

**Deloitte.**



**Cypriot Citizenship and  
Permanent Residence Permit**  
Your trusted advisors



## Why Cyprus?

Cyprus offers many key benefits to foreign investors and their dependent family members who are looking for a jurisdiction that offers a gateway to Europe, high quality standards of living and working infrastructure and services.

The main advantages and benefits of Cyprus and its Citizenship are:

- Cyprus offers an enviable combination of climate, business and culture
- It is the third largest island in the Mediterranean Sea and is cited as one of the most popular tourist destinations in the region
- The island has an advanced economy and a high human development index (HDI), with regards to living and quality of life
- It is also known as a safe and pleasant place to live
- Cyprus hosts a large expatriate community, having the third highest percentage of foreign residents in the EU
- Hospitality is one of the most eminent and deeply engrained values of the island and visitors immediately feel welcome and at home
- The education system in Cyprus is well known for the high quality and standards

- The obtainment of Cypriot Citizenship by Exception provides full EU Citizenship to an investor and his / her dependents
- The obtainment of the EU passport provides the right of travelling with no restrictions within the EU member states
- Cyprus also provides favorable tax regime, in comparison to other EU member countries.

## Why Deloitte?

Our team of professionals can advise you on the most suitable migration solution, tailored to your specific business and personal needs.

In partnering with Deloitte you gain the utmost benefit for the following reasons:

- We possess in-depth knowledge of the related legislation and procedures
- We offer independent advice in regards to different investment options
- We are prompt in handling the associated documentation and procedures
- We act as your professional liaison with the local authorities
- Confidentiality is our cornerstone.

## Cypriot Citizenship by Exception and Permanent Residence Permit

### Acquiring Cypriot Citizenship by Exception

In an effort of the Cyprus Government to further encourage foreign investment and to attract high net worth individuals into doing business in Cyprus, the criteria for the obtainment of the Cypriot Citizenship have been amended. The revised criteria are more favorable to potential investors and the required amount to be invested is €2 million.

A non-Cypriot citizen will now be eligible to apply for the obtainment of the Cypriot Citizenship, provided that one of the following investment criteria is met:

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

The applicant must have made 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 related projects.

On the basis of this criterion, the investment in land under development is also included, provided that the investment will be supported with an investment plan for the development of the purchased land.

## **2. Investment in financial assets of Cypriot companies**

The applicant must have made an investment in the purchase, creation or participation in companies that are based and operating in the Republic of Cyprus, amounting to at least €2 million. The respective amount must be invested to financially support the local operations of the companies. The investment to be made should be supported by a comprehensive investment plan.

It should be noted that these companies must have proven physical presence and significant activity in Cyprus with substantial turnover and employ at least five Cypriot or European Union citizens, who have been legally and continuously living in Cyprus for a minimum of 5 years preceding the submission of the respective application. The minimum number of employees of the specific company increases in the event that more than one applicant invests in the same company.

## **3. Investment in Alternative Investment Funds (AIF's) or financial assets of Cypriot companies or Cypriot companies licensed by the Cyprus Securities and Exchange Commission (CySec)**

The applicant must have purchased units from AIF's which are established, licensed and supervised in Cyprus by CySec, amounting to at least €2 million. Such

investments must be exclusively made in the Republic of Cyprus and fulfil the criteria of the Scheme and be approved by the Minister of Finance.

In order to confirm that the investments made, under this criterion, will be retained for at least a three-year period, the manager or the auditor of the Fund should provide annual reports to the Ministry of Interior and Finance with reference to the value of the initial investment.

An investor may acquire financial assets of Cyprus companies such as bonds, bills and securities amounting to at least €2 million, issued with the approval of CySec, by companies that have proven physical presence and substantial economic activity in the Republic and aim to finance the investment plans of these companies exclusively in Cyprus. The investment to be made in this respect, should be supported by a comprehensive investment plan.

## **4. Combination of the aforementioned criteria 1 to 3**

The applicant may proceed in investing at least €2 million, in a combination of the abovementioned investment criteria. It is noted that under this criterion, the applicant may also purchase government bonds of the Republic of Cyprus of up to €0,5 million, issued by the Public Debt Management Office of the Ministry of

Finance, provided that the investor will retain these bonds for a three-year period. Investments in government bonds through the secondary market are not considered eligible.

In addition, a high-ranking senior manager may apply for the obtainment of the Cypriot Citizenship, provided that he/ she receives such a remuneration that generates for the Republic tax revenue of at least €100,000 over a three year period and provided that this tax has already been paid or prepaid. In addition, the company in which the high-ranking senior manager works for, needs to fulfil one of the abovementioned investment criteria.

## **Additional conditions & requirements**

In all investment criteria listed above an additional purchase of a permanent residential property amounting to €0,5 million (plus VAT) is required.

- In the event that the amount of the residential property exceeds €0,5 million, then the additional amount paid can be considered as part of the total amount of the main investment
- In the event that the applicant will invest under Criterion 1 - 'Investment in real estate, land development and infrastructure projects', by purchasing a residential property amounting to at least €0,5 million, then he / she will not have to purchase another residential property of €0,5 million.





