



Succession Law, Wills, Administration of Estate and Inheritance Tax

Succession matters in Cyprus are regulated by two main national laws namely the Wills and Succession Law (Cap. 195) (the '**Succession Law**') and the Administration of Deceased's Estate Law (Cap. 189) (the '**Probates Law**'). Additionally, as a member of the European Union, Cyprus applies European law on succession matters, such as the EU Succession Regulation (650/2012).

Domicile

The scope of the Succession Law applies to either deceased persons who had their domicile in Cyprus or to deceased persons who did not have their domicile in Cyprus, however, owned immovable property in Cyprus. If immovable property is not located in Cyprus, then the law of the country where the property is located applies (Lex loci) and it is irrelevant if the deceased person in question had their domicile in Cyprus.

Movable property, on the contrary, is regulated by the laws of the domicile of the deceased, therefore, if the deceased had a foreign domicile, the laws of his/her country will apply as to the his movable property in Cyprus. Similarly, a deceased person's movable assets abroad, will be governed by Cyprus law, if the deceased passed away having a Cyprus domicile.

The term "*domicile*" is often used in succession matters when trying to determine which law is applicable to the estate of a deceased person. Domicile is the status of having a permanent residence and the intention to live in a particular country. Consequently, a deceased person may only have one 'domicile' for succession purposes, and this may be either the 'domicile of origin' or the 'domicile of choice'. Generally, each person has a domicile of origin, until such domicile is lost by virtue of choice, in which case a domicile of choice is acquired.

Thus, before beginning any succession procedure in Cyprus, what needs to be examined is whether the deceased person had a 'domicile' in Cyprus, or whether the deceased person's estate, includes any immovable property in Cyprus.

Succession methods

Under Cyprus law, the disposal and distribution of the estate of a deceased person can be effected through a will, without a will (intestate), or with both a will and intestate as regards the estate which had not been mentioned in the will.



According to Succession Law, the right of a person to choose his inheritors and therefore dispose of his estate under the provisions of his will, is limited to the “disposable part” meaning that he is allowed to dispose only a part of the estate.

One of the main characteristics of Cyprus succession law is that it has a system of forced heirship, meaning that certain relatives/heirs, such as a spouse or children, cannot be excluded from an inheritance and they have a right to a minimum percentage of the estate. Therefore, even in the case where there is a will the testator does not have complete freedom as to the disposal of its estate.

Consequently, in the case where, a person dies without leaving a will, (i.e. he dies intestate), his estate will be distributed to the entitled relatives (i.e. legal/statutory heirs) as per the provisions of Succession Law. The distribution will be effected through an administration procedure, (carried out by an appointed/authorised administrator) supervised by the Cyprus Courts.

It is also important to clarify that, in cases where the deceased had disposed more than the permitted disposable portion, the will is still valid, and the portion will be simply reduced to the disposable portion.

Grant of Probate or Letters of Administrator

If the deceased person has left a will, then the named executor of the will, should apply to the Cyprus courts for a grant of probate to be able to distribute the estate to the designated beneficiaries.

If there is no will, then a close relative of the deceased can apply to Cyprus courts for the letters of administration to be able to administer the estate and distribute the deceased’s assets to the legal heirs, as per the provisions of Succession Law.

It is noted that in Cyprus, a lawyer can also apply for the letters of administration, provided that he has been appointed/authorised by all the legal heirs of the deceased to be the administrator of the estate. The intended administrator must submit to Court, along with the relevant application, various documents so that the Court will grant him the letters of administration. When the letters of administration have been obtained, the administrator will collect all information regarding the assets and liabilities of the deceased, pay any taxes due to the authorities, and obtain a tax clearance certificate from the tax authorities, so that he can proceed with the distribution of the



estate to the beneficiaries. The administrator, of course, must inform the Court about the course of the administration procedure and file final accounts before closing the administration.

Inheritance tax

It is also worth mentioning that there is no inheritance or succession tax in Cyprus for people who passed away after 1.1.2000. That is to say that Cyprus citizens, as well as foreigners domiciled in Cyprus and/or having real estate in Cyprus, are charged zero tax on the estate, therefore their assets can pass to their successors without them having to pay any tax.

Since most countries have inheritance tax, which can be quite high, the no inheritance tax rule/regime in Cyprus, is definitely an important attraction point for high-net-worth people, to choose Cyprus as their place of business or residence.

What they need to do to benefit from the 'no inheritance tax regime' is to prove that they are domiciled in Cyprus. As mentioned above the word 'domicile' means more than a permanent resident and other relevant factors to be considered for this purpose, are the individual's business and family interests or his general intentions, which can be ascertained through his will, if available.

In any case, foreigners who wish to have their domicile in Cyprus, need to be aware of the 'forced heirship' rules that apply according to Cyprus' succession law, since, and as already explained above, most of their estate will be distributed between close relatives and cannot be left freely to whomever they wish.

According to EU succession regulation, foreign nationals may choose, through their will, for the succession law of their country of nationality to apply on their death, instead of that of their country of residence, (if they wish to avoid Cyprus' forced heirship rules). Similarly, a Cypriot national that lives permanently abroad for many years, may choose, through a will, to have their domicile in Cyprus, so that Cyprus succession law rules will apply on his death.

The information provided in this article is for general informational purposes only and should not be used as professional or formal legal advice.

8 March 2023, Cyprus

