

Citizenship and Permanent Residence by Investment

A summary of the benefits and criteria of the Cyprus citizenship and permanent residence by investment programme



Author: Haig Assadourian
Publication Date: 11 November 2016
Subject Area: Tax



Cyprus | An Ideal Place to Live

Cyprus has been described by many as an ideal place to live, combining its European character with all the best features of a Mediterranean country. Knight Frank ranked Cyprus as the fifth best place to relocate, in its Global Lifestyle Review. The Island has mild winters and over 300 days of sunshine each year. Located in the Eastern corner of the Mediterranean, Cyprus is famous for its clear blue sea and clean beaches (Cyprus ranks top of the EU for ten consecutive years for the number of blue flag beaches).

The cosmopolitan character of Cyprus means that people from all parts of the world instantly feel at home on the Island, and the low crime rate makes Cyprus an ideal place for families to live in a secure and safe environment.

Cyprus joined the European Union in 2004, and adopted the Euro as its currency in 2008.

The geographical location of Cyprus is of strategic importance, making the Island a bridge between the East and West, with a convenient time zone (GMT +2) and access to flights to most of the major hubs around the world.

The Island also has a very high standard of living, good healthcare and education, including a number of English speaking private international schools, and two international airports. English is the main business language, with Greek and Turkish being the two official languages. Higher education has also been significantly developed. Apart from the University of Cyprus, which is ranked among the top 200 universities in the world, there are a number of other private universities offering degree programmes to local and foreign students.

Citizenship by Investment

Cyprus has been successfully offering a citizenship by exemption program for a number of years. The scheme was based on the Civil Registry Laws of 2002-2015, but was subject to major changes in September 2016, in an effort to accelerate growth and attract foreign direct investment, especially by high net worth individuals.

Under the changes, which are aimed at making Cyprus more competitive and attractive, the criterion of collective investments has been abolished, and applications are now submitted on a stand-alone basis. **Furthermore, the investment threshold has been reduced to Euro 2 million, from the previous requirement of Euro 5 million for individual applications and Euro 2.5 million for collective investments.**

The scheme, as amended now provides for the following:

A. Financial Criteria

Non-Cypriot citizens are eligible to obtain Cypriot Citizenship if one of the following economic criteria are met:

- Investment in Real Estate Developments and Infrastructure**
 An investment of at least Euro 2 million should be made for the acquisition or development of real estate projects, whether residential or commercial, and whether related to the tourism sector or to other infrastructure. The purchase of land is not considered to be a qualifying investment under this criterion, therefore, any applications which involve investments in land under development should be accompanied by an investment plan for the development. The purchase of land in zero growth zones is excluded.
- Purchase, or Incorporation, or Participation in Cypriot Businesses and Companies**
 An investment of at least Euro 2 million in the purchase, incorporation, or participation in businesses or companies that are based and operating in the Republic of Cyprus. The invested funds should be channeled to finance the investment objectives of the companies, in accordance with their business plans. Furthermore, the companies must have a physical presence in Cyprus, with significant activity and turnover, and must employ at least five Cypriot



or EU citizens who have been legally residing in Cyprus for a continuous period of at least five years.

- **Investment in Alternative Investment Funds (AIFs), Financial Assets of Cypriot Businesses or Organisations Which are Licensed by the Cyprus Securities and Exchange Commission**

An investment of at least Euro 2 million in financial assets (units in AIFs, bonds, debentures, other securities, etc) registered and issued in the Republic of Cyprus, in companies or organisations with substantial economic activity in Cyprus, which are regulated by the Cyprus Securities and Exchange Commission.

- **Combination of the Aforementioned Criteria**

An investment of at least Euro 2 million in a combination of the aforementioned criteria. In the context of an investment in a combination of the above, the applicant may also invest in government bonds of the Republic of Cyprus, up to a maximum of Euro 500.000, which will be issued for this purpose by the Ministry of Finance, for a period of at least three years.

B. Terms and Conditions

- **Clean Criminal Record**

Applicants must have a clean criminal record, and their names must not be included in the list of persons whose assets have been frozen within the boundaries of the EU, as a result of sanctions.

- **Residential Property in the Republic of Cyprus**

Applicants must acquire a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least Euro 500.000 plus VAT. Members of the same family, who apply separately as investors, can collectively acquire a residence, provided that the total value of this residence covers the amount of Euro 500.000 per each applicant.

- **Residency in Cyprus**

Applicants must hold a residency permit in the Republic of Cyprus, before they can apply for naturalization. However, in cases where the applicant does not already hold a

residency permit, the residency application can be made at the same time as the naturalization application.

It should be noted that under the changes, parents of an investor may also qualify to apply for Cypriot citizenship, provided that they also own a residential property in Cyprus, with a value of at least Euro 500.000. In such cases, they are not required to make a separate investment of Euro 2 million.

