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Legal Considerations for Polish Nationals in Cyprus: Real Estate, Residency, Banking, Taxation, and More

Cyprus continues to attract European citizens, including Polish nationals, due to its Mediterranean lifestyle, strategic location, and favourable tax and residency regimes. As EU citizens, Polish passport holders enjoy streamlined access to residence, employment, property ownership, and banking in Cyprus. This article provides a comprehensive overview of the key legal considerations for Polish nationals looking to live, invest, or retire on the island.



Buying Property in Cyprus: Legal Procedure for Polish Nationals

As EU citizens, Polish nationals face fewer restrictions when purchasing real estate in Cyprus compared to non-EU buyers. They are entitled to buy residential and commercial property without the need for approval from the Council of Ministers.

Legal Steps in the Property Purchase Process:

- **Due Diligence:** It is essential to appoint a qualified and independent Cypriot lawyer to carry out due diligence on the property, including verification of the title deed, encumbrances, planning and building permits.
- **Reservation Agreement:** A reservation agreement is signed, and a deposit fee is paid to take the property off the market while legal checks are completed.
- **Contract of Sale:** After due diligence, the official Contract of Sale is signed. This must be stamped and registered with the District Land Registry within six months to ensure legal protection.
- **Stamp Duty and Transfer Fees:** Stamp duty is payable upon signing the contract. Transfer fees vary based on the purchase price and are payable at the time of title deed transfer. If VAT is applicable (standard rate is 19%, reduced to 5% for primary residences), no transfer fees apply.
- **Title Deed Transfer:** Upon full payment and completion of the legal process, the title deed is transferred to the buyer. In cases of off-plan purchases, registration of the contract with the Land Registry is crucial for future title issuance.

Opening a Bank Account in Cyprus for Polish Citizens

As EU citizens, Polish nationals can open personal and corporate bank accounts in Cyprus with relative ease, although banks still require comprehensive documentation due to anti-money laundering (AML) regulations.

Standard Requirements for Account Opening:

- Valid Polish passport or national ID card
- Proof of address (recent utility bill or tenancy agreement)
- Tax Identification Number (NIP)
- Recent bank statements and proof of income
- CV
- Documentation on the source of funds
- Reference letter from a bank (optional)

For corporate accounts, additional documents are required such as company incorporation certificates, shareholder structure, and director identities.



Tax Treatment in Cyprus for Polish Nationals

Cyprus offers a competitive tax environment, especially appealing to EU citizens like Polish nationals who wish to become tax residents.

Tax Residency Criteria (as of 2024):

- **183-Day Rule:** Individuals are tax residents if they spend more than 183 days in Cyprus in a calendar year.
- **60-Day Rule:** Alternatively, tax residency can be claimed with just 60 days of physical presence, provided the individual does not reside in another country for over 183 days, is not tax resident elsewhere, and maintains ties to Cyprus (e.g. business or directorship).

The 60-day rule is particularly attractive for digital nomads, entrepreneurs, and international consultants.

Tax Benefits:

- No tax on foreign-source dividends or interest for non-domiciled residents
- No inheritance or wealth taxes
- Flat rate of 5% on pension income exceeding €3,420 annually
- Double Taxation Agreement between Cyprus and Poland prevents double taxation of income

Residency in Cyprus

A. Right of Residence for EU Citizens (MEU1 & MEU3)

Polish nationals, as EU citizens, are entitled to reside in Cyprus without a visa. However, if staying longer than 90 days, they must register their residency under **MEU1 (Registration Certificate)** within four months of arrival.

Requirements for MEU1 Registration:

- Valid passport or ID card
- Employment contract or proof of sufficient income
- Rental or property ownership agreement
- Health insurance (if not employed)
- Completed application form and administrative fee

Permanent residency under **MEU3** can be applied for after five continuous years of legal residence in Cyprus.



GESY – The General Healthcare System of Cyprus

Polish nationals legally residing in Cyprus and contributing to the Social Insurance Fund are eligible for public healthcare through **GESY (ΓΕΣΥ)**. Those who are employed, self-employed, or receiving pensions may register for the system and access comprehensive medical services.

Private health insurance is required for non-employed individuals or during the initial stay before registration with the Social Insurance Fund is completed.

Polish Pensioners in Cyprus

Cyprus is an increasingly popular retirement destination for Polish pensioners due to its climate, safety, and tax advantages.

Key benefits include:

- **Transfer of Polish Pensions:** Polish state and private pensions can be transferred to Cyprus.
- **Double Taxation Agreement (DTA) Protections:**

Private Pensions: Under **Article 18** of the Poland–Cyprus DTA, private pensions and similar remuneration are **taxable only in the country of residence**. Therefore, if a Polish pensioner becomes a **Cyprus tax resident**, their Polish private pension will only be taxed in Cyprus, not in Poland.

Public Pensions: As per **Article 19**, public pensions paid by the Polish state for services rendered (e.g. civil service pensions) are generally **taxable only in Poland**.

However, if the pensioner is **both a national and a resident of Cyprus**, the pension is **taxable only in Cyprus**. This means that a **Polish national** who becomes a **tax resident in Cyprus** may have their **public pension taxed exclusively in Cyprus** — offering strategic tax planning opportunities.

- **Non-Domicile Regime:** Pensioners who qualify as **non-domiciled tax residents** are exempt from taxes on dividend and interest income for 17 years.
- **Pension Tax Rate:** Cyprus offers a **flat 5% tax rate** on annual foreign pension income **exceeding €3,420**.
- **Healthcare Access:** Pensioners may register under the **GESY system** (public healthcare) through social insurance contributions or maintain **private health insurance** coverage during the transition.

Conclusion

Cyprus offers a welcoming and legally straightforward environment for Polish nationals to invest, reside, or retire. As EU citizens, they enjoy several advantages, from simplified property acquisition to access to healthcare and favourable tax treatment. Nevertheless, it is essential to seek qualified legal and tax advice to ensure compliance with local laws and to make informed decisions tailored to individual circumstances.