



CyF Publications

Cyprus Immigration Programs:

- Cyprus Citizenship
- Cyprus Permanent Residency

September 2016

Delivering results on time ...

Introduction

The Cyprus Government, in order to encourage foreign investments, offers immigration programs with which investors can acquire permanent residence permits or the citizenship of the Republic of Cyprus.

These programs have been particularly popular for a number of reasons:

- The unstable political environment in certain countries
- The extremely favorable tax regime in Cyprus
- The benefits of having EU residency or citizenship as Cyprus is a full member of the EU and the Eurozone
- The exceptional infrastructure of Cyprus which has established it as a reputable financial center
- Cyprus provides an excellent place to work and live due to its safe environment and ideal climate

According to these programs, foreign citizens, together with their spouses, children and parents, can obtain:

- A residence permit by purchasing residential property of a minimum value of €300,000
- A Cyprus citizenship by investing a minimum of €2,000,000.



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P & V CY Fiduciary Services Ltd

P.O.Box 30021,
5340 Ayia Napa, Cyprus

Tel. +357 23 721 070
Fax +357 23 721 125

info@cyfiduciary.com
www.cyfiduciary.com

Cyprus

Cyprus is the third largest island in the Mediterranean and is strategically located between three continents, Asia, Europe and Africa.

It is a member state of the European Union, a member of the Eurozone and it offers a solid legal system and a favorable tax regime which, over the years, established it as a popular and reputable international business center.

With its long history, excellent infrastructure, safe environment and ideal climate with almost year-round sunshine, Cyprus offers an excellent place to work and live.



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Cyprus Citizenship

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Benefits

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5340 Ayia Napa, Cyprus

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Fax +357 23 721 125

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- Fast track procedure requiring only 3 months to complete.
- The investment can be as low as €2,0 million which should only be held for three years with the exception of a residence worth at least €500,000 which should be kept indefinitely.
- Citizenship is granted to the spouse and the financially dependent children of the main applicant.
- The main applicant's parents are also entitled to apply for Cyprus Citizenship provided that they own a permanent residence in Cyprus of at least €500,000 or they jointly own with the main applicant a residence of at least €1,000,000.
- There is no requirement to reside in Cyprus.
- VISA-free travel to over 150 countries.
- Cyprus citizens enjoy all the rights of an EU citizen and, in particular, the freedom to live and work in any member state, Switzerland, Norway, Iceland and Liechtenstein.
- There are no language proficiency requirements.
- Dual-citizenship is permitted and the acquisition of citizenship in Cyprus is not reported to other countries.
- Citizenship can be passed on by descent, therefore, ensuring that future generations can also be Cyprus citizens.
- Low government fees and no "donation" requirements.
- An extensive choice of investment alternatives.
- Tax benefits, such as, no capital gains tax (for properties purchased before 31/12/2016) and no inheritance tax (in all cases).



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Investment Options

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There are four investment options:

P.O.Box 30021,
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1. Real estate and land developing

The investor should purchase properties (residential or commercial) in Cyprus of at least €2,0 million (excluding VAT if applicable) or invest the same amount in the development of real estate projects (residential and commercial projects, investments in the hotel industry and so on).

2. Purchase or creation or participation in Cypriot businesses or companies

The investor should invest at least €2,0 million in the purchase, creation, or participation in local companies which operate in Cyprus. Such companies should have physical presence in Cyprus, substantial activity and turnover and they should employ at least 5 Cypriot or EU citizens who have been legally residing in Cyprus for at least the previous 5 years.

3. Investment in alternative investment funds (AIFs) or in financial assets of Cypriot businesses and organizations which are licensed by the Cyprus Securities and Exchange Commission

The investor should invest at least €2,0 million for the purchase of units in AIFs or of financial assets (such as bonds and debentures) of Cypriot businesses and organizations.

Qualifying AIFs should be based in Cyprus and regulated by the Cyprus Securities and Exchange Commission. Furthermore, they should exclusively invest their funds in Cyprus in fields which are allowable under the present citizenship program or in any other field approved by the Minister of Finance.

Qualifying financial assets should be issued by businesses or organizations which are regulated by the Cyprus Securities and Exchange Commission and have physical presence and substantial financial activity in Cyprus. Furthermore, the funds raised from qualifying financial assets should be used exclusively for investments in Cyprus.

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4. Combination of the abovementioned options

Under this option, investors may invest at least €2,0 million in any combination of options 1, 2 or 3 above. This option also allows investments in governmental bonds of the Republic of Cyprus of a maximum amount of €500.000.

Please note that investors should also:

- Have a clean criminal record
- Own a permanent residence in Cyprus of a minimum value of €500,000
- Hold a Cyprus residence permit. For this purpose, an application for a residence permit can be submitted simultaneously with the Citizenship application.

Regarding the permanent residence:

- In the case of investments exclusively in residential property, the permanent residence can be any of the properties purchased under investment option 1 above provided that it is of a minimum value of €500,000.
- In all other cases investors should also purchase a permanent residence of a minimum value of €500,000 in addition to the €2,0 million main investment which is the minimum requirement under investment options 1, 2, 3 or 4 above. If the permanent residence is worth more than €500,000, the difference can count towards the €2,0 million main investment requirement.