- The parents of the investor may apply for the obtainment of the Cypriot Citizenship, as soon as the main applicant will acquire the Citizenship, provided that they will purchase another permanent residential property amounting to €0,5 million (plus VAT).

The applicant needs to obtain a residence permit in Cyprus prior to his / her application for the obtainment of the Cypriot Citizenship.

- In the event that the applicant does not hold a residence permit, then he / she may apply for a Permanent Residence Permit – Regulation 6(2) simultaneously with the application for the Citizenship

Additional documentation that needs to be submitted to acquire Cypriot Citizenship by Exception, include the following: valid passport, clean criminal record from the country of origin and the country of residence (if different), birth certificate, marriage certificate, CV, etc.

#### **Other important information**

- The applicant is required to make the required investment during the three years preceding the date of application and should ensure that the said investment is retained for a period of at least three years from the date of acquiring the Citizenship

- Notwithstanding compliance with the above conditions, the decision to grant Cyprus Citizenship by exception remains at the absolute discretion of Council of Ministers
- It should also be noted that the above regulations are subject to change, at any time, following a decision of the Council of Ministers.

#### **Acquiring Permanent Residence Permit**

The Permanent Residence Permit – Regulation 6 (2), refers to individuals who have fully and freely at their disposal a secured annual income, high enough to allow a decent living in Cyprus for him/ herself and dependents, without having to engage in any business, trade or profession.

#### **Associated requirements**

Evidence of a steady income from abroad of at least €30,000, from sources other than employment in Cyprus i.e. certificates of dividends, certificates of fixed deposits, pension statements, rents or salary advice.

Confirmation letter from a Cypriot Bank, showing deposits in a local account of a minimum capital of €30,000, from sources other than employment in Cyprus. The capital should be transferred from an

International Bank to a local Cypriot Bank and it should be pledged for at least a period of three years.

The necessary minimum income, is increased by €5,000 for the spouse and for each child and by €8,000 for each parent of the main applicant and/or the spouse of the main applicant.

Title deed or purchase agreement of a residential property, issued on the name of the applicant. The minimum market value of the property should be €300,000 plus VAT and proof of payment for at least €200,000 excluding VAT. A reduced VAT rate of 5%, is applied for first residences provided that certain conditions are met. The reduced rate of 5% VAT applies to the first 200 square meters of the residence's buildable area as determined by the building coefficient of the property and anything above 200 square meters of the residence's buildable area as determined by the building coefficient of the property is subject to the standard rate of VAT, currently 19%. The respective investment should be transferred from an International Bank to a local Cypriot Bank.

#### **Additional conditions & requirements**

Additional documentation that needs to be submitted to obtain Permanent Residence Permit, include the following: declaration regarding the income of the applicant, confirmation that the applicant



does not intend to work or to be engaged in any form of business in Cyprus, apostil clean criminal record from country of origin, birth certificate, medical insurance certificate, CV, etc.

#### Other important information

- Applicants should visit Cyprus at least once every two years
- It takes approximately two months for the Permanent Residence Permit to be issued, from the date of submission of the required documentation
- To apply for Citizenship and become a Cypriot citizen, a third country national should have held Permanent Resident status and resided in Cyprus for at least seven years.

#### Tax Facts

The obtainment of a Cypriot Citizenship by Exception or Permanent Residence Permit does not in itself influence the tax treatment of an individual. Tax is imposed based on the tax residency and domicile of an individual. In general, a Cyprus tax resident individual can benefit from a number of tax incentives, as follows:

- No tax on dividend and interest income assuming he / she is also non-domiciled in Cyprus
- No tax on any profits earned from the disposal of securities including shares and bonds
- Tax exemption of 50% of gross employment income earned in Cyprus by an individual earning more than €100,000 of gross employment income per annum and who was resident outside of Cyprus before the commencement of his / her employment in Cyprus (available for 10 years)
- Tax exemption of 20% of gross employment income (up to a maximum of €8,550) earned in Cyprus by an individual earning less than €100,000 of gross employment income per annum and who was resident outside of Cyprus before the commencement of his / her employment in Cyprus (available up to 2020)
- No tax on employment income earned for offering services to an overseas employer or to an overseas permanent establishment (PE) of a Cypriot employer for more than 90 days in a tax year
- No tax on total taxable income up to €19,500
- No tax on any lump sum received as a retirement gratuity
- 5% tax on pension received from abroad exceeding €3,420
- No estate duty, wealth, gift or inheritance tax.

#### Real Estate Services

In regards to the real estate element of the Cypriot Citizenship or Permanent Residence Permit application, our real estate services team can assist you in making informed real estate decisions as follows:

- Identification and selection of appropriate real estate solutions in cooperation with reputable organisations, operating in the local real estate market
- Undertake real estate due diligence to evaluate prospective investments, including real estate valuation services, legal inquiries and review of the associated purchase contracts
- Handle the transaction procedures and client representation during the conveyancing process at the relevant local authorities.

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