

## Cyprus Citizenship Scheme

A scheme has been introduced which allows foreign investors and their families to apply for the acquisition of Cypriot citizenship through Naturalization by exception. The new scheme has been introduced by a Decision of the Council of Ministers of the Republic of Cyprus dated 19 March 2014.

The scheme entails that 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 even as a high-ranking Senior Manager of a company/companies that meets one of economic criteria, may apply for the citizenship scheme.

### Economic Criteria:

#### 1. Investment in government bonds

The applicant must have purchased state bonds of the Republic of Cyprus of at least €5,0 million;

#### 2. Investment in financial assets of Cypriot companies or Cypriot organizations

The applicant must have purchased financial assets of Cypriot companies or Cypriot organizations (bonds/ securities/ debentures registered and issued in the Republic of Cyprus) of at least €5,0 million;

#### 3. Investment in real estate, land development and infrastructure projects

The applicant must have made an investment of at least € 5,0 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);

#### 4. Purchase or creation or participation in Cypriot businesses or companies

The applicant must have made an investment of at least € 5,0 million in the purchase, creation or

participation in businesses or companies, that are based and operating in the Republic. These businesses or companies should evidently have a tangible presence in Cyprus and employ at least five (5) Cypriot citizens. It is noted that the mandatory conversion of deposits into shares is included in this criterion;

#### 5. Deposits in Cypriot banks

The applicant must have personal fixed term deposits for three years in Cypriot banks or deposits of privately owned companies or trusts (in which he/she is the beneficiary owner) in the Republic of Cyprus of at least €5,0 million;

#### 6. Combination of the aforementioned criteria

A.1 (Investment in government bonds), A.2 (Investment in financial assets of Cypriot companies or organizations), A.3 (Investment in real estate, land development and infrastructure projects), A.4 (Purchase or creation or participation in Cypriot businesses or companies) and A.5 (Deposits in Cypriot banks):

The applicant is required to have a combination of the above amounting to at least €5,0 million.

#### 7. Persons whose deposits with the Popular Bank Public Company Ltd have been impaired due to the measures implemented after the 15th March 2013

The applicant must have incurred an impairment in deposits amounting to a total of at least €3,0 million.

In the case where the applicant has incurred an impairment in his/her deposits under €3,0 million he/she may apply, having made an additional investment through the criteria A.1 (Investment in Government bonds), A.2 (Investment in financial assets of Cypriot companies or Cypriot organizations), A.3 (Investment in real estate, land development or infrastructure projects), A.4 (Purchase or creation or participation in Cypriot businesses and companies) and A.5 (Deposits in Cypriot Banks)

for the balance of the required amount of the aforementioned criteria.

## 8. Major Collective Investments

The Council of Ministers shall have the right on special occasions, to reduce the above criteria (A.1 (Investment in Government Bonds), A.2 (Investment in financial assets of Cypriot companies or Cypriot organizations), A.3 (Investment in real estate, land development or infrastructure projects) and A.4 (Purchase or creation or participation in Cypriot businesses and companies):

I. To €2,5 million for investors, who demonstrably participate in a special collective investment scheme, provided that the total value of the investment is at least €12,5 million.

II. To €2,0 million for investors who demonstrably participate in a special collective investment scheme, provided that the total value of the investment is more than €12.5 million. It is noted that this present provision (I), will be in force until the 1st of June 2014.

In addition, it is noted that for the above mentioned provisions (I) and (II), the investment for the Criteria A1 until A4 may be realized through a different salesman/ provider (physical or legal entity).

In addition, the applicant must fulfil the following Terms and Conditions:

### 1. Clean Criminal Record

The applicant must have a clean criminal record. Furthermore, his name must not be included on the list of persons whose property is ordered to be frozen within the boundaries of the European Union.

### 2. Residence in the Republic of Cyprus

Further to all the economic criteria aforementioned, the applicant must hold a permanent privately-owned residence in the

Republic of Cyprus, the purchase price of which must be at least €500.000, plus V.A.T.

It is noted that members of the same family, which apply separately as investors, can collectively acquire a residence, provided that the total value of this home-property covers the amount of € 500.000 per each applicant.

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.

Assuming that all the supporting documentation is submitted, the time frame for the completion of the process is approximately 3 months.

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 Naturalization.

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