



## Acquisition of the Cypriot Citizenship by Investment

January 16, 2017

On the 13th of September 2016 the Ministry of Interior proceeded with the third update in the last three years of the Cyprus Citizenship by investment scheme.

The scheme for the acquisition of the Cyprus citizenship by investment is in line with the main economic objectives of Cyprus, encouraging further foreign direct investments with the aim to attract high net worth individuals for their family's relocation to Cyprus and the establishment of their business activities in Cyprus.

It is a fact that in the last few years alone, the sector of land development has attracted more than four billion euros of fresh money in Cyprus with positive repercussions on various other sectors of the Cyprus economy.

Even though the scheme for the naturalization of investors is not a Cypriot invention, as other European countries have offered such schemes long before Cyprus, the success of the Cypriot program is on the one hand due to the unique combination of advantages offered and on the other hand the simple and transparent procedure that is currently being followed.

Based on the revised conditions, investments can be made in Governmental bonds (maximum 500.000 euros), Cypriot businesses and organizations, financial assets of Cypriot businesses and organizations, immovable property and infrastructure projects in Cyprus or a combination of the above. Further analysis of the approved investments is not the purpose of the current article since the investments are listed on the website of the Ministry of Interior ([www.moi.gov.cy](http://www.moi.gov.cy)).

The new incentives which are introduced in the revised citizenship scheme includes firstly, the reduction of the amount of the investment from 2,5 million euros to 2 million euros and secondly the fact that the parents of the investor can obtain the Cyprus citizenship by investment under the main investor's application, through the acquisition of a permanent residence in Cyprus valued of at least 500.000 euros excluding VAT.

We present below the most important elements which in our opinion, must exist in an attractive naturalization plan and we compare it with the Cypriot naturalization scheme:

### **The investment that is required must not have a high risk for the investor:**

The Cypriot scheme offers the possibility to the investor to choose from a wide range of investments. The majority (if not all) of the available choices are considered to be of a reduced risk and if carefully and diligently chosen, there is a high possibility that in the future, the investor can receive a fair return on the initial capital invested.

### **There must be a reasonably limited period of time during which the investor has to keep the investment:**

The minimum time that the investor has to keep the investment is set at three years in comparison with other European schemes, where the time period is anywhere from five to eight years (with the exception of the permanent residence in Cyprus which must be acquired and should remain in the possession of the investor or if sold must be replaced with another of an equal or bigger value).

**The cost of investment should be reasonable:**

The Cypriot program begins from 2 million euros for investment in residential properties and reaches 2,5 million euros in case the investor chooses to invest in other eligible category as outlined above. The investment amount is deemed at par with other European schemes. In addition, it is worth mentioning that the Cypriot scheme does not provide for any amount that the investor has to give as a mandatory donation to the State.

**The program must be simple, transparent and lead to the acquisition of citizenship:**

The Cypriot citizenship program is fully transparent and fairly simple. Citizenship is granted after 3 months once the application is approved (from the Council of Ministers) in comparison with competitive programs where the citizenship is awarded after a specific period of time has elapsed, that can take six to eight years.

It is also worth noting that the Cypriot citizenship is awarded directly following the approval of the investment and without the requirement for any language proficiency test.

Costas Markides

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KPMG Limited  
Board Member