different or incorrect registration of his/her name. The problem is exacerbated by the lack of obligation to register basic identification information in the system, such as the passport number, the date of birth of the applicant and his/her spouse, as well as the residence permit number in Cyprus.

Despite the fact that, in a letter from the Ministry of Internal Affairs, dated 30.09.1999, it was stated that the upgrade of the system in question was being studied, it is observed that to this day, 25 years later, no substantial improvements have been made and the significant weaknesses and deficiencies remain.

Audit Service Recommendation:

It is proposed to upgrade this system to ensure that all basic personal information is recorded correctly, especially information that is unique and allows easy identification, through the introduction of mandatory fields. Also, automatic validation could be added and implemented when entering data, to avoid errors or omissions.

We also consider it important to interconnect this system with other government databases (such as the Department of Immigration and the Department of Land and Surveying) for

improving cooperation between Services, saving time required to obtain the necessary information and improving the effective management of applications.

3.3 Failure to examine pre-existing real estate ownership by foreigners

According to paragraph 7(5) of the Circular Letter of the Ministry of Internal Affairs, dated 15.05.2013, a foreigner or a couple of foreigners may be granted a permit to acquire up to two units, which may be located in different developments.

From our sample review, we identified weaknesses in the application evaluation process. Specifically, there is no indication that any additional research was conducted to identify real estate that applicants may already own, beyond the search in the computerized “Foreigners” system of the Ministry of Internal Affairs, which, as mentioned above, does not provide complete and adequate information. Also, as we have been informed, no specific instructions/manuals have been prepared that clearly define the methods of identification and/or the methodology that must be followed by officers for the possession of additional property.

We also observed that, in the letter from the Department of Lands and Surveys to the applicants, granting approval for the acquisition of real estate, it is noted as a condition that the applicant is not the registered owner of more than two premises/units in total, including the property for which the permit is being granted.

However, the LTCC, in its letter to the Larnaca District Governor, dated 28.5.2024, points out that it is not its responsibility to carry out any checks that are a prerequisite for the granting by the relevant District Governor of a permit for the acquisition of real estate by a foreigner based on the applicable legislative provisions and requests the amendment of the wording of the approval granted. As we were told, this check by the LTCC was only carried out for older applications. This development makes the check incomplete and it is possible that the final decision taken by the respective District Administration is based on insufficient information.

3.4 Lack of a mechanism to monitor the use of properties after the approval of applications

As it was found, no monitoring mechanism has been established after the approval for the acquisition of real estate. The lack of a relevant monitoring mechanism and systematic control implies weaknesses in ensuring compliance with the procedure following the approval, especially with regard to the actual use of the real estate and the confirmation of the purpose of the purchase. From the audit of our sample, it was found that in no case is there any indication of control/monitoring by the EDL, regarding the use of real estate acquired from foreign owners, due, as we were told, to a lack of staff.

Our Service expresses the opinion that the failure to carry out the relevant, ex-post audits results in the inability to ensure compliance with the relevant provisions of the institutional framework, as mentioned below:

- (i) Article 3(1A) of the Law, which refers to the construction of a residential or commercial building on an area that must not exceed two stories,
- (ii) Article 3 of the Regulations which provides that the acquisition of a plot of land or a piece of land shall be granted on the unbreakable condition that only one dwelling or building shall be erected within a reasonable period of time from the date of approval of the application and shall be used exclusively for owner-occupation. Of the sample of 32 cases we examined, in 3, the applications concerned the purchase of a plot of land. However, in none of them was a relevant audit carried out compliance with the said provision.
- (iii) Provision of the Circular Letter of the Ministry of Internal Affairs, dated 30.9.1999, which does not allow the rental of residences to residents abroad for tourist purposes. For example, if the property is rented through an online platform (such as a B&B type), then the provision of the Law is obviously not respected.

It is noted in this regard that the Limassol District Administration, through a letter dated 27.5.2015 informed the Ministry of the Interior about the existence of a gap in the monitoring process, however, up until the period of this audit, no procedure has been established to ensure the implementation of the relevant Regulation.

