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MEMORANDUM

From: Alexandros Economou

Date: 1 June 2019

Subject: **Cyprus Investment Programme**

On 13 February 2019, the Cyprus Council of Ministers approved a revised scheme for the naturalisation of investors in Cyprus by exception. The revised Cyprus Investment Programme took effect on 19 May 2019. The said scheme is based on section 111A (2) of the Civil Registry Laws of 2002-2019.

A. Investment Options / Economic Criteria

Prerequisites:

- (i) Except as specified under (1) below, the applicant must acquire a permanent residence of at least €500,000. Any excess can be used to supplement the total amount of the investment made under (1) – (4) below.

- (ii) Mandatory donation of at least €75,000 to the Research & Innovation Foundation. The applicant may donate more than €75,000, in which case the excess amount will be calculated towards the investment amount under (1) – (4) below.

By way of exception, the said mandatory donation is lifted under the following two circumstances:

*All amounts are exclusive of VAT, if applicable.

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- (a) If the applicant invests at least €75,000 to a certified innovative enterprise (which has been certified as such by the Ministry of Finance) or a certified social enterprise.
- (b) If the applicant has made an investment under (2) below amounting to at least 20% of the investment amount (i.e. €400,000) to a company operating in the primary or secondary sectors of the economy (excluding the construction sector), or in the sectors of research and technology, education, health and renewable energy.

(iii) Mandatory donation of €75,000 to the Cyprus Land Development Foundation. The applicant may donate more than €75,000, in which case the excess amount will be calculated towards the investment amount under (1) – (4) below.

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

Investment of at least €2 million for the purchase or construction of immovable property or development creation such as residential or commercial developments, developments in the tourism sector or other infrastructure projects. If the said investment is in a permanent residence, then the additional amount specified under prerequisite (i) above is waived.

Applicable Conditions:

- Mere purchase of land is allowed provided the land is eligible for construction (in which case a business/investment plan must be presented to the relevant authorities for approval).
- If the applicant is investing in residential property/ies that were previously used for the purposes of fulfilling the criteria of the Cyprus Investment Programme, the total investment must be €2.500.000 (not €2.000.000).

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- The investment shall only be considered as eligible provided the following are met:
 - The property has a Planning Permit (in cases where the title deed has not been issued);
 - A Certificate of Completion has been issued by the architect of the property;
 - If the relevant property is under construction, the seller must deposit in a special account in favour of the investor an amount equal to 5% of the purchase price. Alternatively, the seller may issue a Bank Guarantee for the same amount in favor of the investor;
 - If the property is mortgaged, the applicant must be given a written declaration by the mortgagee undertaking to waive the mortgage when the investor or the seller will pay to the lender the amount stated in the relevant declaration.

2. Purchase or creation or participation in Cyprus businesses or companies

Investment of at least €2 million by way of acquisition, creation or participation in businesses or companies that have physical presence, activities and significant turnover (with at least five Cypriot or EU citizen employees) in Cyprus.

A business/investment plan should be in place detailing the exclusive use of the investment within Cyprus. Investments in the shipping sector are eligible on the basis of quantifiable criteria determined by the Ministry of Finance and the Shipping Deputy Ministry.

3. Investment in Alternative Investment Funds (AIFs) or Registered Alternative Investment Funds (RAIFs) or financial assets of Cyprus companies or organisations that are licensed by CySEC

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Purchase of units with a value of at least €2 million from AIFs or RAIFs established in Cyprus and whose investments are made exclusively in Cyprus.

The AIF and RAIF may invest up to a maximum of €200.000 in securities traded on the secondary market of the Cyprus Stock Exchange.

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 CySEC, by companies that have proven physical presence and substantial economic activity in Cyprus, and have as a purpose (on the basis of an investment plan) the financing of their investment plans exclusively in Cyprus, are eligible.

4. Combination of the aforementioned options

The applicant may combine any one or more of the abovementioned options so long as the investment is at least €2 million.

B. Who Can Apply & Eligibility of Family Members

- On the basis of the Scheme, a non-Cypriot citizen, who meets the criteria above, either personally or through a company/companies in which he/she participates as a shareholder (in proportion to his/her holding percentage), or through investments done by his/her spouse or jointly with the spouse or even as a high-ranking senior manager of a company/companies that meets the said criteria, may apply under the Scheme.
- A high-ranking senior manager of a company may apply provided that he/she receives such a remuneration that generates for the Republic tax revenues of at least €100,000 over a three year period and provided that this tax has already been paid or prepaid.

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- Spouse or partner, minor children, parents and financially dependent children of age 18 and above (full time students up to the age of 28 and individuals with serious physical or mental disability, rendering them unable to work) of the successful applicant, can also obtain citizenship.
- The applicant's parents are entitled to apply for citizenship under the same application provided they have also purchased a permanent residence in Cyprus of at least €500,000 (or the applicant and his/her parents co-own property of at least €1 million).

C. Non-Monetary Pre-Requisites & Conditions

- The applicant must be a holder of a residence permit in order to qualify. The applicant may apply for an immigration permit simultaneously with the submission of the Citizenship application; the criteria for the acquisition of the residence permit are identical to those prescribed for the Program. The applicant must be a holder of a residence permit for at least 6 months before his/her naturalization.
- The investments attached to the application must remain for a minimum of five years, whereas in order for the Cyprus citizenship to remain valid the permanent residence (of at least €500,000) must be held indefinitely.
- The applicant (and the accompanying family members) must have a clean criminal record and must hold a valid Schengen visa.

D. Fees

- Naturalisation Fees- €7,000 each (applicant, spouse, adult children and parents); €80 for minor children. Small issuance fee for each passport and ID.

- Permanent Residence Fees:
 - €500 for applicant, spouse and minor children plus €70 registration fee for each; and
 - €570 per adult child.

E. Time to Citizenship

Qualified applicants can be granted Cyprus citizenship 6 months from submission of all necessary documents.

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