



## **SELF-SERVICE (SHARING ECONOMY) ACCOMMODATION ESTABLISHMENTS**

### **Introduction**

The House of Representatives, in its session of 17.01.2020, passed a bill amending the 2019 Law (N. 34(I)/2019) that regulates the establishment and operation of hotels and tourist accommodation establishments ("Basic Law") by adding provisions thereto for the creation, by the Deputy Ministry of Tourism, of a register for the registration of self-service (sharing economy) accommodation establishments. The Amending Law of 2020 (N. 9(I)/2020) was published in the Official Gazette of the Republic on 07.02.2020 and may be cited, together with the Basic Law, as the 2019 and 2020 Laws regulating the Establishment and Operation of Hotels and Tourist Accommodation Establishments. On April 3, 2023, a new amending Law (11(I)/2023) was published in the Government Gazette, which updates provisions regulating the operation of self-service establishments.

### **Categories of Self-Service (Sharing Economy) Accommodation Establishments**

According to the Law, any self-service (sharing economy) accommodation establishment must bear the features and specifications of an individual residence and/or an individual tourist furnished villa and/or an individual apartment. That is:

1. Furnished Villas - They have direct and independent external access, privacy and autonomy, with regard to the land plot and building, and include an exclusive landscaped garden.
  2. Furnished Residences - Located in a row or in a complex of detached houses, they have autonomy, private, shared or public external access and privacy (without a shared staircase).
  3. Apartment - It can be properly and comfortably occupied and used as a complete, separate and independent unit, as defined in the provisions of the Immovable Property (Tenure, Registration & Valuation) Law, as applicable from time to time.
- The maximum capacity per establishment is 5 bedrooms (10 people).

It should be noted that establishments with a hotel or tourist accommodation establishment building permit do not have the right to apply for registration in the Register of Self-Service Accommodation Establishments.

### **Obligations of Operators**

The Operator\* of a self-service (sharing economy) accommodation establishment may advertise and/or rent a self-service accommodation establishment, provided that such establishment is registered in the Register of Self-Service (Sharing Economy) Accommodation Establishments and has been granted a special operating label and a registration number by the Deputy Ministry of Tourism, which appear on advertising and/or promotional material of the establishment, as well as in all relevant transactions.

\*"Operator" means the natural or legal person (e.g. company), in whose name the registration permit of the self-service (sharing economy) accommodation establishment is issued.

### **Register of Self-Service (Sharing Economy) Accommodation Establishments**

Registration of self-Service establishments with the Ministry of Tourism is carried out through the Deputy Ministry's corporate website [www.tourism.gov.cy](http://www.tourism.gov.cy), where interested parties can register their establishments to obtain the special operating license and registration number.

### **Registration in the Register of Self-Service (Sharing Economy) Accommodation Establishments**

For registration purposes, the Operator of the self-service (sharing economy) accommodation establishment shall submit the following to the Deputy Ministry of Tourism:

1. Application/ Solemn Declaration confirming that the necessary provisions of the Law are respected, such as:
  1. Registration with the Tax Department (Tax Identification Number of the Operator or VAT number, where provided for in the relevant legislation);
  2. The relevant details of the property; and
  3. The insurance coverage of the establishment (at least: (i) insurance against any risk and especially fire and (ii) public liability insurance).
  4. In the case of a legal entity, the legal entity must be registered with the Registrar of Companies.
  5. In the case of a beneficiary user, the user is authorised by the owner of the establishment.
2. Together with the Application/ Solemn Declaration, the following documents shall also be submitted:
  1. Building Permit or Town Planning Permit - (The letter only (first page));
  2. Utility bill of the establishment issued by the Cyprus Electricity Authority - EAC or other electricity provider, that bears the unique number of the premise (10 digits);
  3. In the case of a natural person, a photocopy of their identity card (both sides) or passport (the page with the natural person's details), depending on the document declared in the application or in the case of a legal entity, a photocopy of the certificate of incorporation of the legal person (e.g. company).
  4. In the case of a beneficiary user, the user submits relevant authorisation from the owner of the establishment.

After the application/ solemn declaration is examined by the Deputy Ministry and the legal registration fees are paid, which are determined by a decree issued by the Council of Ministers, the Deputy Ministry of Tourism grants a Special Operating Label and a Registration Number, which need to be displayed and declared in all transactions. The initial registration permit is valid for three (3) years and must be renewed within



three (3) months before the expiration of each registration term. The renewal of the registration permit for the self-service establishment is valid for 5 years.

### **Special Cases**

In case of the absence of a separate electricity meter in the property, a certificate from the local authority, in accordance with the type specified by the Ministry of Tourism, may be submitted. This certificate confirms that the said property constitutes a complete separate and independent unit according to the provisions of the Immovable Property (Possession, Registration, and Valuation) Law, along with a recent electricity supplier bill for the building.

In cases where the property is not connected to the electrical grid and power is provided by renewable energy sources, including photovoltaic systems, a relevant certificate from the Department of Electrical and Mechanical Services is submitted to ensure the safe operation of the installation.

### **Safety of Accommodation Establishments**

To cover key issues associated with various risks that may arise during the operation of a self-service (sharing economy) accommodation establishment, it is recommended that Operators provide basic equipment and information within the establishment. For this purpose, the Deputy Ministry of Tourism shall issue, together with the Special Operating Label and the Registration Number of the accommodation establishment, a relevant Safety Information Form to be displayed by the Operator in a prominent place within the self-service (sharing economy) accommodation establishment, which shall include the following:

#### **Basic Information:**

- Emergency Telephone Number (112 - Police, Fire and Medical Emergency Services);
- Full address of the accommodation establishment;
- Telephone number of the accommodation establishment's Operator.

#### **Basic equipment available within the accommodation establishment:**

- A general-purpose fire extinguisher;
- A fire blanket;
- A first aid kit.

### **Inspection of Accommodation Establishments**

The Deputy Ministry of Tourism may carry out an ex-officio inspection of any self-service (sharing economy) accommodation establishment, in order to verify the existence of a permit for its registration in Register of Self-Service (Sharing Economy) Accommodation Establishments, as well as the Operators' compliance with the relevant registration terms.

## **General Operating Principles of Self-Service (Sharing Economy) Accommodation Establishments**

1. It is prohibited to lease any self-service (sharing economy) accommodation establishment, if its surrounding area and/or any of its premises have not been completed and finalised and/or are under reconstruction to the extent that the independent use of that particular self-service (sharing economy) accommodation establishment is not possible.
2. It is prohibited to publish misleading or false information or other material about the self-service accommodation establishment.
3. The property shall be leased as a villa or residence or unit (apartment) and not a part thereof. That is, the customer shall rent the entire villa, or the entire residence, or the entire apartment and not e.g. a bedroom, a practice which is expressly prohibited.
4. The supporting documents that have a certain time validity shall be renewed at their expiration with the sole responsibility of the applicant.
5. Any self-service (sharing economy) accommodation establishment rented and/or leased is liable to pay income/ VAT tax to the State and overnight fees to the Local Authority.

### **Penalties**

According to the provisions of the relevant legislation, anyone who maintains or operates a self-service establishment without a registration license, or whose registration license has been revoked, is guilty of an offense. In case of conviction, he/ she is subject to imprisonment for a term not exceeding one (1) year or a fine not exceeding five thousand euros (€5,000), or both of these penalties. If the violation continues after conviction, he/ she is guilty of a further offense and is subject to an additional fine not exceeding two hundred euros (€200) for each day the violation persists.

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