

LEGAL update

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**CRITERIA & CONDITIONS FOR
THE GRANT OF CITIZENSHIP
TO FOREIGN INVESTORS & BUSINESSMEN**



KINANIS
LAW & CONSULTING

A. INTRODUCTION

On the 10.10.2011, the Council of Ministers of the Republic of Cyprus issued a decision whereby certain criteria and conditions were decided upon with regards to the grant of citizenship (naturalization) to foreign investors and businessmen by exemption to the general legal requirements provided in the relevant law to grant citizenship. The reasoning behind this policy is to attract foreign investments in Cyprus by wealthy individuals.

B. CRITERIA

The criteria which must be fulfilled by an interested foreign investor/businessman when intending to submit an application for obtaining Cypriot citizenship are the following:-

1. Direct Investments

The applicant must have direct investments in the Republic of Cyprus of an amount of at least €10 million (Ten Million Euro). Such direct investments include, inter alia, purchase of immovable properties in Cyprus, businesses/companies, shares and financial assets (eg. securities registered and issued in the Republic of Cyprus)

OR

2. Entrepreneurial Activities

The applicant must have incorporated a company or companies in the Republic of Cyprus, controlled by him, with a total turnover of at least €10 million (Ten Million Euro) per annum on an average basis, according to the audited accounts of the company or companies, for the last three years preceding the year of the application and/or at least 1/3 of the applicant's employees must be citizens of the Republic of Cyprus.

OR

3. Introduction of new and innovative technologies- Research Centres

The applicant must prove that he/she introduces a large scale of new and innovative technologies with his/her business activities to vital sectors of the Cypriot economy or has established an important research centre, of a large scale, for the conduct of research locally.

OR

4. Deposits in banks

The applicant must have personal deposits in Cypriot banks or deposits of his privately owned companies or trust (in which he is a shareholder) in the Republic of Cyprus of an amount of at least €15 million (Fifteen Million Euro) and on a 5 year fixed term deposit.

The above means that the aforementioned deposits have to remain blocked in a banking institution in the Republic of Cyprus for a period of not less than 5 years. In the event that it is determined, after the performance of periodic inspections, that this condition is circumvented, then, the citizenship (naturalization) may be revoked.

OR

5. Combination of direct investments, business activities and deposits in Cypriot banks

The applicant must possess a combination of the above assets amounting to €15 million (Fifteen Million Euro).

OR

6. Direct Income/Remuneration for Services

The applicant must have proceeded with the incorporation of a company or companies, the management of which must be in the Republic of Cyprus and in the last three (3) years preceding the year of the application the applicant must have paid into the economy of the Republic of Cyprus, either in the form of income tax payments/VAT and/or in the form of remuneration for the purchase of business services (e.g. legal, accounting, auditing and other) of at least €500.000,00 (Five Hundred Thousand Euro) on average per annum.

Once the applicant falls under one of the abovementioned criteria, he is additionally required to fulfil the below six conditions.

C. CONDITIONS

1. Age

The applicant must be 30 years of age or above.

2. Clear criminal record

The applicant must submit a clear criminal record from his country of origin and/or from the Police of the Republic of Cyprus.

Additionally, a confirmation is to be submitted, stating that the applicant is not included on the list of persons whose property is ordered to be frozen within the boundaries of the European Union.

3. Residence in the Republic of Cyprus

The applicant must have a permanent privately-owned residence in the Republic of Cyprus, the value of which must exceed the amount of €500.000,00 (Five Hundred Thousand Euro) at current prices.

D. SUBMISSION OF DOCUMENTS

For the examination of the application for citizenship (form M.127), various documentation is required to be submitted, such as, amongst others, the following:

(i) Direct Investments

- (a) For the purchase of immovable property: Contract of Sale, Title Deed
- (b) For the purchase of a business, company, construction company: confirmation from the Registrar of Companies as to the shareholders
- (c) For the purchase of shares: Share certificates
- (d) For financial assets: title/titles and other documents proving such financial assets.

(ii) Entrepreneurial Activities

- (a) Certificate of Registration from the Registrar of Companies
- (b) Certificate of shareholders
- (c) Audited accounts of the businesses for the last 3 years preceding the year of the application
- (d) Confirmation from the Department of Social Insurance regarding the insurable earnings of the employees in the applicant's companies.

(iii) Introduction of New Technologies

Patent or other document proving such new, innovative technology.

(iv) Deposits in bank accounts

Confirmation by Cypriot banks regarding the applicant's deposits or of his companies, which he controls, of five-year fixed term deposits.

(v) Combination of direct investments, entrepreneurial activities and deposits in Cypriot banks

Relevant confirmations/documents required for direct investments, business activities and the deposits in Cypriot banks as set out above.

(vi) Direct Income/Remuneration for Services

Receipts of payment to the State of tax or VAT and/or receipts for the purchase of business services (e.g. legal, accounting, auditing and other) which have been paid the last 3 years, preceding the year of the application.

E. CONCLUSION

The above criteria and conditions do not affect the Council of Ministers' absolute discretion in making a decision.

The above criteria and conditions are applicable until the final amending bill amending the Civil Registry Law or the Regulations of the said Law.

F. DISCLAIMER

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Our Firm

Kinanis LLC, a law and consulting firm, is one of the leading business law firms in Cyprus and advises the international investor and private clients on all aspects of law and accounting.

Kinanis LLC continues the business of Kinanis & Co established in 1983. The firm started its operation as a traditional law firm. Experience and practice over the years brought forward the need for transformation from a traditional law firm to a more innovative multidisciplinary firm providing a full range of services combining law and accounting with the extensive expertise in corporate and tax advice to ensure that our clients will obtain the best possible spherical advice.

Our involvement and participation in international transactions over the years, have established our firm as one of the key players in the field.

The firm is staffed with over 80 young, energetic and ambitious professionals, including lawyers, accountants and administrators who provide prompt, efficient and high quality services and who are capable of meeting the current demanding challenges of the local and international business environment.

Contact Us

If you would like to receive further information or to contact us on any relevant matter, please contact the below persons at the respective divisions or departments.

Kinanis LLC

12 Egypt Street, 1097, Nicosia
P.O. Box 22303, 1520 Nicosia, Cyprus
Tel: + 357 22 55 88 88
Fax: + 357 22 66 25 00
E-mail: info@kinanis.com
Web site: www.kinanis.com

Corporate Division

Irene Christodoulou
Fax: +357 22 75 97 77
corporate@kinanis.com

Litigation Division

Despo Andreou
Fax: +357 22 45 81 95
litigation@kinanis.com

Property Division

Vicky Petrides
Fax: +357 22 45 81 95
property@kinanis.com

Accounting Division

Charalambos Meivatzis
Fax: +357 22 75 14 74
accounting@kinanis.com

Tax Department

Marios Palesis
Fax: +357 22 75 14 74
tax@kinanis.com

Accounting & VAT Department

Demetra Constantinou
Fax: +357 22 75 14 74
accounting@kinanis.com

Banking Department

Myroulla Kyriacou
Fax: +357 22 75 39 15
banking@kinanis.com

HR Department

Alexia Petrides
Fax: +357 22 45 81 95
hr@kinanis.com

Business Development Department

Nicky Xenofontos - Fournia
Fax: +357 22 75 97 77
businessdevelopment@kinanis.com

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