

Cyprus Citizenship for Investors

On 13th of September 2016, the Cyprus Council of Ministers has approved the amendments to the Scheme for Naturalisation of Investors in Cyprus by Exception. The said scheme is based on subsection (2) in section 111A of the Civil Registry Laws of 2002-2015.

The said amendments are in line with the strategy of the Cyprus Government to further attract Foreign Direct Investment and encourage the use of Cyprus by High Net Worth Individuals.

Summary of key changes introduced

- Level of investment **reduced** to a total of **€2M - €2.5M**, as opposed to €2.5M - €3M under the previous Criteria.
- Applications will be submitted on a stand alone base; criterion of Collective Investments abolished.
- Introduction of combination of all economic criteria.
- Parents of the investor can now obtain the Cyprus Citizenship with an additional permanent residence of €500.000.
- Abolishment of the criterion of bank deposits.
- Cap set on the investment in Cyprus Government bonds.
- A Permanent Residence Permit will be issued prior to Naturalisation (unless the applicant(s) is a Temporary Permit holder already)

For the period until the end of October 2016, investors can chose under which Scheme to apply, ie the revised Scheme of 13/09/2016, or the previous one of 19/3/2014. As from **1st November 2016, the revised Scheme comes in full effect.**

Economic criteria

As per the relevant Council of Ministers' Decision dated 13/09/2016, the following apply:

On the basis of the Scheme, a non-Cypriot citizen, who meets one of the following economic criteria (A), either personally or through a company/ companies in which he/ she participates as a shareholder – in proportion to his holding percentage, or through investments done by his/her spouse or jointly with the spouse or even as a high-ranking senior manager of a company/ companies that meets one of the economic criteria (A), may apply for the acquisition of the Cypriot citizenship through naturalization by exception.

A high-ranking senior manager may apply, provided that he/she receives such a remuneration that generates for the Republic tax revenues of at least €100,000 over a three year period and provided that this tax has already been paid or prepaid.

The applicant should have made the necessary investments during the three years preceding the date of the application and must retain the said investments for a period of at least three years as from the date of the naturalization.

In addition, the applicant must fulfil the Terms and Conditions set out in Part B.

In the case where, following a periodic inspection, it has been established that a criterion, term or condition of the Scheme has been breached, the granted naturalization may be revoked.

A.1 Investment in real estate, land development and infrastructure projects:

The applicant must have made an investment of at least €2,0 million for the purchase or construction of buildings or for the construction of other land development projects (residential or commercial developments, developments in the tourism sector) or other infrastructure projects.

It is noted that investment in land under development is included in this criterion, provided that an investment plan for the development of the purchased land will be included in the application. It is understood that investment in land that is situated in a building zone of zero development, is excluded.

A.2 Investment in financial assets of Cypriot companies or Cypriot organizations:

The applicant should have made a purchase or should have participated in companies or organizations established and operating in the Republic of Cyprus with investment costs of at least €2,0 million. The invested funds shall be channeled towards the financing of the investment objectives of these companies exclusively in Cyprus, based on a specific investment plan.

The applications shall be evaluated to verify that the companies or organizations have proven physical presence in Cyprus, with significant activity and turnover and employ at least five (5) Cypriot or citizens of European Union member-states. The minimum number of employees shall increase, if more than one applicant invest simultaneously or almost simultaneously in the same business or company. In addition, the employees of the companies need to have legally and continuously resided in Cyprus during the five years preceding the application submission date.

A.3 Investment in Alternative Investment Funds or financial assets of Cypriot companies or Cypriot organizations that are licensed by CySec :

The applicant should have bought units of at least €2,0 million from alternative investment funds (AIF) established in the Republic of Cyprus, licensed and supervised by the CySec and whose investments are made exclusively in the Republic of Cyprus, in investments that meet the criteria of this Scheme or in areas approved by the Minister of Finance.

In order to confirm that the investments that meet the criteria of the current Scheme will be kept for at least three years, the manager or the auditor of the Fund shall inform in writing and on an annual basis, the Ministries of Finance and Interior with reference to the value of the initial investment.

The purchase of financial assets of Cypriot companies or organizations of at least €2,0 million, such as bonds, bills and securities, issued with the approval of the CySec, by companies that have proven physical presence and substantial economic activity in the Republic of Cyprus, and have as a purpose the financing of the investment plans of these companies or organizations exclusively in Cyprus, based on an investment plan, fall under this criterion.

It is noted that the purchase by an AIF of units of other AIFs is not considered eligible.

A.4 Combination of the aforementioned investments:

The applicant may proceed with a combination of the above investments, provided that the total investment will amount up to at least €2,0 million.

Within this criterion (combination of investments) the applicant may purchase special government bonds of the Republic of Cyprus, up to €500.000, which will be issued by the Public Debt Management Office of the Ministry of Finance, on condition that the investor will retain these bonds for a three year period. The characteristics and the terms of these special bonds will be determined by the General and Special Issue Terms of the Government Bonds of the Republic of Cyprus. Investments in government bonds through the secondary market are not considered eligible.

Terms & conditions

1. Clean Criminal Record: the applicant must have a clean criminal record. Furthermore, his name must not be included in the list of persons whose assets, within the boundaries of the European Union, have been frozen as the result of sanctions.

2. Residence in the Republic of Cyprus: In all cases listed in Part A, the applicant must possess a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least €500.000, plus V.A.T.

It is noted that members of the same family, who apply separately as investors, can collectively acquire a residence, provided that the total value of this home-property covers the amount of €500.000 per each applicant.

In case that the purchase value of the permanent privately owned residence in Cyprus exceeds the amount of €500,000, part of this additional amount can be used for purposes of supplementing the total amount of the investment made on the basis of the criteria of Part A above.

Additionally, it is noted that if the applicant has invested in housing unit/units on the basis of the aforementioned criterion A.1, the purchase of another permanent residence in Cyprus will not be required, if at least one of these housing units is worth at least €500,000, plus VAT, provided that the applicant retains the possession of the residence for life.

3. Residence Permit in Cyprus: The applicant, prior to his/her naturalization as a Cypriot citizen must hold a residence permit in Cyprus.

If the applicant does not already hold a residence permit, he/she may apply for an immigration permit on the basis of Regulation 6 (2) of the Aliens and Immigration Law, simultaneously with the application for naturalization. If the application for acquiring an immigration permit is made solely for purposes of acquiring the Cypriot citizenship, in accordance with the provisions of this Scheme, there are no other conditions than those stated in both Part A and Part B of this Scheme.

It is noted that all of the above also apply for the adult members of the family of the investor, who will apply for naturalization.

In case the application for naturalization is rejected for any reason, the immigration permit, obtained in accordance with the provisions of this Decision, will be canceled immediately.