3.5 Register of Applications by Foreigners for the Acquisition of Real Estate in the District of Nicosia

The monitoring and control of applications by foreigners for the acquisition of real estate in the Nicosia District is achieved by maintaining a Register by the LRA in electronic format (excel file). However, the existing Register presents weaknesses as it does not provide sufficient security in terms of access control to the system, there is no satisfactory audit trail, which makes it difficult to monitor changes or unauthorized modifications to the data. In addition, there is an increased risk of data loss in the event of a technical failure as there is no established procedure that provides for the systematic creation of backup copies.

Audit Service Recommendations:

A monitoring mechanism must be established after the application is approved, with the aim of confirming the use of the property in accordance with the declared purpose, through periodic

controls, requests for data submission and cross-checks with other government services. It is also considered necessary to strengthen and train the staff of the District Administrations for the effective management of applications, as well as to strengthen interoperability between government systems. In addition, it is recommended to develop a modern computerized system for submitting and examining applications submitted.

3.6 Acquisition of real estate by foreigners in Cyprus - Implications

The acquisition of real estate by foreigners in Cyprus presents both positive and negative aspects. implications for the country. On the one hand, according to data from the Central Bank of Cyprus (CBC), the Department of Lands and Surveys (DLS) as well as studies and publications, the inflow of foreign investment has contributed to economic growth, the creation of jobs in the construction sector and in related works and the upgrading of infrastructure in popular areas such as Paphos, Limassol and Ayia Napa.

On the other hand, significant problems have been recorded, such as the dramatic increase in property sales and rental prices, reduced housing affordability for Cypriots, environmental pressures, and concerns about loss of control over national property as well as the deterioration of the local character of certain areas.

In conclusion, while foreign investments in the real estate sector have strengthened the Cypriot economy, it is necessary to redesign the institutional framework in order to ensure social cohesion, environmental protection and access of Cypriots to the housing market.

As shown in the Tables below, the transfer of real estate in Cyprus to foreign buyers outside the EU, during 2024 and until 31.7.2025, amounted to 11.70% and 10.80% of the total transfers carried out respectively, on a Cyprus-wide basis.

Paphos District stands out, with almost 24% of transfers in 2024 and 22% by 31.7.2025 being made to foreign buyers. If property transfers to EU citizens (excluding Cypriots) are included, the percentage increases to almost 38% and 39% for the respective periods. In the districts of Larnaca, Limassol and Famagusta, the percentages of property acquisitions by foreigners range between 10-14%, while the district of Nicosia maintains a more domestic character, with just 3.2% of sales being made to foreigners.

Table 4. Number of Properties Transferred in 2024 by Province

Number of Properties Transferred in 2024 by Province							
Province	Total Transfers to EU citizens (Cypriots, EU citizens and Foreigners)	To Cypriot citizens (excluding Cypriots)				To Foreigners	
		(Number)	(%)	(Number)	(%)	(Number)	(%)
Paphos	4.288	2.663	62,10	613	14,30	1.012	23,60
Larnaca	4.154	3.262	78,53	352	8,47	540	13,00
Famagusta	1.311	1.007	76,81	149	11,37	155	11,82
Limassol	5.624	4.597	81,74	422	7,50	605	10,76
Nicosia	6.092	5.514	90,51	379	6,22	199	3,27
Total	21.469	17.043	79,38	1.915	8,92	2.511	11,70

Table 5. Number of Properties transferred by 31.7.2025 per province

Number of Properties Transferred by Province in 2025 (until 31.7.2025)							
Province	Total Transfers (Cypriots, EU citizens and Foreigners)	To Cypriot citizens		To EU citizens (excluding Cypriots)		To Foreigners	
		(Number)	(%)	(Number)	(%)	(Number)	(%)
Paphos	2.285	1.392	60,92	403	17,64	490	21,44
Larnaca	2.368	1.854	78,29	194	8,19	320	13,51
Famagusta	693	554	79,94	65	9,38	74	10,68
Limassol	3.354	2.743	81,78	269	8,02	342	10,20
Nicosia	3.791	3.439	90,71	229	6,04	123	3,24
Total	12.491	9.982	79,91	1.160	9,29	1.349	10,80

Source: Aggregate Sales and Sales to Foreigners, Department of Lands and Surveys

If we take into account the total sales of real estate to buyers outside the EU, for which a special real estate acquisition permit from the competent District Administration is not required, and therefore there is no limitation on the number of relevant purchases and sales, then for 2024 and 2025 (until 31.7.2025), these sales correspond to 27.35% and 26.22% of the total sales carried out respectively, on a Cyprus-wide basis. If we include real estate sales to EU citizens (other than Cypriots), the percentage increases to 39.4% and 39.2% for the respective periods. The Tables below are relevant.