Benefits offered by Cyprus Citizenship

The Cyprus citizenship by investment programme provides the following benefits:

- Applications are subject to an express procedure, and are normally processed within three months
- Investment threshold starts at Euro 2 million and need only be retained for three years, following which the applicant is free to realize it
- Along with the main applicant, citizenship is also granted to the spouse of the applicant and any minor children, as well as financially dependent adult children up to the age of 28, who are full time students
- There is no requirement to reside in Cyprus
- Cyprus citizenship grants access to all the rights of an EU citizen protected by EU legislation and regulations, including the freedom to work, study and reside in any EU member state. This also includes Switzerland, Norway, Iceland and Liechtenstein
- There are no language proficiency tests
- Dual citizenship is permitted and the acquisition of citizenship in Cyprus is not reported to any other countries
- Low government fees for the filing of an application
- Wide choice of investment options, with combination of investments possible
- Visa free travel to over 150 countries worldwide
- No donation to the Cyprus government required
- Once the application is approved it has immediate effect, and requires only one visit to Cyprus



Permanent Residence Programme

An alternative option to the citizenship by investment programme is to apply for permanent residence in Cyprus for investors and their dependants. The application is made under the provisions of Regulation 6(2) of the Aliens and Immigration Regulations, with the investment amount being significantly lower than the citizenship by investment programme.

Financial Criteria

- i. Applicants must be able to demonstrate that they have at their disposal a secured minimum annual income of Euro 30,000. This minimum income is increased by Euro 5,000 for each dependent person, and must be derived from sources abroad, as employment in Cyprus is strictly prohibited. Overseas sources of income can include overseas employment income, pensions, dividends, etc
- ii. Each application must be accompanied by a title deed or contract of sale that has already been submitted to the department of Lands and Surveys, with regards to the acquisition of a house, apartment or any other building located in Cyprus, with a minimum market value of Euro 300,000 (excluding VAT). The applicant must also submit evidence that at least Euro 200,000 of the purchase price of the property has been paid. It should be noted that only property being sold for the first time will be considered as eligible by the Civil Registry and Migration Department, in respect of an application under the fast track route for permanent residency.
- iii. Each applicant must submit a confirmation letter from a Cyprus banking institution confirming that the applicant has deposited a minimum amount of Euro 30,000, which will be pledged for at least three years

Other Conditions

- i. No criminal record
- ii. Statement confirming that the applicant has no intention to work or be engaged in any form of active business in Cyprus
- iii. The applicant is required to visit Cyprus at least once every two years
- iv. Provided that all the preceding conditions and criteria are met, applications are normally examined and a decision reached within two months.

Eligible Persons

The Permanent Residence Permit is granted to the applicant and his/her spouse, as well as to:

- The applicant's children under the age of 18
- The applicant's unmarried children between the ages of 18 and 25, who are students abroad with a remaining study period of at least six months from the application's submission date, and who are financially dependent on the applicant. They must however submit their own applications, and in such cases the mother and/or father must have an additional annual income of Euro 5,000 for each dependent child.
- Children over the age of 18 who are not financially dependent on the applicant are also eligible, provided that an additional investment of Euro 300,000 (excluding VAT) is made in property which can be attributed to that child.
- The parents of the applicant, and the parents of the applicant's spouse. In such cases the applicant and/or the spouse of the applicant must have an additional annual income of Euro 8,000 per parent.



Benefits Offered by Permanent Residence

The Cyprus permanent residence programme offers the following benefits:

- The permanent residence permit gives non-EU nationals the right to permanently reside in Cyprus, provided that all the criteria are met
- Non-EU nationals are exempted from immigration procedures upon entry into Cyprus
- The applicant's family can also obtain permanent residence permits
- The Cyprus permanent residence permit makes travel within the EU easier
- If the holder of Cyprus permanent residence resides in Cyprus for 5 out of 7 years, this can lead to Cyprus citizenship



Contact Information

Address

Centaur House
2 Apostolos Varnavas
2571 Nisou Nicosia
PO Box 28779
2082 Strovolos Cyprus

Communication

Tel: +357 22 499994

Fax: +357 22 499984

Office Hours

Monday to Thursday: 08:30 to 17:00

Friday: 08:30 to 15:00

(GMT +2)

Disclaimer Notice

The contents of this publication are for information purposes only and cannot be construed as providing any advice on matters including, but not restricted to, financial, accounting, tax or legal advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, Centaur Trust, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of the reader or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

As such the reader should not use this publication as a substitute for professional consultation with competent accounting, tax, legal or other advisors.

Publication Date: **November 2016**

Photo Archive: **CTO**®

©2016 Centaur Trust. All rights reserved

