

CYPRIOI CITIZENSHIP BY EXCEPTION – THE REVISED CRITERIA FOR FOREIGN INDIVIDUALS INVESTING IN CYPRUS IN LIGHT OF THE RECENT EUROGROUP DECISION

In the light of the recent economic developments in Cyprus following the Eurogroup decisions taken in March 2013, the Cyprus government has recently implemented further revisions and relaxations to the criteria for granting Cypriot citizenship by exception to foreign investors, with the dual aim of restarting the economy by the promotion foreign investment in Cyprus and for providing a measure of compensation for foreign nationals who have suffered a “haircut” of their deposits in either Bank of Cyprus or Cyprus Popular Bank (Laiki Bank).

Criteria for granting Cypriot citizenship by exception

In order to successfully gain Cypriot citizenship, a foreign national must satisfy the following obligatory conditions:

- Have a **clean criminal record**
- Own a **permanent residence** within the territory of the Republic of Cyprus which has a market value of at least **€0.5million plus VAT**.

In addition, the said foreign national must satisfy at least one of the following criteria:

1. The applicant should make the following **investments and donations to Governmental funds**:

- a. An amount of at least **€2 million** be invested in **shares and/or bonds of the Cyprus Investment Company** that will be formed (the applicant must deposit the said amount at the Cyprus Treasure Department until the shares and/or bonds of the aforementioned company are issued);
- b. An amount of at least **€500 thousand** which should be **donated to the Research & Technology Fund**.

ALTERNATIVELY

2. The applicant should have **direct investments of at least €5 million** in the **Republic of Cyprus**, whereby direct investments refer to but are not limited to the following:
 - a. Purchase of **real estate** (residences, offices, commercial outlets, etc.)
 - b. Acquisition of **businesses and/or companies** which are based and operate in the Republic of Cyprus
 - c. Purchase of **shares of companies** registered in the Republic of Cyprus
 - d. Purchase of **financial instruments**, such as bonds and debentures issued and registered in the Republic of Cyprus

- e. Participation in a **company and/or consortium** which is responsible for executing a **Government project**.

In relation to conditions (a) and (b), the applicant must possess the related investments for **at least 3 years**. Where the portfolio relates to bonds and/or shares, it must be ensured that the portfolio's value during the 3-year time frame will not be less than the amount specified.

ALTERNATIVELY

3. The applicant must hold **deposits of €5 million in Cypriot banks for a duration of 3 years**. Said deposits may be personal or private equity or trust funds whereby the applicant is the beneficiary.

ALTERNATIVELY

4. The applicant may elect to have a **combination of more than one of the above 3 criteria**, namely, mixed investments and donations to a Governmental fund, direct investments or deposits in Cyprus banks, amounting to €5 million.

ALTERNATIVELY

5. The applicant must be a **shareholder of the ultimate beneficiary of a Cypriot company that has its head office and business operations in the Republic of Cyprus**. In addition,

the Cyprus-based company must have paid **the sum of at least €500 thousand annually in the Republic of Cyprus** during the 3 years preceding the application's filing date. This amount may include payments to public Cypriot funds, such as VAT and Corporate tax, and the acquisition of professional services in Cyprus, including legal, accounting and auditing services.

Otherwise, in cases where a **Cyprus company employs at least 5 Cypriot citizens**, then the minimum amount which should be paid in the Republic of Cyprus is set at **€350 thousand per year** for the duration of the 3 years prior to the application's filing date, or where said **company employs at least 10 Cypriot citizens**, the amount is set at **€200 thousand**, in the manner described above.

ALTERNATIVELY

6. Any foreign citizen (EU or third country national) who held deposits in the Bank of Cyprus and/or Cyprus Popular Bank (Laiki Bank) and **suffered, as a result of the recent haircut, loss of his/her deposits to the extent of at least €3 million as at 15th March 2013**, is entitled to Cypriot citizenship. Should said individual have suffered a loss amounting to less than the predetermined amount of €3 million, then he/she may still apply for Cypriot citizenship, which will be granted, provided that he/she invests the remaining amount in mixed

investments and donations to a Governmental fund or in direct investments in the Republic of Cyprus as per criteria 1 and 2 above.

Ioannides Demetriou LLC are in a position to offer valuable assistance to Foreign citizens who wish to acquire Cypriot citizenship and who fall into any of the categories outlined above.

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