



# Acquiring Cyprus Citizenship and Permanent Resident Permits - Moving to Cyprus: Consequences in Russia

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# Why Cyprus?



# Why to choose Cyprus ?

- **Geographical Position** - An ideal geographical position being the third largest island in the Mediterranean Sea located at the crossroads of the three continents Asia, Africa and Europe
- **Ideal climate** - Cyprus enjoys one of the best types of Mediterranean climate with a lot of sunny days throughout the whole year and a mild winter time
- **Languages** - The official language of Cyprus is Greek but English are widely speaking by the majority of the population.
- **Good quality of life** - Generally a safe place to live and work. High standards of living and high level foreign schools for children.
- **Advanced infrastructure** - modern road network, two new modern international airports and extensive port facilities, travel and transport within and out of Cyprus is fast, efficient and economical offering connections with most of the European countries and Middle East area and the Gulf region

# Permanent Residence Permit

For individuals who intend to  
invest in Cyprus

# Criteria for obtaining a Permanent Residence Permit for individuals who intend to invest in Cyprus

The following criteria apply to all applicants:

Should not exercise any profession during their stay in the island and an official declaration confirming this should accompany their application

Must have a minimum annual income from abroad of at least EUR30.000 - The minimum income is increased by EUR5.000 for each dependant-family member who will accompany the applicant

Must have deposited a minimum amount of EUR30.000 in a Cypriot Bank Account to be opened in this respect

Must have a valid title deed or a signed purchase agreement for a new residential property with a minimum market value of which EUR300.000 plus VAT (first 200 m<sup>2</sup> at 5% and anything above at 19%)

Must present to the authorities a clean criminal record legalized with apostil from their country of origin

**It takes approximately 3 months for the Permanent Residence Permit to be issued.**

# Acquiring Cyprus Citizenship by investment

## Benefits and criteria



# Benefits of obtaining the Cyprus citizenship

Being a Cypriot citizen is an advantage which entails a number of benefits also deriving from the Membership of the Republic of Cyprus in the European Union.

- Travel Benefits – Ability to travel within the whole of the European Union in any of the 28 Member States without the need of a visa is certainly both an economic relief as well as extrication from bureaucracy
- Educational Benefits – A Citizen of Cyprus can study in any of the local Universities but also in any EU Country University under the same conditions of local nationals
- Employment Benefits – Freedom of movement gives the right to live and work in any EU Member State, as well as enjoying social security benefits
- Cyprus is certainly among the countries with the lowest corporate and personal income tax rates



# Criteria for acquiring Cyprus citizenship by exception/naturalisation

The Government of Cyprus has introduced simplified procedures for third country nationals who are investing in the island. A individual is eligible to obtain Cyprus Citizenship by satisfying the criteria of the following two options:

## Option 1 - As a stand alone Investment

1. Investment in Government Bonds amounting at least to €5 million
2. Investments in financial assets (of Cyprus companies or organisations e.g. bonds / securities / debentures registered and issued in Cyprus) of at least €5 million
3. Investment in real estate, land development and infrastructure projects of at least €5 million
4. Purchase or creation or participation in Cypriot businesses or companies (through equity), that are based and operating in Cyprus amounting at least to €5 million. Such entities need to employ at least 5 Cypriot citizens

# Criteria for acquiring Cyprus citizenship by exception/naturalisation (cont.)

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 the Republic in which he or she is the ultimate beneficiary - the investment should amount to at least €5 million
6. Any combination of the above criteria 1 – 5
7. Persons whose deposits with Popular Bank Public Company Ltd have been impaired due to the measures implemented after the 15<sup>th</sup> of March 2013 – the applicant must have incurred an impairment in deposits amount to a total of at least €3 million

## Option 2 – Under a Collective Investment Scheme

Participation in a Special Collective Investments Scheme - the amount that needs to be invested by the applicant is €2,5 million, provided that the total value of the investment is at least €12,5 million

**It takes approximately 3 months for the Citizenship by exception/naturalization to be issued.**

# Additional conditions and requirements for acquiring Cyprus citizenship by exception/naturalisation

Purchase agreement of a residential property with a minimum value of €500.000 (plus VAT)

Other personal documents such as a valid passport, a clean criminal record, birth certificate, marriage certificate (if applicable), CV, etc both for the applicant and for any other family members accompanying the applicant

