

# VARDIKOS & VARDIKOS

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## **CYPRUS CITIZENSHIP BY INVESTMENT PROGRAM:** **EUROPE'S MOST ATTRACTIVE CBI PROGRAM**



Europe has long established itself as the most sought-after region in terms of high net worth immigration, accounting for over half of the total number of global citizenship applications, with the Caribbean in second place, followed by North America in third. Also, noteworthy, are recent studies conducted by global immigration experts, ranking the Cyprus Citizenship by Investment Program among the “top ten best in the world”.

Cyprus has recently been ranked the 5th best relocation destination in the world by an international lifestyle review (source: 2014 report prepared by Knight Frank, a leading independent, global real estate consultancy firm). Ranked by key business and leisure indicators, Cyprus was the only European country alongside Switzerland to make it into the top five – ahead of London, Madrid and Monaco. Coupled with what most international tax advisors agrees is the most favourable onshore personal tax regime in the world, Cyprus provides an attractive destination for investment based immigration. With at least 320 days of sunshine a year, Cyprus was classified the sunniest European location.

The Cypriot immigration policy and legal framework now enable Non-EU and EU applicants to obtain Cypriot citizenship on an expedited basis. There are a number of reasons the Cyprus Citizenship by Investment (CBI) Program is now considered to be the most attractive in Europe, including:

- a. There is no requirement to make a donation to the local government, in contrast to Malta and many other citizenship programs worldwide.
- b. Cyprus does not require applicants to live on the island prior, during or after the application process, unlike all other EU countries with citizenship programs that impose some form of residency requirements.
- c. Application process takes 6 months, with approval granted within 3 to 4 months, being by far the fastest route to EU Citizenship.
- d. Simple and straightforward application process with no requirements to disclose source of wealth or funds, no medical testing, and no language requirements.
- e. Approved by the EU (being one of only two CBI programs in Europe with official EU approval).

**Legal framework:**

The recent amendments to the Naturalisation of Investors in Cyprus by Exception Scheme, based on subsection (2) in Section 111A of the Civil Registry Laws of 2002 was approved by the Cyprus Council of Ministers on the 13 September 2016.

The Cyprus government has formulated a “fast-track” citizenship scheme aimed at high net worth individuals, investors and entrepreneurs. This allows the successful applicant and their family to hold a Cypriot passport and enjoy all the benefits of a Cyprus and EU National.

**The eligibility criteria under the CBI program are as follows:**

- a) Main applicant and spouse i.e. husband and wife.
- b) Children up to and including the age of 17.
- c) “Adult children” between the ages of 18 to 28
  - i. Provided their application is reviewed by Council of Ministers prior to their 29th birthday; and
  - ii. Provided they are students working towards either a first university degree, or first master’s degree.

- d) Parents of the main applicant, provided an additional investment of minimum €500,000 (plus VAT if applicable), be made in residential property.

### **Main advantages of being a Cyprus Citizen:**

#### **Free Movement of People**

- ✓ Freely travel, reside, study and work within the 28 countries of the EU, as well as Switzerland, Norway, Iceland and Liechtenstein. An entire family can obtain Cyprus Citizenship i.e. spouse of applicant, children under 18 years, and adult dependents (ages 18 to 28). Children of EU nationals have the right to lower tuition fees within the EU.

#### **Free Movement of Services**

- ✓ Establishment and free movement of services - individual citizens and their companies can offer services within the EU Member States without any obstacles.

#### **Free Movement of Capital**

- ✓ Transfer funds between EU Member States, purchase of property in any preferred EU Member State, and invest in any type of activities.

#### **Free Movement of Goods**

- ✓ All goods produced in EU Member States can be freely transferred between Member States.

#### **No requirement to physically reside in Cyprus**

- ✓ Either before the filing of an application or after obtaining Cypriot Citizenship.

#### **Attractive Tax System**

- ✓ Cyprus is an attractive financial centre due to its highly favourable tax system and strategic location at the crossroads of three continents – Europe, Africa and Asia. The Cypriot taxation system is consistently voted by EU tax professionals as being the most attractive in Europe.
- ✓ Newly introduced “non-domicile” regime results in zero taxation of worldwide dividends and interest income, for period of 17 years.

#### **High standard of living**

- ✓ Cyprus offers political stability and a high standard of living with access to reputable state and private schools, medical facilities and among the lowest crime rates within the EU.

#### **Visa Free Travel**

- ✓ No visa required for travel within the EU.
- ✓ No visa required for travel to over 159 non-EU countries.

#### **Dual Citizenship**

- ✓ Cyprus allows its citizens to hold dual citizenship.

#### **Cyprus Citizenship by Investment program - Investment Options:**

Below is a summary of the available investment options under the Cyprus CBI program:

#### **Option 1: €2 Million (residential real estate)**

A €2 million (plus VAT of 0%, 5%, or 19%) investment in residential real estate situated in Cyprus, held for three years.

The investment in residential real estate must be retained for a minimum period of 3 years, after which point the overall investment in real estate can be reduced to a minimum of €500,000 in residential property (excluding any VAT that was paid on initial acquisition).