Investments should be held for at least three years with the exception of the permanent residence of at least €500.000 that should be kept indefinitely, unless it is substituted with another property of an equal or greater value. The remaining investments can be realized at any time after three years.

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Property

Property offers perhaps the most lucrative option for a number of reasons.

To begin with, the property market has recently experienced a deep recession and now there are clear signs of recovery, therefore, offering great investment opportunities.

Furthermore, recent amendments in the tax law offer the following benefits:

- No transfer fees for properties which are subject to VAT.
- A 50% reduction of transfer fees for properties which are not subject to VAT.
- No capital gains tax on profits from the sale of properties purchased before 31/12/2016 regardless of when these will be sold.
- No inheritance tax.
- No SDC tax on rental income for non domiciled individuals.



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Please also note that:

- Investing exclusively in residential property limits the total investment requirement to €2,0 million since the permanent residence required can be any of the properties purchased provided that it is worth at least €500.000. In all other cases, a permanent residence should also be purchased in addition to the €2,0 million main investment, therefore, increasing the total investment required to €2,5 million.

- Money will be held in a special bank account and the property sale agreements will provide that the payment will be effected together with the approval of the applicant's citizenship application by the relevant authority. In the unlikely event that the approval is not granted, money will be returned to the investor, therefore, eliminating the risk of being trapped in an unwanted investment.

- New properties are subject to VAT at 5% in the case of permanent residence (certain conditions apply) and 19% in all other cases. Therefore, making a single investment in a residential property of at least €2,0 million can benefit from the reduced VAT rate.

- Investments in property can combine residential and commercial properties.

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Government Fees

- Main applicant: €7,000
- Spouse: €7,000
- Dependent child up to 18 years of age: €80
- Dependent child between 18 and 28 years of age: €7,000

VISA-free travel

Cyprus citizens are not required to have an entry visa for the following countries:

Albania, Andorra, Argentina, Austria, Barbados, Belgium, Belize, Bolivia, Bosnia & Herzegovina, Brunei Darussalam, Bulgaria, Canada, Central African Republic, Chile, Colombia, Costa Rica, Croatia, Czech Republic, Denmark, El Salvador, Estonia, Finland, France, FYR of Macedonia, Gambia, Germany, Greece, Grenada, Guatemala, Hungary, Iceland, Ireland, Israel, Italy, Jamaica, Japan, Korea Republic of (South), Latvia, Lesotho, Liechtenstein, Lithuania, Luxembourg, Malawi, Malaysia, Maldives, Malta, Mauritius, Mexico, Moldova, Monaco, Montenegro, Morocco, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, San Marino, Saint Lucia, Serbia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Swaziland, Sweden, Switzerland, Trinidad and Tobago, Ukraine, United Kingdom, Uruguay, Vanuatu, Zambia.

Visa is also not required for the non UN Members / Territories of Hong Kong S.A.R, Macao S.A.R and the Vatican City.

Additionally, Cyprus citizens can quickly and cost-effectively obtain visas for other countries, such as the USA and Australia.

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Cyprus Residency

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- Fast track procedure requiring only 2 months.
- The investment required is only €300,000 (plus VAT if applicable) in property.
- Cyprus is expected to enter the Schengen zone in the near future, therefore, Cyprus residents will have the right to travel freely within the zone.
- The residence permit is granted to the main applicant, their spouse, dependent children up to the age of 25 and the parents of both spouses.
- Residence permits issued to dependent children are not revoked when they lose their dependant status or when they pass the age of 25.
- Permanent residence permit holders are free to enter and live in Cyprus as they please but are not obliged to relocate to Cyprus. Nevertheless, in order to maintain the permit they need to visit Cyprus at least once every two years.
- The possibility of becoming a Cyprus tax resident that has significant tax advantages.
- No transfer fees for properties which are subject to VAT.
- A 50% reduction of transfer fees for properties which are not subject to VAT.
- No capital gains tax on profits from the sale of properties purchased before 31/12/2016 regardless of when these will be sold.
- No inheritance tax.
- No SDC tax on rental income and no tax whatsoever on dividend and interest income for non domiciled individuals.

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Requirements

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To obtain a Permanent Residence permit applicants should:

1. Purchase one or two new residential properties (from the same developer) of a total value of at least €300,000 (plus VAT if applicable). Alternatively, the applicant may purchase one residential property and one shop of a surface area of up to 100 sq.m. or one residential property and one office of a surface area of up to 250 sq.m.
2. Pay at least €200.000 (net of VAT if applicable) towards the purchase before the application is submitted.
3. Provide evidence that the purchase is made with funds received from abroad.
4. Provide evidence that the applicant's annual income from abroad, such as salaries, pensions and dividends, amounts to at least €30.000. This amount is increased by €5.000 for any dependant family member (spouse or children) and by €8.000 for any parent of the main applicant or their spouse.
5. Deposit in a Cyprus bank for a 3 year period at least €30.000 sourced from abroad.
6. Provide proof of a clean criminal record.
7. Visit Cyprus at least once every two years.



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