

AUGUST 2019



LAW OFFICE
PAPANTONIOU & PAPANTONIOU
EUROPEAN LAW FIRM
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CYPRUS INVESTMENT PROGRAMME

One of the main objectives of the economic policy of the Republic of Cyprus is to further encourage foreign direct investment and to attract high net worth individuals to settle and conduct their business in Cyprus. Key factors that make Cyprus an attractive destination for investment, is the highly specialized human capital, the reliable legislative and regulatory framework, the stable tax system and the safety and stability conditions prevailing in the country. Within this framework and taking into account the strong investor interest, the Government of Cyprus has established and revised the "Cyprus Investment Programme" (Programme) on the basis of *subsection (2) of section 111A of the Civil Registry Laws of 2002-2019*.

On the basis of the Programme, a non-Cypriot citizen may apply for the acquisition of the Cypriot citizenship through naturalization by exception, if he/she fulfils the financial criterion *A.1 and one of the financial criteria A.2-A.5*, either personally or through a company/ companies in which he/she participates as a shareholder – in proportion to his/her 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 fulfils the financial criterion A.1 and one of the financial criteria A.2-A.5.

Moreover, 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



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already been paid or prepaid. The applicant should have made the necessary investments during the 3 (three) years preceding the date of the application and must retain the said investments for a period of at least 5 (five) years as from the date of the naturalization. It is understood that the investor may replace the investment during the said five-year period, provided that he/she has obtained beforehand an approval by the Ministry of Finance.

In addition, the applicant must fulfil the Terms and Conditions set out in Part B. In case where, following a periodic inspection, it has been established that a Criterion, Term or Condition of the Programme has been breached, the granted naturalization may be revoked. None of the clauses mentioned in the Programme affects the absolute discretion of the Cabinet of Ministers on making a decision.

II. FINANCIAL CRITERIA

II.1: DONATION TO THE RESEARCH AND INNOVATION FOUNDATION AND THE CYPRUS LAND DEVELOPMENT CORPORATION:

(a) The applicant must have donated at least €75.000 to the Research and Innovation Foundation. It is noted that if the applicant wishes to donate an amount higher than the minimum of €75.000, this additional amount can be used for purposes of supplementing the total amount of the investment made on the basis of the criteria A.2-A.5. Furthermore, the aforementioned obligation is lifted, if the applicant has invested at least €75.000 in a certified innovative enterprise (i.e. an enterprise that had acquired the relevant certificate by the Ministry of Finance) or a certified social enterprise. In addition, the obligation is lifted, if the applicant has made an investment under the criterion A.3 (Purchase or Establishment or Participation in Cypriot Companies or Businesses) of a total amount equal to the 20% of the required investment amount (i.e. €400.000) of the abovementioned criterion A.3 in a company whose operations fall within the primary sector of the economy, or the secondary sector of the economy (excluding constructions), or in the sectors of research and development, education, health and renewable energy sources.

(b) The applicant must have donated at least €75.000 to the Cyprus Land Development Corporation for the financing of housing schemes for affordable housing, but also for the materialization of other housing schemes/measures. It is noted that if the applicant wishes to donate an amount higher than the minimum of €75.000, this additional amount can be used for purposes of supplementing the total amount of the investment made on the basis of the criteria A.2-A.5.

II.2: INVESTMENT IN REAL ESTATE, LAND DEVELOPMENT AND INFRASTRUCTURE PROJECTS:

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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 3 application. It is understood that investment in land that is situated in a building zone of zero development, is excluded.

■.3: PURCHASE OR ESTABLISHMENT OR PARTICIPATION IN CYPRIOT COMPANIES OR BUSINESSES:

The applicant must have invested at least €2,0 million for the purchase or participation in companies or organizations established and operating in the Republic of Cyprus. 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. Moreover, investments in the shipping sector are eligible on the basis of measurable criteria that will be determined jointly by the Ministry of Finance and the Shipping Deputy Ministry. 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 5 (five) Cypriot citizens 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.

