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Updated Cyprus Real Estate Investment Schemes

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In the light of global developments and ever changing fiscal and monetary policies that impact investments and assets worldwide, there has been an increased interest by investors in relocating their assets and families to a jurisdiction that offers stability and security. Certain recent changes to the Cypriot legal framework and immigration policy enable non-EU applicants to obtain Cypriot citizenship or Permanent Residence Permit on an expedited basis, if they invest in the Cypriot real estate market.

Cyprus has traditionally been an attractive international business services centre as it combines a strategic

location amongst three continents, is a full EU and Eurozone member, it enjoys political and legal stability and it is a safe jurisdiction for keeping assets protected. Its large double taxation treaty network and its corporate tax rates, which are the lowest in Europe, as well as new tax incentives introduced by the Government of the Republic of Cyprus make the island a very attractive country for foreign in-



vestment. Further, the Cyprus – Russia double taxation treaty provides the Russian Authorities with comfort on issues of exchange of information, especially after the passing of the Russian de-offshorisation laws.

In an increasing trend, international business (offshore) companies registered in Cyprus, who wish to be compliant with revised home country legislations on tax avoidance, seek to establish economic substance in terms of staff, governance, premises and equipment in Cyprus. This allows them to continue to benefit from the Cyprus advantageous tax regime and numerous double tax-

ation treaties, as well as be compliant with local legislations. This has led to an increased interest in the leasing and purchase of commercial real estate in Cyprus, mainly in the business districts of Limassol and Nicosia.

In addition to the above, the Mediterranean climate, combined with an advanced standard of living, low crime, modern transportation links,

excellent infrastructure and advanced educational and medical facilities, have made Cyprus a desirable destination for the purchase of real estate and relocation of individuals and businesses. Cyprus has recently been ranked as the 5th best relocation destination in the world by an international lifestyle review, ranking above traditional destinations such as London, Monaco and Singapore (source: 2014, Knight Frank, Global Lifestyle Review, a leading independent, global real estate consultancy firm).

Recent major investments in real estate in Cyprus have included investors from Russia, Ukraine, the United Kingdom, China, India, Israel and the Middle East, as well as attracted individuals from countries with continued political instability, who chose to relocate their family and business to Cyprus.

Cyprus' recently updated and relaxed legislation and procedures for immigration and naturalization, allow non-EU individuals to obtain a fast-track permanent residence permit or become citizens of the Republic of Cyprus on an expedited basis if they

chose to invest in Cyprus real estate.

The Permanent Residence Permit ("PRP")

The PRP is granted by the Minister of Interior if the applicant does not have the intention of taking up employment in Cyprus in any direct or indirect manner. It is important to note that the applicant and/or his spouse may be a shareholder in a company registered in Cyprus and the income from the dividends of such a company is not considered to be an impediment for the purposes of obtaining an immigration permit. The main investment/financial criteria are the following:

- a deposit of €30.000 into a Cyprus Bank account;
- a secured guaranteed annual income of at least €30.000, increasing by €5.000 for every dependent person. This income must derive from business activities abroad, and may include salaries from employment, pensions, dividends from shares, fixed deposits and rents.
- proof of purchase of a house, apartment, commercial property or other buildings, by the applicant or



a controlled company, of a total market value of at least €300.000 (V.A.T. not included) and official receipts for the payment of at least €200.000 (excluding V.A.T.), against the purchase price, irrespective of the date for the delivery of the dwelling with money transferred from abroad.

- Also, the applicant and his family must have a clean criminal record and visit Cyprus at least once every two years. The permit also covers the family of the applicant (spouse and dependent children).

For the PRP, provided that no issues arise, the permit is issued within two months from submission of the application.

Cyprus Citizenship by Investment

Foreign individuals may, at the discretion of the Council of Ministers, be granted Cypriot Citizenship (Certificate of Naturalisation) and obtain a Cypriot Passport, with all benefits of an EU passport. This is possible on the basis of a Council of Ministers' Decision (dated 24/05/2013), whereby non-Cypriot Investors, can acquire the Cyprus Citizenship by Naturali-

zation by exception to the provisions of the Civil Registry Laws 2002-2013.

Cyprus citizenship can be obtained by making direct investments in Cyprus amounting to €5,000,000. Direct investments include the purchase of real estate, businesses or companies, shares, financial assets (e.g. securities registered and issued in the Republic), participation in joint ventures participating in government projects and other business enterprises. The purchase of real estate amounting to €5,000,000 can be combined with deposits in Cyprus Banks, investment in government projects and funds, high level of entrepreneurial activity in Cyprus, introduction of new and innovative technologies (such as the establishment of research and development centres). Therefore, investors may take this opportunity to invest in a combination of real estate and other investments or choose to relocate assets to Cyprus to take advantage of the updated citizenship by investment scheme.

Those wishing to benefit of the above scheme must visit Cyprus at least

once, own a residential property valued at over €500.000, have a clean criminal record, and be over the age of 30. The applicant will not become a tax resident of Cyprus unless he/she spends more than 183 days on the island, in any one calendar year.

The local governmental authorities have expedited and simplified the procedure for these real estate based investment schemes and such applications are handled with high priority. The processing of these applications is made by the Ministry of the Interior (Immigration Department) and can take up to six months depending on the complexity of the application as well as the documents that may be required.

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