



EUROPEAN COMMISSION - PRESS RELEASE

Free movement of capital: Commission refers Cyprus to the Court of Justice to ensure unrestricted access to buy a second home in Cyprus

Brussels, 24 November 2011 - The European Commission has referred Cyprus to the EU Court of Justice today for non-compliance with EU Treaty rules on the free movement of capital. These rules give EU nationals, as well as nationals of Iceland, Norway and Liechtenstein, the unrestricted right to buy a second home in Cyprus. Since the accession of Cyprus to the EU in 2004, transitional measures were in force that could restrict such acquisitions but these measures expired on 30 April 2009. As Cyprus has not yet repealed these measures, the Commission has decided to refer the case to the EU Court of Justice.

According to the 2003 Accession Treaty, Cyprus was allowed to maintain transitional measures which imposed restrictions on buying second homes for EU/EEA nationals. These measures applied for five years after the Accession Treaty entered into force and expired on 1 May 2009. By that date, the Cypriot authorities were obliged to repeal the transitional measures. However, this has not been the case. Following a reasoned opinion sent by the Commission on 6 April 2011 (see [IP/11/416](#)), the authorities requested and were granted an extension to the two-month period initially set for the Government's reply. This extension aimed at allowing Cyprus to undertake all the procedural steps needed for the adoption of the necessary amendment.

However, after the expiry of the requested prolongation, the authorities only submitted a proposal for draft amendments without indicating any concrete time table for its adoption. As Cyprus continues to infringe its obligations under the EU Treaty rules on the free movement of capital, the Commission has now decided to refer the case to the Court of Justice of the European Union. In this context, the Commission underlines again that any incompatibility of national rules with Treaty provisions can only be redressed by adopting other binding domestic provisions, having the same legal force as those which require to be amended, and providing for sufficient legal certainty (see Case C-151/94, Commission versus Luxembourg).

What is the aim of the EU rules in question?

Free movement of capital is at the heart of the Single Market and constitutes one of its "four freedoms". It allows for more open, integrated, competitive and efficient markets and services in Europe. For citizens it means the ability to undertake a range of operations abroad, such as opening a bank account, buying shares in non-domestic companies, or purchasing real estate. For companies it means the ability to invest in and own companies in other European countries, and to play an active role in their management.

More information

Free movement of capital:

http://ec.europa.eu/internal_market/capital/index_en.htm

Latest information on infringement proceedings concerning all Member States:

http://ec.europa.eu/community_law/index_en.htm

See also [MEMO/11/824](#)

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