

Information Sheet No. 56

Cyprus Naturalisation of Foreign Investors/Businessmen

Introduction

The investor under the combination investment has the choice to invest up to a maximum of €500.000 in government bonds in order Cyprus offers a naturalisation/citizenship program, mainly aimed towards non-EU investors and businessmen. In September 2016, the eligibility conditions were revised, where some conditions are no longer in effect while others have been relaxed. Investors may now apply for naturalisation under the new regime.

By obtaining the Cypriot citizenship, the investor gets the Cypriot passport (which in effect has all the benefits of an EU passport) and generally has the same rights and obligations as other Cypriot/EU citizens

General points

The spouse of the investor may apply in parallel or at a later stage based on the conditions fulfilled by the main investor. Dependent children are able to apply for Cyprus passport after the approval of the main investor.

- Investor's parents have the benefit to apply for the Cyprus passport by investing only on a lifetime residence of €500.000 plus VAT.
- The Council of Ministers will examine each application and at their discretion grant the certificate of naturalisation. The whole process usually takes 6 months from filing date to the issuance of the naturalisation certificate.
- By obtaining the Cypriot citizenship and passport one does NOT automatically become tax resident of Cyprus. Cyprus tax residency is based on the number of days one spends in the Republic of Cyprus in a year (183 days test). Cyprus tax residents are taxed on their worldwide income whereas non-Cyprus tax residents are taxed only on Cyprus sourced income.

Main Conditions

- The investor must have a clean criminal record
- Investor must hold a residency permit in Cyprus to qualify for receiving the Cyprus Citizenship
- The investor must own a lifetime residence, valued over €500.000 excluding VAT
- In addition, the investor (either directly or through a company) must also fulfill one of the conditions below for a minimum of three years:

1. Investment in immovable property, developments and infrastructure projects

The investor must invest at least €2 million in the purchase of residential property and/or commercial property and/or the development of property and/or other infrastructure projects.



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In case the investment of €2 million + VAT is made exclusively in residential property, the purchase of extra lifetime residence of €500.000 plus VAT is not needed.

OR;

2. Acquisition or incorporation or participation in Cyprus companies

Investor can purchase, incorporate or participate in companies which have physical presence/activities in Cyprus and employ at least five citizens of the Cyprus Republic or citizens of European Union member-states that have legally and continuously resided in Cyprus during the five years preceding the application submission date.

OR;

3. Investment in alternative Investment Funds (AIFS), financial assets of Cypriot businesses

The investor must invest in units of at least €2 million from AIFs established in the Republic of Cyprus, licensed 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 the Minister of Finance. Also, the investor may purchase financial assets of Cypriot companies or organizations of at least €2 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.

OR;

4. Combination of the aforementioned investments

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

Optional additive investment in government bonds

The investor under the combination investment has the choice to invest up to a maximum of €500.000 in government bonds in order to satisfy the needed €2 million investment.

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. P.G. Economides & Co Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.

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