Table 6. Number of Properties Sold in 2024, by Province

Number of Properties Sold in 2024 by Province (based on the sales documents filed with the Land Registry)							
Province	Total Sales (Cypriots, EU citizens and Foreigners)	To Cypriot citizens		To EU citizens (except Cypriots)		To Foreigners	
		(Number)	(%)	(Number)	(%)	(Number)	(%)
Paphos	3.107	1.087	34,99	647	20,82	1.373	44,19
Larnaca	3.356	1.820	54,23	400	11,92	1.136	33,85
Famagusta	775	418	53,94	150	19,35	207	26,71
Limassol	5.032	3.239	64,37	459	9,12	1.334	26,51
Nicosia	3.527	3.005	85,20	251	7,12	271	7,68
Total	15.797	9.569	60,57	1.907	12,07	4.321	Of 27,35

Table 7. Number of Properties Sold by 31.7.2025, by Province

Number of Properties Sold by 31.7.2025 per Province (based on the sales documents filed with the TKX)							
Province	Total Sales (Cypriots, EU citizens and Foreigners)	To Cypriot citizens		To EU citizens (excluding Cypriots)		To Foreigners	
		(Number)	(%)	(Number)	(%)	(Number)	(%)
Paphos	1.995	697	34,94	440	22,06	858	43,01
Larnaca	2.343	1.370	58,47	253	10,80	720	30,73
Famagusta	487	261	53,59	107	21,97	119	24,44
Limassol	3.304	2.031	61,47	385	11,65	888	26,88
Nicosia	2.432	2.062	84,79	186	7,65	184	7,57
Total	10.561	6.421	60,80	1.371	12,98	2.769	26,22

Source: Aggregate Sales and Sales to Foreigners, Department of Lands and Surveys

Once again, Paphos District stands out, with almost 45% of sales in 2024 and 43% for 2025 (until 31.7.2025) being made to foreign buyers outside the EU. In the districts of Larnaca, Famagusta and Limassol, the rates of property acquisition by foreigners range between 26%-34% in 2024 and 24%-31% in 2025 (until 31.7.2025), while the Nicosia district again maintains a more domestic character, with rates of around 7% of sales being made to foreigners.

However, it is worth noting that transfers/sales to foreigners do not include transfers/sales to Cypriot companies with foreign shareholders since, based on the current legislative framework, these companies are not considered "Foreigners" and therefore do not require approval from the District Governor for the acquisition of real estate. These cases are recorded as transfers/sales to Cypriot buyers, resulting in an underestimation of the official figures.

the actual participation of foreigners in the market. Therefore, the actual number of transfers and sales to foreigners may be significantly higher.

Furthermore, as it was found, many properties may be transferred to foreigners through assignment contracts, which allow the transfer of rights and obligations arising from a contract for the sale of a property to the foreigner, however, according to statements by the Minister of Interior, distinction of assignment contracts by nationality is not possible in the existing "Land Information System" of the LSRC. The total number of Assignment Contracts, including Cypriots, Europeans and Third Country Nationals, that have been filed with the LSRC and are still in force, amounts to 9,746.

From a brief investigation we conducted online regarding the restrictions and procedures followed by EU countries for the acquisition of real estate by foreigners, it became clear that in some countries different types of restrictions are applied.

(areas, agricultural land, taxation, residence, etc.), while in the fewest, no substantial restrictions apply.

We believe that the current legislative framework governing the the acquisition of real estate by foreigners, to study relevant European practices and to modernize it to meet the requirements of the modern era. In the context of the above, the specificities of our country, the policy that the state wishes to follow on the issue, as well as any administrative costs involved in each decision, should be taken into account.



Audited Entity Comments

The draft of this Special Report was forwarded to the Ministry of Interior and the Nicosia District Administration, with the request that we have their comments and opinions, so that they can be included in the final form of the Special Report. The letter in response is presented in **Annex III**. It is noted that, where the Ministry of Internal Affairs' response refers to issues that were in the draft of the Special Report, but were ultimately not included in its final form, in the judgment of our Service, these have been adequately answered and/or resolved through its response.

