

Legal update

Amendment of the investment criteria for obtaining Cypriot citizenship via exception

March 2019



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If you have any related questions/queries please do not hesitate to contact us.

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Michael Damianos & Co LLC is a Cyprus law firm, whose practice is highly international with a strong corporate, banking, energy and private client focus. Although a full service Cyprus law firm, its main areas of practice are international (and local) mergers and acquisitions, general corporate advice, insolvency/corporate recovery, capital markets, banking, energy, general commercial work, fiduciary services, real estate, and immigration to Cyprus for non-EU high-net-worth individuals.

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Amendments to the Cyprus Investment Programme for obtaining Cypriot citizenship

The Cyprus Council of Ministers (on 13/02/2019) approved a proposal submitted by the Ministries of Finance and Interior in relation to the amendment of the investment criteria of the Cyprus Investment Programme for obtaining Cypriot citizenship via exception. The amendments came into effect on 26/02/2019, with the exception of certain provisions which will be put into effect from 15/05/2019 and onwards.

The main changes on the criteria are the following:

- A mandatory donation of at least €75.000 to the Research and Innovation Foundation (put into effect for applications which are submitted from 15/05/2019 and onwards). This obligation can be waived under certain conditions, such as where the investment is made in a certified innovative enterprise (i.e. an enterprise that had acquired the relevant certificate by the Ministry of Finance), or a certified social enterprise. It can also be waived if the applicant has made an investment under the criterion A.3 (purchase/establishment/participation in Cypriot companies/businesses) of a total amount equal to the 20% of the required investment amount (i.e. €400.000) in a company whose operations fall within the primary sector of the economy, or the secondary sector of the economy (excluding construction), or in the sectors of research and development, education, health and renewable energy sources.
- A mandatory donation of at least €75.000 to the Cyprus Land Development Corporation, for the financing of housing schemes for affordable housing (put into effect for applications which are submitted from 15/05/2019 and onwards).
- The inclusion of the option of investment in the shipping sector in the eligible investments on the basis of specific measurable criteria, which will be determined jointly by the Ministry of Finance and the Deputy Ministry of Shipping.
- The inclusion of the option of investment in Registered Alternative Investment Funds established in the Republic of Cyprus in the eligible investments, as well as the possibility for these organizations to invest up to €200.000 in Cyprus Stock Exchange's secondary market.
- In cases of investment in residential property alone, for residential property that has already been used for citizenship purposes, the total amount of investment increases from at least €2.000.000 to at least €2.5000.000 (put into effect for applications which are submitted from 15/05/2019 and onwards).

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- Obligation to maintain the required investments for a period of at least 5 years from the date of naturalization, instead of 3 years (put into effect for applications which are submitted from 15/05/2019 and onwards). Investors are permitted to change their investments during the 5-year period, provided that prior consent from the Ministry of Finance is obtained for the change.
- Complete abolition of investment in government bonds as an acceptable investment.
- Where the investment relates to the purchase of property, as well as in the case of purchase of permanent residency, a town-planning permit (if required), a bank waiver, a completion certificate and a performance bank guarantee by the seller (if the property is under construction) will be required (put into effect for applications which are submitted from 15/05/2019 and onwards).
- The applicant must have a Schengen visa in force in order to be able to apply for naturalization (put into effect for applications which are submitted from 15/05/2019 and onwards). Third-country nationals that do not require an entry visa for travelling in European Union Member States, as well as citizens of European Union Member States are excluded from this obligation.
- An applicant who has applied for the acquisition of citizenship in any other Member State of the European Union and has been rejected will not be eligible to acquire Cypriot citizenship within the framework of the Cyprus investment programme.
- The applicant should be in possession of a residence permit in the Republic of Cyprus for at least 6 months prior to naturalization as a Cypriot citizen. The application for permanent residency can be submitted simultaneously with the application for citizenship, but the applicant will need to have the residence permit for at least 6 months prior to naturalization.

Michael Damianos & Co LLC provides a one-stop-shop for the citizenship application, assisting clients with all stages of the application process, from making the application, to assisting with the choice of the best investment opportunity and preparing purchase contracts and all necessary completion requirements.