



## **REPORT WITH RESPECT TO THE PROCEDURE FOR GRANTING CYPRUS CITIZENSHIP BY EXCEPTION TO FOREIGN INVESTORS/ENTREPRENEURS**

Cyprus legislation and specifically article 111 of the Civil Registry law 2002 (N. 141(I)/2002 as amended), provides that, "the Minister of Interior has the right to grant a certificate of naturalization, upon application by any alien adult with full capacity, who satisfies the Minister that s/he fulfills the criteria for naturalization according to the third Table of the law. As soon as the person to which the certificate of naturalization is granted, gives an official declaration of faith to the Republic as it is specified in the second Table of the law, s/he becomes a citizen of the Republic due to naturalization, from the date the certificate of naturalization was granted".

The House of Representatives decided to amend the law and give powers to the Council of Ministers on the decisions concerning the foreign investor's citizenship and the new article 111A of the Civil Registry law 2002 (N. 141(I)/2002 as amended), provides that, "the Council of Ministers can in very exceptional cases of highest level services provided to the Republic, allow, for public interest reasons, that honorably a foreigner is naturalized without the prerequisites stated in paragraphs 1(a), 1(b) and 1(d) of the Third table of the law to be satisfied. It also provides that the Council of Ministers can impose conditions allowing the naturalization of foreign entrepreneurs and investors without the prerequisites stated in paragraphs 1(a), 1(b) and 1(d) of the Third table of the law to be satisfied.

On the 24th of May 2013, the Council of Ministers met and once again and turned their attention to the issue of application by foreign investors for Cyprus citizenship. In their decision, they amended the criteria and conditions which they had previously set. As a result, and by the authority granted to them under paragraph 2 of the Article 111A of the Civil Registry law 2002 - 2013, the Council of Ministers has laid out the following parameters for obtaining Cyprus citizenship by exception.

A non-Cypriot citizen is entitled by exemption to apply for obtainment of Cyprus Citizenship by exception, if they fulfill one of the six following criteria.

### **THE FINANCIAL CRITERIA ARE LISTED AS FOLLOWS:**

#### **1. Mixed Investments and donation to State Fund:**

The Applicant must have made the following investments and donation:

(a) Amount of at least 2 million Euros for the purchase of shares and/or bonds of the under formation investment company of the state and;

It is implied that the applicant is able to deposit the said amount to the Treasury of the state until issuance of the shares and/or bonds of the said company

(b) Amount of at least 0,5 million Euros as donation to the Research and Technology Fund.

**OR**



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## **2. Direct Investments:**

The applicant must have direct investments in Cyprus of at least 5 million Euros. The direct investments may alternatively be with regards to the following:

- (a) purchase of immovable property (residential, offices, shops, hotels etc. or developments of similar nature, with exception to unutilised land),
- (b) purchase of enterprises or companies that reside and are active in the Republic of Cyprus
- (c) purchase of shares of companies registered in the Republic of Cyprus
- (d) purchase of monetary assets (e.g. bonds/securities registered and issued in the Republic of Cyprus, including those that will be issued by the Solidarity Fund based on the National Solidarity Fund Law of 2013)
- (e) participation in company/partnership of companies that has undertaken the materialisation of public works.

It is implied that for the conditions (a) – (d) the applicant will have in their possession the said assets for a period of at least three years. In the case of portfolios of shares or bonds, it should be ensured that the value of the portfolio for the said period will not be decreased to under the specified amount.

**OR**

## **3. Deposits in banks:**

The applicant must have personal deposits in Cypriot Banks or deposits of their private company/ies or trust/s (of which the beneficiary is themselves) in the Republic of Cyprus of at least 5 million Euros of a fixed term of three years.

The deposits must remain bound in Cypriot Banks for a period of **no less than 3 years**. In case, it is revealed from periodic inspections that this condition is not strictly followed, Cyprus naturalization may be revoked.

**OR**

## **4. Combination of Mixed Investments and donation to state fund (1), Direct Investments (2) and Deposits in Cypriot Banks (3):**

The applicant must possess a combination of the above financial criteria (1) to (3) coming to 5 million Euros.



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**OR**

## **5. Business Activities:**

The applicant must be a shareholder or beneficial owner of a company (or companies) the management of which must be in the Republic of Cyprus and the last 3 years prior to the submission of the application, must have paid at the State Treasury (corporate tax, V.A.T. or other rights and fees etc.) and as fees for the purchase of business services (legal, accounting, audit) amount of at least €500.000, annually.

**Alternatively**, in case the applicant is a shareholder or beneficial owner of a company (or companies) that is active in Cyprus, with their main office situated in Cyprus, and employs at least five (5) Cypriot citizens, then the minimum amount that must have been paid for the above (direct income – corporate tax, V.A.T. or other rights and fees etc. and fees for purchase of business services – legal, accounting, audit) is decreased to at least €350.000 annually for the last three years prior to the submission of the application.

In case the applicant is a shareholder or beneficial owner of a company (or companies) that is active in Cyprus, with their main office situated in Cyprus, and employs at least ten (10) Cypriot citizens, then the minimum amount that must have been paid for the above (direct income – corporate tax, V.A.T. or other rights and fees etc. and fees for purchase of business services – legal, accounting, audit) is decreased to at least €200.000 annually for the last three years prior to the submission of the application.

For each such company (or companies) the submission of applications for naturalisation from two (2) shareholders maximum is possible, which preferably hold the majority of the share capital.

In the case the applicant has paid to the Cypriot economy direct income or fees (as described above) of a smaller value than the abovementioned amounts, a combination may be made with criteria 1 (Mixed Investments and Donations to State Funds) or 2 (Direct Investments) or 3 (Deposits in Banks). The sum of the payments to State Funds and the services fees of the last three years will be deducted from the required investment for fulfilment of criteria 1, 2 or 3.

