

INFORMATION SHEET 1

Title:	Cyprus Citizenship by Naturalization for non-Cypriot Investors		
Authored:	April 2014	Updated:	January 2018
Company:	Chelco Management Services Ltd		
Reference:	Council of Ministers		

General

The Cyprus Council of Ministers has announced changes to the criteria by which Cypriot citizenship is granted to foreign investors, shareholders, managers and their families.

The main amendments concern the discretion of the Cabinet to lower certain criteria regarding investment in government bonds, assets in Cypriot enterprises or organisations, in real estate, development and infrastructure projects and regarding the purchase and the establishment or participation in Cypriot businesses and companies.

Specifically, the amount necessary for foreign investors to secure a Cypriot passport is, at the discretion of the Council of Ministers, reduced to €2 million and 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 VAT.

It is thought that the new criteria will be welcomed by investors from the Far East and especially Chinese.

Key Information

Non-Cypriot investors and their families can acquire the Cyprus Citizenship by Naturalization, on the basis of a revised scheme for the naturalization ("**the Scheme**")

As per the Scheme, a non-Cypriot citizen, who meets one of the following economic criteria (or a combination where applicable), either personally or through a company/ companies in which he/she participates as a shareholder - proportionally based on the percentage of participation or through investment by his/her spouse, or even as a high-ranking Senior Manager of a company/ companies that meets one of economic criteria, may apply for the acquisition of the Cypriot citizenship through Naturalization by exception.

A high-ranking senior manager may apply, provided that he/she receives such a remuneration that generates for the Republic tax revenue of at least €100.000 for a three-year period and provided that this tax has already been paid or prepaid.

The applicant should have concluded the necessary investments during the three years preceding the date of the application and must retain the said investments for a period of at

least three years since the date of the Naturalisation. If the applicant sells prior to the lapse of 3 years he/she must re-invest in a similar investment (or alternatively make another investment approved by the criteria) of at least equal value and ask for approval of such change/substitution.

Once the application is approved, the applicant will be able to take all actions for the acquisition of the Citizenship and the issue of a Cypriot passport. The procedure for the acquisition of the Cypriot citizenship will be completed, provided that the applicant holds a residence permit for a period of at least 6 (six) months.

In addition, the applicant must fulfil certain Terms and Conditions.

Criteria

A.1 Investment in real estate, land development and infrastructure projects:

The applicant must have 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.

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

Or

A.2 Investment in financial assets of Cypriot companies or Cypriot organizations:

The applicant must have purchased or should have participated in Cypriot companies or Cypriot organizations (bonds/ securities/ debentures registered and issued in the Republic of Cyprus) of at least €2million.

The invested funds shall be channelled towards the financing of the investments objectives of these companies exclusively in Cyprus, based on a specific investment plan.

The applications shall be evaluated to verify that the Cypriot companies or Cypriot organizations have proven physical presence in Cyprus, with significant activity and turnover and employ at least five (5) Cypriot or citizens of European Union member-states. The minimum number of employees shall increase, in case more than one applicant invests simultaneously or almost simultaneously in the same business or company. In addition, the employees of the Cypriot companies need to have legally and continuously resided in Cyprus during the five years preceding the application submission date.

Or

A.3 Investment in Alternative Investment Funds or financial assets of Cypriot companies or Cypriot organizations that are licensed by CySec:

The applicant should have bought units of at least €2million from alternative investment funds (AIF) established in the Republic of Cyprus, licensed and supervised by the CySec and whose investments are made exclusively in the Republic of Cyprus, in investments that meet the criteria of this Scheme or in areas approved by the Minister of Finance.

In order to confirm that the investments that meet the criteria of the current Scheme will be kept for at least three years, the manager or the auditor of the Fund shall inform in writing and on an annual basis, the Ministries of Finance and Interior with reference to the value of the initial investment.

The purchase of 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, based on an investment plan, fall under this criterion. It is noted that the purchase by an AIF of units of other AIFs is not considered eligible.

Or

A.4 Combination of the aforementioned criteria A.1, A.2 and A.3:

The applicant is required to have a combination of the above amounting to at least €2 million.

As part of A.4 above, the applicant may also purchase special government bonds of the Republic of Cyprus, up to €500.000, which will be issued by the Public Debt Management Office of the Ministry of Finance, on condition that the investor will retain these bonds for a three-year period. The characteristics and the terms of these special bonds will be determined by the General and Special Issue Terms of the Government Bonds of the Republic of Cyprus. Investments in government bonds through the secondary market are not considered eligible.

Terms & Conditions

In addition to the criteria mentioned above, the Investor must fulfil the following Terms and Conditions:

- I. Clean Criminal Record issued at the country of origin or the country of residence if it differs (to be obtained by the applicant).
- II. Confirmation that the applicant's name is not included in the list of persons whose property is ordered to be frozen within the boundaries of the European Union (the responsibility to obtain this is with the Ministry of Interior).
- III. Own a private residence in the Republic of Cyprus, the purchase cost of which must exceed the amount of €500.000 plus VAT and must be fully paid.
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 plus VAT per each applicant.

Additionally, it is noted that if the applicant has invested in housing unit/units on the basis of the aforementioned criterion A.1, the purchase of another permanent residence in Cyprus will not be required, if at least one of these housing units is worth at least €500.000, plus VAT, provided that the applicant retains the possession of the residence for life.

Family Members

The Scheme provides for the grant of the Cypriot citizenship to the spouse as well as to the financially dependent adult children (18 years old or above) of the investor. Neither the spouse nor the children are obliged to meet any financial criteria.

The Decision regulates that adult children of an investor are considered as financially dependent, if they are students up to the age of 28 and are attending an institution of higher education aiming to obtain a diploma or an undergraduate or a master's degree. The Decision excludes individuals who are studying for the acquisition of a professional qualification (e.g. chartered accountants or barrister) or individuals who are studying for the acquisition of a second, third etc. diploma or degree (either undergraduate or master's).

Additionally, an investors' child with severe physical or mental disability that makes him/her unable to work is also considered as financially dependent.

Finally, the minor children (under the age of 18) of an investor have the right to acquire the citizenship.

Submission Fees

The below fees comprise the fees payable to the Government. The fees charged by Chelco Management Services Ltd will depend on the nature of the investment scheme selected and the number of applicants. Please contact Chelco Management Services Ltd for more details.

- (i) Fees for submitting an application are set at €2.000.
- (ii) If the application is approved, the amount of €5.000 is paid as a fee for the issuance of the Naturalization Certificate.
- (iii) A fee of €2.000 is also paid for each family member of an investor, followed by an additional €5.000 if the application is approved for the issuance of the Naturalization Certificate.
- (iv) The fee for an investor's minor child is was set at €80 which covers both the application and certificate issuance fee.

NOTE

The information in this document is intended as a guide only and every reasonable effort was made to ensure the accuracy and the timeliness of the information. In no circumstances shall we be legally bound by any information contained in this document, and shall accept no liability in respect of loss caused by reliance on such information.