# Why Deloitte?

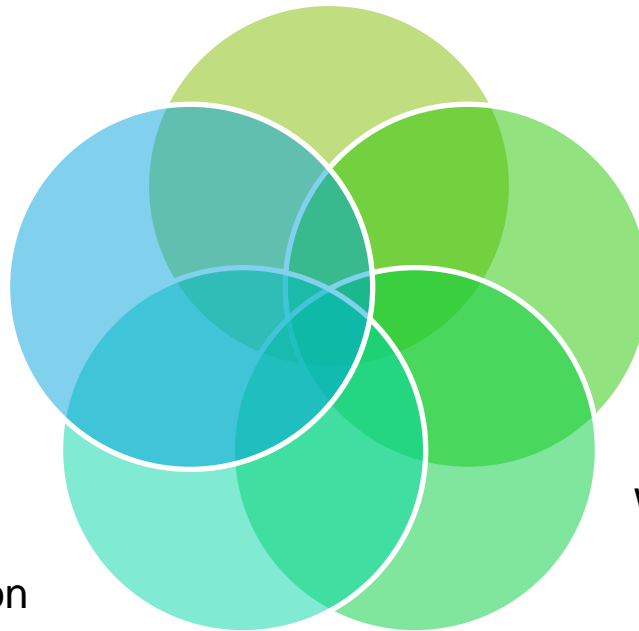
We possess in-depth knowledge of the related legislation and procedures

Confidentiality is our cornerstone

We offer independent advice with regards to the different investment options

We act as a professional liaison with the local authorities

We cooperate only with reputable organisations that can provide with attractive investment options



# Moving to Cyprus:

# Consequences in Russia

# Check list

- ✓ ***Immigration rules*** – The legislation came into force starting August 2014. It is applicable to Russian citizens
- ✓ ***Russian personal income taxation*** - Individuals (taxpayers) are personally responsible to comply with the requirements of Russian personal income tax legislation
- ✓ ***Currency control legislation requirements*** - Russian legislation imposes restrictions on the use of accounts opened in banks outside of Russia by Russian currency control residents. Russian citizen are treated as Russian resident based on currency control rules. An individual could be considered as non-resident for currency control purposes only in case he/she is staying in a foreign country for more than one year on the basis of a work visa (issued for more than one year) and has not visited Russia during this period

# Immigration rules

- Starting from August 2014 Russian citizens must notify the local Federal Migration Service authorities (“the FMS authorities”) if they hold citizenship in another state or a residence permit/any other document that authorizes them to reside abroad permanently. The individuals responsible for disclosure must submit a special notification form to the FMS within 60 days after being granted a document entitling them to foreign citizenship/residency. It is allowed to submit the respective notifications to the FMS authorities via a representative, on the basis of a notarized power of attorney or to file the notification within 30 days after the individual’s first entry into Russia, as well as some extensions for certain categories of Russian citizens to file the notification.

Administrative and criminal liability is stipulated by the legislation for failure to comply with the notification procedure.

# Russian personal income taxation

Russian personal income taxation will depend on number of factors:

Russian tax residency status in each tax year which is equal to calendar year

Source of the income

The application of a tax withholding mechanism to the income, applicable tax rate

Provisions of Cyprus/Russia Double Tax Treaty applicable to some types of income

Other

Russian tax residents are taxable on their worldwide income at 13% vs Russian tax non-residents who are taxable on Russian sourced income at 30% received in each tax year. Russian sourced income is the income received for individual's activities performed in Russia.

The criteria for Russian tax residency is presence in Russia for 183 days and more in a calendar year.



# Currency control legislation requirements

Russian legislation provides special obligations related to accounts opened in foreign banks:

- Currency control residents are obliged to notify Russian tax authorities of bank accounts opened/closed in a foreign country and any changes made to such accounts.
- Starting from 1 January 2015 Russian residents are obliged to report about transactions made via their foreign bank accounts. However, neither the procedure for reporting nor liability for failure to do so has been established yet. Most likely the reports in question will need to be filed once a year, starting January 2016 when the 1st report for 2015 will need to be submitted.

It is allowed to perform a limited number of transactions via individual's foreign bank accounts. At the same time, funds credited to the foreign bank accounts of the residents cannot be used for transactions connected to the transfer of the property or provision of any services in Russia. Therefore, it is very important that all transactions made via the foreign bank account are carefully analyzed.

**NOTE:** carrying transactions that are not directly allowed by the legislation may result in fine amounting up to 75-100% of the sum of such a transaction.



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