

Improved Scheme for Granting Cypriot Citizenship to Investors

November 2016

On 13 September 2016 the Government of Cyprus announced further improvements to its citizenship scheme for international investors:

- The required investment for individual applicants has been reduced to €2 million (from €5 million).
- Parents of an individual applicant are now entitled to apply for citizenship, with no additional investment requirements, provided that they own a permanent residence in Cyprus with a value of at least €500,000 (excluding VAT).
- The scheme has been simplified by the elimination of certain investment categories: deposits in Cypriot banks, collective investments, and citizenship for persons whose deposits with Bank of Cyprus and/or Laiki Bank were reduced by €3 million or more as a result of the restructuring measures imposed on those banks in 2013.

Applicants are eligible to apply for Cypriot citizenship if they satisfy *one* of the following criteria personally or through company/companies in which they participate as a shareholder (or beneficial owner).

Applicants must conclude the necessary investments during the three years preceding the date of the application and must retain them for a period of at least three years after citizenship is granted.

- **Investment in real estate, land development and infrastructure projects**

The applicant must have made an investment of at least €2 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). The acquisition of land may qualify provided that it is accompanied by a development plan. Investment in land situated in a zero-zone development area is excluded.

If the entire investment is made in housing properties, the total investment amount is capped at €2 million as long as one of the properties has a value of at least €500,000 and is retained by the investor for life.

- **Purchase, creation or participation in Cypriot businesses or companies**

The applicant must have made an investment of at least €2 million in the purchase, creation or participation in businesses or companies which are based and operating in the Republic. These businesses or companies must have a tangible presence in Cyprus and employ at least five Cypriot and/or European Union citizens who have been legally residing in Cyprus for a continuous period of at least five years. The minimum number of employees increases where more than one applicant invests in the same investment.

- **Investment in financial assets of Cypriot companies of Cypriot organizations**

The applicant can purchase financial assets of at least €2 million from companies or organizations licensed and supervised by the Cyprus Securities and Exchange Commission (CySEC), such as units of Alternative Investment Funds (AIFs) and shares/bonds/debentures of Cyprus companies (issuance regulated by CySEC).

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This memorandum is intended to provide general information and guidance for the clients of Trident Trust Company (Cyprus) Limited. It does not purport to be comprehensive or to render legal advice.

These companies must have a physical presence in Cyprus and the investment funds must be utilised exclusively in Cyprus.

The manager or auditor of the fund must report to the Ministries of Finance and Interior on an annual basis that the initial investment amount is retained. Other investments approved by the Ministry of Finance may qualify for the purposes of the scheme.

- **A combination of the above-stated criteria**

The applicant may make investments in, or purchases of, a combination of the above three criteria as long as the total value amounts to at least €2 million. Under this criterion, the applicant may also purchase government bonds, directly from the Ministry of Finance, with the investment in bonds capped at €500,000.

In addition to the financial conditions set out above, an applicant for Cyprus citizenship must also satisfy the following criteria, both at the time of application and at any point after citizenship is granted.

- They must have no criminal record.
- His/her name must not be included in any list of persons whose assets are frozen within the European Union.
- They must have a permanent, privately owned residence in Cyprus with a value of at least €500,000 (exclusive of VAT). It is noted that members of the same family (defined as including relatives to the second degree) that apply separately as investors can collectively acquire a residence, provided that the total value of this property covers the amount of €500,000 per applicant. Where the purchase price of the residential property exceeds the amount of €500,000 (excluding VAT), the excess amount can be included in the whole investment.
- Residence Permit – They must be holders of a permanent residence permit in Cyprus prior to obtaining the Cyprus citizenship. For those who have not acquired such a permit, the application can be submitted simultaneously with the citizenship application with no further investment requirements.

Citizenship may be revoked for breach of any of these conditions.

How Trident Trust Can Help

- Assisting with the preparation and submission of the relevant application forms, and communication with the local authorities
- Provision of corporate administration and fiduciary services in relation to investments and trading companies
- Arrangement of legal, accounting and banking services

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