4. Annexes

Annex I: Institutional framework of responsibilities of the Auditor General

Responsibility of the Audit Service and safeguarding its independence

The Special Reports of the Audit Service present the results of the audits it carries out on the policies and programmes of the Republic of Cyprus or other audited organisations or on matters relating to their Budget or specific sectors thereof, or the results of audits of private auditors to whom the Audit Service has assigned the audit of the accounts of any organisation audited by it, by virtue of the Filing of Data and Information with the Auditor General of the Republic Law (L.113(I)/2002). The Audit Service selects and plans the said audit activities in such a way that they yield the maximum impact, taking into account the risks to performance or compliance, the level of relevant income or expenditure, upcoming developments and the public interest.

The presentation of audit findings by the Audit Service is based on the information that has been placed before it.

Unless explicitly stated, the failure to state findings on certain aspects or issues relating to the subject matter of the audit does not constitute an assurance, nor does it imply that these are free from weaknesses or errors or deviations from the applicable regulatory framework, since the external auditor is not expected to be able to identify every weakness or error or deviation from the applicable

regulatory framework.

The recommendations of the Audit Service constitute suggestions on how to handle the observations and findings of the audit. In no case may these recommendations be understood to affect the independence of the Service, as an external auditor, or to imply the participation of the Service in the making of any relevant decision by the management of the audited entity, which continues to bear sole responsibility for the correct and lawful decision-making, as to how to handle the audit findings.

and recommendations.

Nothing in this Report shall be construed or construed as implying any accusation against any person for any intentional abuse of power or for the commission of any criminal or other offence. Such allegations, if any, shall be investigated by the competent authorities, and only the competent courts may find any person guilty of any offence. It is also emphasized that the recommendations and findings of the Audit Service concern the audited entities and any reference to other natural or legal persons in no way

It follows that they have necessarily done anything reprehensible, since such a thing is beyond the scope of this Report.

Responsibilities of the Auditor General

The audit was carried out within the framework of the constitutional powers of the Auditor General of the Republic and the provisions of the Fiscal Responsibility and Fiscal Framework Law.
(Law 20(I)/2014).

Article 116 of the Constitution of the Republic provides that the Auditor General, assisted by the Assistant Auditor General, shall audit in the name of the Republic all receipts and payments and all accounts of funds and other assets or other liabilities incurred by the Republic or created on its behalf. For this purpose, the Auditor General shall have the right to inspect and audit all relevant books, records and statements, as well as the places where they are kept.

the above assets. Also, the Auditor General, assisted by the Assistant Auditor General, exercises any other power or performs any other duties or obligations that are determined or assigned to him by Law.

According to article 109 of the Fiscal Responsibility and Fiscal Framework Law (L.20(I)/2014), the Auditor General conducts the external audit of the accounts of every General Government entity, Provincial Local Government Organizations, state organization and state enterprise.

According to the Accounting and Financial Management and Financial Control Law of the Republic (Law 38(I)/2014), the audit officer of each Fund must ensure the correctness and legality of receipts and payments and the

effectiveness, efficiency and economy of the implementation of the relevant Budget, based on the principles of sound financial management (articles 7(1) and 8).

For this purpose, the Audit Service conducts financial and management audits, as well as compliance audits of Ministries, Departments and Services of the Public Service and the broader public sector.

The Law on the Submission of Data and Information to the Auditor General of the Republic (Law 113(I)/2002) provides clear powers to the Auditor General to request data in any form, including electronic form, explanations and information, written or oral, which in his judgment may assist him in the performance of his work.

Annex II: Methodology

Control standards

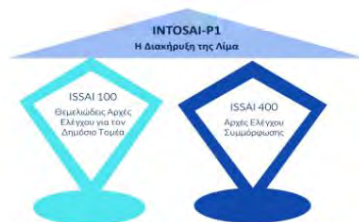
According to article 81(2) of the Fiscal Responsibility and Fiscal Framework Law (L.20(I)/2014), the Auditor General conducts the external audit on the basis of internationally recognized audit standards that he himself decides.

