

Acquiring citizenship in Cyprus

February 21, 2014

Enhancing its strong and long-lasting relationship with various business people around the world, recent amendment to the laws – explicitly directed towards entrepreneurs with significant value of assets and investments – offer a fast track citizenship scheme by which an applicant has the possibility to acquire the Cypriot citizenship without the traditional seven year full and uninterrupted residency requirement.

A holder of a Cyprus passport (no need to live in Cyprus in order to maintain this status) enjoys unrestricted travel to the European Union region without any VISA requirements.

A. CRITERIA

A.1 Mixed investments and donations to state funds:

The applicant shall have made the following investments and donations:
(a) An amount of at least €2,0 million for the purchase of shares and/or bonds in the under construction investment company of the State; and Provided that the applicant may deposit the said amount in the Treasury of the state by the time of issue of the shares and/or bonds of the said company. (b) An amount of at least €0,5 million as donation to the Fund of Research and Technology OR

A.2 Direct Investments:

The applicant shall have direct investments in Cyprus of at least €5,0 million (*reduced to €2,5 million in case of collective investments: see below page 2). The investments may concern alternatively the following:

- (a) purchase of structures (houses, offices, shops, hotels etc or developments of similar nature, excluding undeveloped land);
- (b) purchase of businesses or companies based and operating in the Republic of Cyprus;
- (c) purchase of shares in companies registered in the Republic of Cyprus;
- (d) purchase of financial assets (e.g. bonds/ securities/ debentures registered and issued in the Republic of Cyprus);
- (e) participation in a company/joint venture of companies which has undertaken to complete a government project.

Provided that for requirements (a) – (d) the applicant shall maintain in his possession the said assets for a period of at least three years. In case of a share or bond portfolio, it must be ensured that the value of the portfolio for the said period does not fall below the determined amount OR

* After a relevant decision of the Council of Ministers on 28 March 2014, the Cabinet has discretion to lower certain criteria regarding investment in government bonds, assets in Cypriot enterprises or organizations, in real estate, development and infrastructure projects and regarding the purchase, establishment or participation in Cypriot businesses and companies. Therefore, the €5,0 million investment requirement mentioned at section A.2 above is reduced to €2.0 and €2,5 million (respectively) in the following special cases:

- i. The amount necessary for foreign investors to secure a Cypriot passport is reduced to €2.5 million for someone participating in a collective investment worth at least €12.5 million.
- ii. The amount necessary for foreign investors to secure a Cypriot passport is until (until 1.6.2014) reduced to €2.0 million for someone participating in a collective investment worth more than €12.5 million.

A.3 Bank deposits:

The applicant must have personal deposits in Cypriot banks or deposits of his/her private companies or trusts (to which he/she is the beneficial owner/beneficiary) in the Republic of Cyprus of at least €5,0 million for a period of three years OR

A.4 Combination of Mixed Investments and Donations to a State Fund (A1), Direct Investments (A2) and Bank Deposits in Cypriot Banks (A3):

The applicant must hold a *combination of the above of an amount of €5,0 million OR*

A.5 Business Activities:

The applicant must be the *shareholder or the beneficial owner of a company (or companies), the management of which must be situated in the Republic of Cyprus, and in the 3 years preceding the filing of the application must have paid to State Funds (corporation tax, VAT, or other benefits and fees etc.) and as remuneration for the purchase of business services (legal, accounting, auditing) the amount of at least €500.000 annually.*

Alternatively, in case the applicant is a shareholder or the beneficial owner of a company (or companies), which operate in the Republic of Cyprus, having their main offices established in the Republic of Cyprus and employing at least five (5) Cypriot nationals, then the minimum amount that shall be paid for the above (direct contribution – corporation tax, VAT, or other benefits and fees etc and remuneration for business services - legal, accounting, auditing) is reduced to at least €350.000 annually for the three years preceding the filing of the application.

In case the applicant is a shareholder or the beneficial owner of a company (or companies), which operate in the Republic of Cyprus, having their main offices established in the Republic of Cyprus and employing at least ten (10) Cypriot nationals, then the minimum amount that shall be paid for the above (direct

contribution – corporation tax, VAT, or other benefits and fees etc and remuneration for business services - legal, accounting, auditing) is reduced to at least €200.000 annually for the three years preceding the filing of the application.

For each such company (or companies) it is possible that a maximum of two (2) shareholders may apply for naturalization, who preferably hold the majority of the share capital.

In case the applicant has paid to the Cypriot economy direct contributions or remunerations (as described above) of a smaller amount than the abovementioned amounts, a combination of A1 (Mixed Investments and Donations to a State Funds), A2 (Direct Investments) and A3 (Bank Deposits) may be applied. The sum of the payments to State Funds and the remuneration for services for the preceding three years shall be deducted from the investment required for the satisfaction of the criteria in A1 or A2 or A3 OR

A.6 Persons whose deposits in the Bank of Cyprus and in Laiki Bank have incurred losses due to the measures that were imposed on the Banks after 15 March 2013:

The applicant has incurred a loss of deposits in one and/or both of the abovementioned Banks which amounts to *at least €3,0 million*.

In case the applicant has incurred a loss of deposits in one and/or both of the abovementioned Banks which is less than €3,0 million he/she may apply following an additional Direct Investment (A2) or Mixed Investments and Donations to a State Funds (A1) for the remainder requisite amount of the said criteria.

B. TERMS AND CONDITIONS

In addition to the above criteria, the applicant must satisfy the following terms and conditions:

- 1. Clean Criminal Record:** The applicant must have a clean criminal record. Additionally, his/her name must not be included in the list of persons whose property within the borders of the European Union has been ordered to be bound.
- 2. Residence in Cyprus:** In all cases numbered in Section A, the applicant must be the owner of a permanent private residence in the Republic of Cyprus, of a trading value of at least €500.000, plus VAT.

C. PROCEDURE

Procedure: For the examination of a Citizenship application, there is a fixed procedure including the submission of various documentation (such as, amongst others, the purchase agreement, receipt of filing of the agreement with the Land Registry, receipt of payment of the agreed amount and the confirmations of settlement of the residence above).

EROTOCRITOU

ADVOCATES - LEGAL CONSULTANTS

Timing: The time required for examining and processing applications is usually around 4 - 6 months from the date of submission.

Dependents: Children below 18 years old can be automatically naturalized after the submission of a relevant application at the Cyprus Civil Registry and Migration Department. The spouse as well as financially dependent adult children of the Applicant (above 18 years old and up to 28 years old) can be naturalized as Cypriot nationals after the Applicant's submission of a request to the Ministry of Interior.

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