■.4: INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS OR REGISTERED ALTERNATIVE INVESTMENT FUNDS OR FINANCIAL ASSETS OF CYPRIOT COMPANIES OR CYPRIOT ORGANIZATIONS THAT ARE LICENSED BY CYPRUS SECURITIES AND EXCHANGE COMMISSION :

The applicant should have bought units of at least €2,0 million from alternative investment funds (AIF) or Registered Alternative Investment Funds (RAIF) established in the Republic of Cyprus, licensed/registered and supervised by the Cyprus Securities and Exchange Commission (CySec) and whose investments are made exclusively in the Republic of Cyprus, in investments that meet the criteria of this Programme or in areas approved by the Minister of Finance.

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It is permitted for these *AIFs* or *RAIFs* to invest in secondary market stock-market values of the Cyprus Stock Exchange an amount *that does not exceed the €200.000*. In order to confirm that the investments that meet the criteria of the current Programme *will be retained for at least 5 (five) years*, the manager or the auditor of the Fund shall inform in writing and on an annual basis, the Ministry of Finance 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. 4 It is noted that the purchase by an AIF or RAIF of units of other AIFs or RAIFs is not considered eligible.

□.5 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.

B. TERMS AND CONDITIONS

1. CLEAN CRIMINAL RECORD:

The applicant must have a clean criminal record. Furthermore, his/her 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. Moreover, an applicant whose application for citizenship in any other member-state of the European Union had been rejected, is not eligible to apply for the acquisition of the Cypriot citizenship through the Cyprus Investment Programme.

2. SCHENGEN VISA:

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The applicant must hold a valid Schengen visa. Third-Country nationals that do not require an entry visa for travelling in European Union member-states, as well as citizens of European Union Member States are excluded from this obligation. It is noted that all the aforementioned in paragraphs 1 and 2 also apply for the family members of the investor that are eligible to apply for the acquisition of Cypriot citizenship.

3. 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, 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.2, the purchase of another permanent residence in Cyprus will not be required, if at least one of these housing units is worth 5 at least €500,000, plus VAT, provided that the applicant retains the possession of the residence for life. However, if the applicant has invested in housing units that have already being used for the purpose of acquiring the Cypriot citizenship via the Programme, the above provision will be in force provided that the total amount of the investments, including the privately-owned residence, is at least €2,5 million.

4. RESIDENCE PERMIT IN CYPRUS:

The applicant, prior to his/her naturalization as a Cypriot citizen must hold a residence permit in Cyprus for a period of at least 6 (six) months. 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 Programme, there are no other conditions than those stated in both Part A and Part B of this Programme.

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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.

WHY CHOOSE CYPRUS?

- Low tax rates and free trade within the EU.
- Cyprus benefits from advanced and modern infrastructure, talented and efficient professionals
- Comprehensive and robust legal and regulatory framework which is widely recognized as a business-friendly and effective system that ensures transparency and reliability in business practices
- The investor and his family members can freely reside, work, study, have business in any of the EU-member states
- Travel visa-free to more than 150 countries.
- Strategic geographical location forming a bridge between the EU, Middle East and North Africa with direct access to the Mediterranean Sea.
- One of the safest country in the world with a population under 5 million.
- Excellent education system as well as first-rate health care.
- Fully transparent, fairly simple and fast procedure.
- Approval of citizenship application within approximately six months;
- Simultaneous submission of residency and citizenship applications.
- Dual-citizenship is permitted. The investor may retain the citizenship of his/her country of origin.
- No language proficiency test is required.
- VALID FOR LIFE - Citizenship can be passed to future generations by descent
- An outstanding holiday destination.

HOW PAPANTONIOU & PAPANTONIOU CAN HELP?

- ✓ Our Law Firm is an approved service provider for the Cyprus Investment Programme with registration number: 324

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- ✓ As an approved service provider, we are fully capable and legally authorized of explaining the criteria and procedure of the Cyprus Investment Programme in order for you to be able to make an informed decision
- ✓ Examining your individual circumstances and suggesting the most beneficial and efficient investment choice always tailored to your specific needs.
- ✓ Preparation and drafting of all the legal documentation for the completion of the investments (including contracts of sale, applications forms, affidavits, incorporation documents and business plans (if needed))
- ✓ Submission of the relevant application and constant follow up until the time of obtaining the final approval
- ✓ Full maintenance and administration of your investment after approval as per your instructions.

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