Examples of possible investment under this option include the following (all prices below are quoted before VAT, if applicable):

1. Purchase one villa for €1.5 million, and one apartment for €500,000. Sell the villa in 3 years' time.
2. Purchase one villa for €2 million and sell in 3 years' time, but simultaneously purchase a residential property(ies) for a minimum amount of €500,000.

*Note: the parents of the main investor can also be included within the same application, with an additional investment of €500,000 (plus VAT if applicable), in residential property.*

#### **Option 2: €2.5 Million (combination of real estate and/or other investments)**

A 3-year investment of €2 million (non-inclusive of VAT) within any of the following investment categories:

1. Eligible Real Estate" situated in Cyprus, namely:
  - ✓ Residential;
  - ✓ Commercial;
  - ✓ Infrastructure;
  - ✓ Land, provided there is a development plan in place.

2. Creation, acquisition or participation in a Cyprus company or business where the applicant is a shareholder, with activities in Cyprus, and employing 5 Cypriot or EU nationals who have been resident in Cyprus for a duration of 5 years prior to the filing of the citizenship application.
3. Alternative Investment Fund (AIF) or financial assets of a Cyprus entity licensed by the Cyprus Securities and Exchange Commission (CySEC), with activities in Cyprus.
4. Interest bearing Cyprus government bonds (0.75% per annum), provided the investment does not exceed €500,000.
5. Mix and match any of the above options.

**AND**

6. €500,000 (plus VAT of 0%, 5%, or 19%) in residential property, which must be held indefinitely.

*Note: the parents of the main investor can also be included within the same application, with an additional investment of €500,000 (plus VAT if applicable), in residential property.*

In addition to satisfying any one of the above financial criteria, the primary applicant must fulfil all of the following conditions:

- a. Have a clean criminal record from the country of origin and/or residence;
- b. Confirm that the applicant's name is not included in the list of persons whose property is ordered to be frozen by the EU.

**CBI Process and timeline:**

In terms of the CBI application process and timeline, it is summarized as follows:

**6 months** for the main applicant and spouse.

**7 months** for minor children.

**12 months** for adult children and the parents of the main applicant.

**IMPORTANT NOTE:** there is no requirement to physically reside in Cyprus before, during, or after the CBI application.

Below is a brief summary of the application process:

1. File CBI application for main applicant and spouse.

2. Following day after CBI application is submitted, file a Permanent Residence Permit (PRP) application for the main applicant, spouse, and minor children (between ages 6 and 17). This requires a one-day visit to Cyprus by the main applicant, spouse, and minor children (Note: minor children can be excluded from the PRP application, and this will not affect their ability to apply for citizenship- see step 6 below).
3. Within 5 days of filing, approval of PRP is granted, allowing holder of permit to travel visa free to Cyprus, Germany, Italy, France, Netherlands and Luxembourg.
4. Approval of CBI application within 2 to 3 months.
5. Issuance of Certificates of Naturalization and passports 6 months from date of original filing (in regard to the main applicant and spouse).
6. Citizenship application filed for minor children, requiring 2 to 3 weeks for approval. Immediate issuance of Certificates of Naturalization and passports.
7. Citizenship application filed for adult children (up to age 28) and parents of main applicant.
8. Following day, the adult children and parents of main applicant must visit Cyprus to file a PRP application.
9. Adult children and parents of main applicant are approved for citizenship within 2 to 3 months of filing the relevant PRP application.
10. Issuance of Certificates of Naturalization and passports 6 months from date of relevant PRP filing (in regard to adult children and parents of main applicant).

**How Vardikos & Vardikos can assist:**

We are leaders in the area of Immigration Services in Cyprus, and well positioned, through our network of companies, specialists in immigration and property law, to assist clients with the preparation and filing of a Citizenship Application. We are frequently engaged by some of the world's largest and most reputable international law firms, investment firms and family offices.

The following is a list of core services we provide during the course of a Citizenship application, ensuring that we receive approval in the shortest time frame possible:

- Advise on the financial criteria, conditions to be met, and the application procedure;
- Conduct a thorough examination of the specific circumstances of the applicant in order to establish the most effective way to meet the required financial criteria;

- Find the right property matching the criteria of the applicant via our network of reputable licensed real estate agents and ensure the applicant is presented with properties that are good value for money;
- Communicate with the responsible Ministries for clearance prior to submitting an application;
- Drafting and assisting with the collection of all required documents;
- Monitoring the status of the application and follow up, including personal meetings where deemed necessary;
- Regular updates to the applicant on the progress of their application;
- Upon granting of the Citizenship, our office can assist with the issuance of the Cyprus passports and ID cards;
- Assistance with the opening of bank accounts at local banks.

Our team of highly experienced professionals can advise you further on obtaining Cyprus Citizenship by Investment on the basis of your particular facts and circumstances. Please feel free to contact Mr. Christos Th. Vardikos at [info@vardikos.com](mailto:info@vardikos.com) to discuss how we can be of assistance to you.

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