

***Factual analysis of Member States
Investors' Schemes granting
citizenship or residence to third-
country nationals investing in the
said Member State***

***Deliverable B.II Investors' Residence
Schemes in Cyprus***

JUST/2016/RCIT/FW/RIGH/0152 (2017/06)



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I. GENERAL BACKGROUND

■ *Legal background*

Regulation 6(2) of the Aliens and Immigration Regulations of 1972 to 2013 provides for the granting of residence permits to investors in Cyprus¹. Regulation 6(2) “Granting and Revocation of Residence permit” provides that “Notwithstanding the provisions of Regulation 5 paragraph (1) of these Regulations, the Minister (of Interior) may grant a migration permit to a migrant who does not fall under one of the categories provided for in Regulation 5, if he thinks it is appropriate and if he is satisfied that the migrants’ migration is not detrimental to the inhabitants of the Republic (of Cyprus)”².

The Aliens and Immigration Regulations of 1972 to 2013³ are secondary legislation (Regulations), issued under Article 20 of the Aliens and Immigration Law, Cap. 105⁴.

Further to the above Regulations, the Council of Ministers issued Decision 292 dated 13 September 2016⁵ introducing the “SCHEME FOR NATURALISATION OF INVESTORS IN CYPRUS BY EXCEPTION on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015”⁶. This Scheme aims to further encourage Foreign Direct Investment and to attract high net worth individuals to settle and do business in Cyprus. Under paragraph B of the said Decision “Terms and Conditions”, which was issued under the Civil Registry Laws of 2002 to 2017,⁷ an applicant under the said Scheme must either already hold a residence permit, or he/she may apply for an immigration permit on the basis of Regulation 6(2) of the Aliens and Immigration Law, simultaneously with the application for naturalisation. Therefore, a residence permit for an investor under Regulation 6(2) is a prerequisite for the application for naturalisation under the Investors Citizenship Scheme (see Section IV below).

For the application of the above decision, the Ministry of Interior issued a Policy Document titled “Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44”⁸. This Policy Document sets out the conditions to be satisfied in order for the Council of Ministers to decide on issuing an immigration permit to third country applicants, under the provisions of Regulation 6(2) of the Aliens and Immigration Regulations.

■ *Competent authorities*

¹ Aliens and Immigration Regulations of 1972 to 2013 (*Οι περί Αλλοδαπών και Μεταναστεύσεως Κανονισμοί του 1972 μέχρι 2013*), O.G, Par III(I), 22/12/1972, as amended, available at: http://www.moi.gov.cy/moi/CRMD/crmd.nsf/page10_2_gr/page10_2_gr?OpenDocument. The Regulations were originally adopted in 1972 and last amended in 2013.

² Aliens and Immigration Regulations of 1972 to 2013.

³ Aliens and Immigration Regulations of 1972 to 2013.

⁴ Aliens and Immigration Law, Cap. 105, (*Ο περί Αλλοδαπών και Μεταναστεύσεως Νόμος, Κεφ. 105*), OG Par.1(i), No. 918, 28.1.1972, available at: http://www.cylaw.org/nomoi/enop/non-ind/0_105/full.html.

⁵ Council of Ministers’ Decision 81.292 dated 13.9.2016, (*Απόφαση Υπουργικού Συμβουλίου αρ. 81.292 ημερομηνίας 13.9.2016, Παραχώρηση της κυπριακής υπηκοότητας με κατ’εξαιρεση πολιτογράφηση σε μη Κύπριους επενδυτές/επιχειρηματίες στη βάση του εδαφίου (2) του άρθρου 111Α του περί Αρχείου Πληθυσμού Νομον 141(Ι)/2002 και παραχώρηση της κυπριακής υπηκοότητας με κατ’εξαιρεση πολιτογράφηση στα μέλη οικογενείας επιχειρηματία/επενδυτή/τριας πολιτογραφηθέντος βάσει Απόφασης του Υπουργικού Συμβουλίου*), O.G, Par 4(I), No.4504, 16.9.2016, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/\\$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf).

⁶ Civil Registry and Migration Website available at: <http://www.moi.gov.cy/moi/crmd/crmd.nsf/All/DABB1713307D8C4CC2257D2C0045433C?OpenDocument>.

⁷ Law No. 141(I)/2002: The Civil Registry Law 2002 (*Αρχείου Πληθυσμού Νόμος του 2002*), 141(I)/2002, O.G, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html.

⁸ Ministry of Interior Policy, “Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44”, available at: <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/6E845849175A310DC2257F7D0030F4FE?OpenDocument>.

The competent authority in Cyprus as regards immigration and residence permits is the **Ministry of Interior**. The Ministry of Interior operates regionally through the **District Administrations offices**, which are also involved in the process of issuing residence permits for investors. Within the Ministry of Interior, the competent person is the Director of the Migration Department.

Under paragraph 6.1 of the Ministry of Interior Policy on granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus⁹, the **Civil Registry and Migration Department (CRMD)** processes the application.

The **Department of Lands and Surveys** is involved as the competent authority in Cyprus to certify that the title deeds or a sale contract in the applicant's or his/her spouse's name were submitted and officially filed.

The **Cyprus Police** are responsible for checking the criminal background of the applicants, in order to provide for a clean criminal record certificate.

Non-public bodies (agents), for instance developers' companies, law firms or accountancy firms may also act as facilitators promoting their clients' interests in providing services to prepare the application for an immigration permit.

It is also noted that **the Cypriot bank** to which the money of the applicant and his/her family is transferred also has a role as it must carry out checks on the origin of the money through its compliance departments, under the Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018¹⁰.

