

RISKS ASSOCIATED WITH INVESTING IN PROPERTIES IN THE OCCUPIED PART OF CYPRUS



The so called “Turkish Republic of Northern Cyprus” (the “TRNC”) is a self-declared state that comprises the north-eastern portion of the island of Cyprus, following the military invasion of Turkey in 1974. The TRNC has been condemned and declared illegal and invalid by the International Community through United Nations Security Council Resolutions 541/83 and 550/84. The TRNC is internationally recognized **only** by Turkey.

Further to the Turkish invasion hundreds of thousands of Greek Cypriots were displaced. The land/property that was owned by Greek Cypriots in the north of Cyprus was subsequently classified as exchange or ‘gift’ land/property by the Turkish Cypriot “authorities” and relevant “titled deeds” were issued to Turkish Cypriots.

Regardless of the above mentioned actions of TRNC, the legal ownership of such properties remains with the Greek Cypriots owners, the European Court of Human Rights has ruled in a number of cases that owners of property in northern Cyprus before 1974 continue to be regarded as the legal owners of that property.

Further to an amendment of the Cyprus Criminal Code in 2006, section 303 provides that buying, selling, renting, promoting or mortgaging a property without the permission of the owner (the person whose ownership is registered with the Republic of Cyprus Land Registry, including Greek Cypriots displaced from northern Cyprus in 1974) is a criminal offence. The maximum prison sentence is 7 years. Similarly, any attempt to undertake such transaction is considered a criminal offence and could result in imprisonment to up to 5 (five) years.

Other than the criminal proceedings mentioned above the purchasers could face civil legal proceedings in the Courts of the Republic of Cyprus, as well as attempts to enforce judgments issued by the Courts of the Republic of Cyprus elsewhere such as the EU,UK and third countries

RISKS ASSOCIATED WITH INVESTING IN PROPERTIES IN THE OCCUPIED PART OF CYPRUS



including Israel further to the application of Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters which comes into force in September 2023.

There has been at least one successful case (Orams ([2006] EWHC 2226 (QB)) whereas the British Court of Appeal unanimously accepted and followed the European Court of Justice’s preliminary ruling, holding that under Regulation (EC) 44/2001 the decision of the Cypriot Court in a civil matter had to be implemented in the UK putting at risk property owned in the UK by the Orams.

Further to the above potential purchasers should also consider that a future settlement of the Cyprus issue could have serious consequences for the property they purchase, including the possible restitution of the property to its original owner, in addition to compensation payments.

Investing in properties in the occupied part of Cyprus can be tempting due to the low prices however the purchase of these properties could have serious financial and legal implications for the reasons explained above.

No opinion is expressed or implied as to any other issues or matters which are not explicitly referred to in this legal memorandum.

This memo is rendered on the basis of Cyprus law as currently in force and applicable and we have made no investigation of the laws or regulations of any country or jurisdiction other than those of Cyprus and we do not express or imply any opinion thereon.

For further information please contact us at info@americanoslaw.com