As explicitly stated in the Audit Instructions issued by the Auditor General, the Audit Service's audits are conducted in accordance with the International Standards of Supreme Audit Institutions. (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI), which is an autonomous, independent, non-political Organization, with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

The ISSAI Standards divide the audits carried out by Supreme Audit Institutions into three categories: financial audits, compliance audits and management audits. For these audits, there are a number of audit

standards that are common and a number of audit standards that are specific to each audit category.

The conduct of this audit is governed mainly by the provisions of the following Standards:



The fundamental INTOSAI-P1 Standard essentially records the Declaration, which was adopted in 1977 by the INTOSAI World Congress in Lima, Peru (Lima Declaration). As the Standard itself records, this document is considered the “Magna Carta” in the exercise of external control of governments, as it laid the foundations of public audit. The Declaration sets out the key control points and basic principles for Supreme Audit Institutions that are necessary to achieve independent and objective results. The principles established in the Lima Declaration were recognized by the UN General Assembly Resolutions No. 66/209 (dated 22.12.2011) and 69/228 (dated 19.12.2014). The

INTOSAI-P1 Standard, like INTOSAI-P10 Standard (Mexico Declaration), are part of the *acquis communautaire*.

ISSAI 100 presents the definition of public sector auditing and provides the basic concepts, elements and principles (both general principles related to auditing and principles related to the various phases of the auditing process) that apply to all public sector audits.

ISSAI 400 defines compliance auditing as an independent assessment of whether a given subject matter is in accordance with the principles that have been defined as audit criteria. These audits aim to assess whether the actions of the audited entity are consistent with the principles or rules that govern it. These principles and rules may concern compliance with provisions of relevant Laws, Regulations or agreements or with the general principles of sound financial management and conduct of public officials.

Audit approach

The audit was based on an on-site inspection at the offices of the Nicosia District Administration, examination of official files, review of documents, recording of procedures, use and evaluation of databases, processing of statistical data and conducting interviews with competent officers.

32 cases of obtaining a real estate license were examined, relating to the period 2020-2024.

The audit findings were forwarded for comments and opinions to the EDL and the Ministry of Internal Affairs and their opinions, where received, were incorporated, where appropriate, into this Report.

We would like to clarify that, for the purposes of publishing this Special Report, all references to personal data have been removed. This is done in order to comply with the European Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, without, however, materially restricting the communication of our Service's findings and conclusions as required by applicable international standards.

Control criteria

For the purposes of the compliance audit, the relevant Law, Regulations, Circular Letters and Council of Ministers Decisions were used as principles and rules.

Annex III: Self-reply letter from the Ministry of Interior



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18 Σεπτεμβρίου, 2025

ΜΟΝΟ ΜΕ ΗΛΕΚΤΡΟΝΙΚΟ ΤΑΧΥΔΡΟΜΕΙΟ

Γενικό Ελεγκτή
(υπόψη κας Μαρίας Παύλου
Διευθύντριας Ελέγχου)

Έλεγχος της κτήσης ακίνητης ιδιοκτησίας από αλλοδαπούς

Αναφέρομαι στην επιστολή σας με αρ. φακ. 05.14.009 ημερ. 21/08/2025 με την οποία επισυνάψατε το Προσχέδιο Ειδικής Έκθεσης της Ελεγκτικής Υπηρεσίας και επιθυμώ να σας πληροφορήσω τα ακόλουθα:

2. Σύμφωνα με το προσχέδιο της Ειδικής Έκθεσης, το οποίο είχε σκοπό να εξακριβώσει τον βαθμό συμμόρφωσης της Επαρχιακής Διοίκησης Λευκωσίας με το θεσμικό πλαίσιο που διέπει την απόκτηση ακίνητης ιδιοκτησίας από αλλοδαπούς και κατά πόσο οι διαδικασίες που ακολουθούνται είναι αποτελεσματικές, διαπιστώθηκαν, μεταξύ άλλων, τα ακόλουθα:

- Αδυναμίες και κενά στο υφιστάμενο θεσμικό πλαίσιο, καθιστώντας την επανεξέταση και εκσυγχρονισμό του επιτακτική, προκειμένου να συνάδει με τις συνθήκες της εποχής
- Εφαρμογή πρακτικών αμφιβόλου νομικής υπόστασης οι οποίες ενδεχομένως να βρίσκονται σε αντίθεση με τις πρόνοιες του περί Κτήσης Ακίνητης Ιδιοκτησίας (Αλλοδαποί) Νόμου (Κεφ.109)
- Απουσία αντικειμενικών και μετρήσιμων εισοδηματικών ή άλλων κριτηρίων για σκοπούς ομοιόμορφης, δίκαιης και χωρίς διακρίσεις αξιολόγησης των αιτητών σχετικά με την οικονομική τους κατάσταση και επιπλέον η εν λόγω αξιολόγηση καθίσταται άνευ αντικειμένου εφόσον δεν καθορίζονται κριτήρια στο θεσμικό πλαίσιο
- Κανένας έλεγχος για την πηγή άντλησης των κεφαλαίων
- Απουσία πρόνοιας ή περιορισμού για απόκτηση ακίνητης ιδιοκτησίας από εταιρείες που ελέγχονται από αλλοδαπούς και συστήνονται σε κρατος-μέλος της Ε.Ε.
- Απουσία περιορισμών σχετικά με την άσκηση του δικαιώματος αγοραπωλησίας ακίνητης ιδιοκτησίας από τους αιτητές
- Άνιση μεταχείριση αιτητών ανάλογα με το φύλο

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- Σημαντικές αδυναμίες στο μηχανογραφημένο σύστημα «Αλλοδαποί» του Υπουργείου Εσωτερικών
- Αναρμοδιότητα του Τμήματος Κτηματολογίου και Χωρομετρίας στη διαπίστωση κατοχής άλλης ακίνητης ιδιοκτησίας από αλλοδαπούς
- Έλλειψη μηχανισμών ελέγχου συμμόρφωσης με τις εκδοθείσες άδειες

3. Η ανάγκη εκσυγχρονισμού του υφιστάμενου παρωχημένου θεσμικού πλαισίου απασχόλει το Υπουργείο Εσωτερικών καθώς και τη Νομική Υπηρεσία της Δημοκρατίας. Ενδεικτικά αναφέρεται ότι σε πρόσφατη κοινή μας συνάντηση, υποδείχθηκε από τους εκπροσώπους της Νομικής Υπηρεσίας ότι η ενδεδειγμένη οδός είναι η κατάργηση του περί Κτήσης Ακίνητης Ιδιοκτησίας (Αλλοδαποί) Νόμου (ΚΕΦ. 109) και αντικατάσταση του με νέα νομοθεσία. Το συμπέρασμα αυτό καταγράφηκε και σε απάντηση του Υπουργού Εσωτερικών σε επιστολή του προς Αν. Γενικό Διευθυντή της Βουλής των Αντιπροσώπων με αριθμό φακέλου 03.01.002.001 και ημερ. 29/07/2025, σε ερώτημα του βουλευτή κ. Νίκου Γεωργίου, στην οποία επίσης αναφέρεται ότι η διαδικασία βρίσκεται στο στάδιο εξέτασης των κενών της υφιστάμενης νομοθεσίας.

4. Οι διαπιστώσεις του Προσχέδιου της Ειδικής Έκθεσης θα ληφθούν σοβαρά υπόψη και θα συμβάλλουν σημαντικά στην προαναφερθείσα διαδικασία αντικατάστασης του υφιστάμενου νόμου.

5. Κατά τη διαδικασία αναθεώρησης της νομοθεσίας, θα πρέπει να διενεργηθεί εκτίμηση των επιπτώσεων ενδεχόμενων αλλαγών του νομικού και θεσμικού πλαισίου της απόκτησης ακίνητης ιδιοκτησίας από αλλοδαπούς τρίτων χωρών, οι οποίες επιπτώσεις, δεν ενδείκνυται να εκτιμηθούν αποσπασματικά, αλλά υπό το πρίσμα συνυπολογισμού σε μια πλειάδα πολιτικών του κράτους και τομέων της οικονομίας. Οι ακριβείς επιπτώσεις στους διάφορους τομείς πρέπει να εκτιμηθούν από τα αρμόδια Υπουργεία / Τμήματα / Υπηρεσίες και ασφαλώς τους εμπλεκόμενους φορείς στα πλαίσια της δημόσιας διαβούλευσης.



(Αντώνης Οικονομίδης)
για Γενικό Διευθυντή
Υπουργείου Εσωτερικών

Κοιν.: Γενικό Εισαγγελέα της Δημοκρατίας
Έπαρχο Λευκωσίας