**OR**

## **6. Persons whose deposits in Bank of Cyprus or Laiki Bank have been reduced due to the enforcement of measures that have been applied on both Banks after the 15th of March 2013:**

The applicant has suffered a deposit reduction in one or both of the aforementioned Banks, totalling an amount of at least 3 million Euros.

In the case the applicant has suffered a reduction of deposits in one or both of the mentioned banks under the amount of 3 million Euros, they may apply after making additional Direct Investment (2) or Mixed Investments and Donation to State Fund (1) for the remaining required amount of the said criterion.



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## **ADDITIONAL REQUIREMENTS TO THE ABOVE STATED FINANCIAL CRITERIA:**

### **1. Age:**

*The applicant must be 30 years of age and above.*

### **2. Criminal Record:**

*The applicant must have a clear criminal record of any convictions. Additionally, their name will not be included in the list of persons, of which the commitment of property is ordered within the limits of the European Union.*

### **3. Residence in Cyprus Republic:**

*The applicant must own residential property in the Republic of Cyprus with a market value of at least 500,000 Euros, plus VAT.*

*In the event that during periodical checks it is ascertained that any condition is not strictly followed, then naturalisation may be revoked.*

\*Please note that in addition to above and although not stated in the abovementioned decision of the Council of Ministers, a few visits to Cyprus are required by the applicant in order to reveal a connection with the Republic of Cyprus. Also, note that there is no need for the applicant to hold any kind of residence permit for Cyprus.

### **Procedure:**

Due to the fact that granting Cyprus citizenship by exception is at the absolute discretion of the Council of Ministers, the procedure is initiated by a letter sent to the Minister of Interior by the lawyer of the applicant, stating that s/he is requesting to obtain Cypriot citizenship by exception, providing proof/evidence that s/he satisfies the above stated criteria.

### **Benefits:**

#### 1. Freedom of movement within the European Union:

A person who is a Cypriot citizen may travel without any restrictions, within the European Union, but not to the Schengen area, i.e. Iceland, Norway, Switzerland, since Cyprus has not yet implemented the Schengen agreement.

#### 2. Spouse and children of the applicant under the age of 18 are considered dependants of the applicant and as a result they can also be naturalized as Cypriots, soon after the applicant is naturalised as Cypriot citizen.

Dependants of the applicant are also considered children above the age of 18 and up to the age of 28 years old who study their first Bachelor Degree and/or first Master Degree.



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Also, dependants may be considered children of the applicant, immaterial of the limit age of 28 years old, if they suffer from any permanent and/or major disability. In such cases, relevant medical certificates need to be submitted to support the application of the dependant applicant.

## **SUBMISSION OF DOCUMENTS:**

Part, or all of the documentation noted below, must be submitted in support along with the letter/application submitted to the Minister of Interior (depending on the category of the financial criteria the applicant satisfies):

### **1. Mixed Investments and Donation to State Fund**

*(a) Receipts for the donations to the Research and Technology Fund.*

*(b) Receipts from the Treasury of the Republic of Cyprus for the purchase of shares and/or bonds of the under formation investment company of the State.*

### **2. Direct Investments**

*(a) For the purchase of immovable property: Sale and Purchase Agreement duly stamped by the stamp duty commissioner in Cyprus, Deed of Ownership / Receipt of submission of the contract to the Land Registry Department, and receipts of payment of the agreed amount for purchase.*

*(b) For the purchase of business/company: Sale and Purchase Agreement duly stamped by the stamp duty commissioner in Cyprus, Receipts of payment of the agreed amount for purchase and Certificate of Shareholders from the Registrar of Companies.*

*(c) For the purchase of shares: Share Certificates*

*(d) For the purchase of financial assets: Title/titles and other documents of the financial assets.*

### **3. Deposits in banks**

*(a) Confirmations by Cypriot banks regarding the deposits of the applicant or the companies of which they are the beneficial owner or the trusts of which is the beneficiary of a fixed term deposit of three years.*

*(b) In the case of deposits of companies of which the applicant is the beneficial owner, the Certificate of Incorporation of the Company by the Registrar of Companies should be attached and/or any other relevant supporting evidence.*



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#### **4. Business Activities**

- (a) Certificate of Incorporation for the company, certified by the Company Registrar; and*
- (b) Shareholder certificates, duly certified by the Company Registrar; and*
- (c) Confirmation for the amounts paid for the business activities of the Company/ies. Such confirmation letter should be issued by the providers of those business activities; and*
- (d) Audited financial account statements for the company/companies for the three years preceding the year of application; and*
- (e) Confirmation by the Department of Social Insurance for the insured earnings of the employees of the applicant's company/companies.*

#### **5. Deposit Reductions at Bank of Cyprus and Laiki Bank:**

- (a) Submission of documentary proof and confirmation as it relates to the amount of the deposit reduction and the time thereof.*
- (b) In the case of deposits of companies of which the applicant is the beneficial owner, the Certificate of Incorporation of the Company by the Registrar of Companies should be attached and/or any other relevant supporting evidence.*

***The below documents must support the letter/application for granting Cyprus Citizenship to the Minister of Interior, immaterial of the category of the financial criteria the applicant satisfies.***

- Birth certificate, officially translated and apostil from the country of issue.
- Valid passport copy, officially translated and apostil from the country of issuance.
- Criminal Record, which is evidence that the applicant does not have any previous criminal convictions, either in Cyprus, current country of residence or country of birth. Clear Criminal record needs to be officially translated and apostile from the country of issue.
- Letter introducing the applicant, i.e. CV, small history of the applicant (residence history), family status (married, age of children if any), business activities of the applicant or his/her family in general, small description of assets worldwide, etc.

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