



D. HADJINESTOROS & CO LLC

ADVOCATES & LEGAL CONSULTANTS

NATURALISATION BY EXCEPTION
CITIZENSHIP IN CYPRUS

- 2016 -



Introduction

A citizen of a non-EU country or a high-ranking senior manager of a company who meets the requisite economic criteria may apply for the acquisition of the Cypriot citizenship through “Naturalization by Exception”.

Benefits of Obtaining the Cypriot Citizenship

- Passport obtained in approximately 3 months of the application.
- Visa free travel to more than 150 countries with the right to live, work, study in any EU country.
- Dual citizenship is allowed.
- The citizenship is also granted to the spouse of the applicant as well as to the applicant’s children.
- No requirement to reside in Cyprus.
- No tax on dividends for non-tax residents. No inheritance tax. Low corporation tax.
- Excellent climate, safe to live, English speaking.
- Access to EU health-care and education systems.
- Investment need not be permanent but only be held for 3 years.

Categories

A 3rd country national may apply for citizenship in Cyprus by naturalisation under **one** of the following categories:

A.1 Investment in government bonds

The purchase of over €5 million of state bonds by the applicant (as from 1st of August 2014 these must be purchased from the primary market – directly from the Ministry of Finance).



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

Purchase by the applicant of financial assets (these include bonds, securities or debentures registered and issued in Cyprus) of Cypriot companies or Cypriot organizations of over €5 million.

The financial assets can be purchased either at issuance, or subsequently by the market.

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

An investment by the applicant of over €5 million (not including VAT or other levies or taxes) for the purchase or construction of buildings or for the construction of other land development projects (such as residential, commercial developments, developments in the tourism sector or other infrastructure projects). Note that land which is not intended for development is not included. However, real estate sold for a second time is still considered an investment.

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

An investment by the applicant of over €5 million in the purchase, creation or participation in businesses or companies, that are based and operating in Cyprus – i.e. maintaining offices in Cyprus. 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 under the hair-cut provisions (from Bank of Cyprus and/or Laiki Bank) is included in this criterion.

A.5 Deposits in Cypriot banks

The only requirement is that the applicant must keep personal fixed term deposits or keep deposits of his privately owned companies or deposits of trusts (in which he/she is the ultimate beneficial owner) in Cypriot Banks of an amount over €5 million for a specific term of at least 3 years. Cypriot Banks include any Local Banks or Subsidiaries of Foreign Banks and for the purposes of the deposit an applicant can deposit money in more than one bank the deposit being in a currency of his choice. (For a list of Local and Subsidiaries of Foreign Banks, please do not hesitate to contact us.)



A.6 Combination of the criteria in A.1, A.2, A.3, A.4 and A.5

Under this category, the applicant is allowed to apply for naturalization by combining in the above categories investments amounting to over €5 million.

A.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 has incurred an impairment in deposits amounting to a total of over €3 million.

In the case where the applicant has incurred an impairment in his/her deposits under €3 million he/she may apply provided he/she has made an additional investment through the criteria A.1, A.2, A.3, A.4 and A.5 for the balance of the required amount (i.e. the €5 million) of the aforementioned criteria.

A.8 Major Collective Investments

The Council of Ministers may reduce criteria A.1, A.2, A.3 and A.4 to €2.5 million per investor when investors demonstrably and collectively participate in a special collective investment scheme provided that the total value of the investment is at least €12.5 million.



The Application Process

To be able to apply, the applicant must 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 (i.e. the date of approval of the application).

A decision takes approximately three months to be examined (from the date of receipt of payment of the submission fees) and the decision on whether to grant citizenship or not (irrespective of satisfying the criteria) is at the discretion of the Council of Ministers.

The spouse of the applicant may also apply and there is no need for him or her to meet any financial criteria. The application can be submitted along with the application of the investor, so that both spouses will be able to acquire the Cypriot citizenship simultaneously. The same applies to minor children of the applicant (anyone under 18 years old), with the exception that their application can be submitted only after the parent has acquired Cypriot citizenship.

Adult children up to the age of 28 attending higher education aiming to obtain a first diploma, bachelor or master's degree may also apply after the parent has acquired Cypriot citizenship without having to meet any other financial criteria.

Government Imposed Fees

| APPLICANT | APPLICATION FEE | ISSUANCE FEE | TOTAL |
|------------------------|------------------------|---------------------|--------------|
| INVESTOR | €2,000 | €5,000 | €7,000 |
| INVESTOR'S SPOUSE | €2,000 | €5,000 | €7,000 |
| INVESTOR'S ADULT CHILD | €2,000 | €5,000 | €7,000 |
| INVESTOR'S MINOR CHILD | €80 | - | €80 |



Other Requirements

Besides falling within one of the abovementioned categories (including high-ranking senior managers) the applicant (and in case of Category A.8 each applicant) requires:

- 1) A Clean Criminal Record.
- 2) No freezing order must have been made on the Assets of the Applicant within the Boundaries of the EU. (this is obtained by the Ministry of Interior)
- 3) The Applicant must (in addition) own a privately-owned residence in Cyprus which costs more than €500.000 plus V.A.T plus levies and taxes. Note that in case the applicant's sole investment is a residence under A.3. of a price of over €5 million he is not obliged to buy a further privately-owned residence.

Note that the privately-owned residence may be rented or sold, provided that the applicant buys a different residence of an equal or higher purchase value.

Persons of the same family who apply separately as investors can acquire residence collectively provided that the total value of the privately-owned residence covers the amount of €500.000 per each applicant.

Revocation:

In the case where, following a periodic inspection, it has been ascertained that any condition is being circumvented, the Naturalization may be revoked.



Our Team Will:

- Help the investor find a property by using our highly professional network of licensed real estate agents and developers.
- Advise on the financial criteria to be met and help you in filing in the paperwork required.
- Support and update you throughout the application process.
- Act with full confidentiality.
- Knows the procedure and can finish the process quickly.
- Run due diligence checks on the property to be purchased.
- Draft or peruse the agreements for the purchase of the property.



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