⁹ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

¹⁰ Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018 (*Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007-2018*), O.G. Par I(I), No. 4154, 31/12/2007, available at: http://www.cylaw.org/nomoi/enop/non-ind/2007_1_188/full.html

II. PROCEDURES, COMPETENT AUTHORITIES AND APPLICABLE CRITERIA

1 APPLICATION PHASE

1.1 PROCEDURES

The procedure for the granting an immigration permit to investors is provided for under the Ministry of Interior Policy on granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus¹¹. The applicable criteria and procedures are described below.

Investment/Financial Criteria:

Paragraph 2.1 of the Policy requires the applicant to submit a confirmation letter from a financial institution in Cyprus that he/she has **deposited a minimum capital** of EUR 30.000 into an account, which will be pledged for a period of at least three years. It must be proved that the said amount has been transferred to Cyprus from another country. European Union countries could also be considered as countries from which the amount is transferred to Cyprus.

Another financial criterion is provided in paragraph 2.2 whereby the applicant must prove that he/she has at his/her disposal a **secure annual income** of at least EUR 30.000. This annual income should increase by EUR 5.000 for every dependent person of his/her family (spouse and children) and by EUR 8.000 for every dependent parent or parent-in-law. This income should derive from a country other than Cyprus, and may include salaries from employment, pensions, dividends from shares, fixed deposits, rental income and so on. For the calculation of the total amount of the annual income, the spouse's income may also be taken into consideration.

Further to the above, under paragraph 2.3, the applicant must submit with his/her application, **title deeds or a sale contract for immovable property** in his/her name and/or his/her spouse, which has been officially filed at the Department of Lands and Surveys. The total market value of the property officially registered at the Department of Lands and Surveys must be at least **EUR 300.000** (excluding VAT). Along with the contract of sale for the property, the applicant must also submit official receipts proving that he or she has paid at least EUR 200.000 (excluding VAT) of the total value of the property, irrespective of the delivery date of the property. The full payment of the real estate value must be settled in an account in a financial institution in Cyprus.

The abovementioned amounts must have been transferred to Cyprus from a country other than Cyprus. The **money transfer checks** are made through the Cypriot Banks compliance departments, in line with the Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018¹².

Paragraph 2.3 also provides that the real estate purchase may be accepted even when made in the name of a legal person, provided that the applicant and/or his/her spouse are the sole shareholders or the ultimate beneficial owners of it, and that this legal person is legally established in the Republic of Cyprus, or another EU or EEA Member State.

¹¹ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

¹² Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018 (*Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007-2018*), O.G, Par I(I), No. 4154, 31/12/2007, available at: http://www.cylaw.org/nomoi/enop/non-ind/2007_1_188/full.html

For the purpose of implementing this policy, under paragraph 2.4, the applicant may purchase up to two housing units (apartments or houses), which can be independent, but be purchased from the same development company, or one housing unit and a shop of a surface area of up to 100 sq.m., or a housing unit and an office of a surface area of up to 250 sq.m. The total market value must satisfy the conditions in paragraph 2.3. In the case of spouses (married couple or cohabitants under the Civil Partnership Law of 2015¹³) these conditions apply for the couple and not separately for each of the persons involved.

The said purchase must be in relation to **a property sold for the first time by a development company**, that is, a company that has land development and building properties as its main function. In the case of acquiring two residences, both must be sold by the same development company. From 7 May 2013 onwards, applications concerning property that was re-sold (not sold for the first time) to the applicant (investor or family member) will be rejected under the provisions of the Ministry of Interior policy. It is noted that applications referring to sale contracts in relation to a re-sale of property officially filed at the Lands and Surveys Department prior to 7 May 2013 are accepted for the purpose of implementing the policy. The rationale for the Ministry's decision to change the policy is not specified but it is presumably aimed at avoiding investors purchasing property from Banks or other funds and institutions that sell property belonging to owners having non-performing loans, which would most probably be undervalued, hence avoiding the creation of an economic disruption in the property market in Cyprus.

In accordance with paragraph 2.4, if the investor sells the purchased property without an immediate replacement with another property meeting the requirements of paragraph 2.3, of the same or higher value and in accordance with the conditions of this procedure (i.e. sold for the first time by a development company) his/her immigration permit will be withdrawn pursuant to the provisions of Regulation 6(2) of the Aliens and Immigration Regulations.

Qualitative Criteria:

The Policy further provides some qualitative criteria concerning applications for investors' immigration permits. Under paragraph 5.1, the applicant and his/her spouse must submit a **confirmation of a clean criminal record** from their country of residence or from Cyprus, in case they are residents of the Republic of Cyprus, and should also not be considered as a threat in any way to the public order or public security in Cyprus. This is proved by submission of the Clean Criminal Record Certificate. In case the Certificate is obtained from the country of the applicants' origin, then it must be certified along with a translation in Greek or English.

In accordance with paragraph 5.2 of the Policy the applicant and his/her spouse must confirm, with a written declaration in a form provided by the Ministry of Interior¹⁴, that they **do not intend to undertake any sort of employment in Cyprus**. The applicant and/or his/her spouse are allowed to be a shareholder(s) in a company registered in Cyprus, and the income from the dividends of such a company in Cyprus is not deemed to be an impediment for the purposes of obtaining an immigration permit.

Holders of an immigration permit according to the provisions of Regulation 6(2) of the Aliens and Immigration Regulations **must acquire residence in Cyprus within one year** from the date of its issuance. At the same time, holders of such a permit, as well as their dependants who are included in the permit are **required not to be absent from Cyprus for more than two years**, under paragraph 5.3 of the Ministry of Interior Policy, hence **physical presence is required**. Presence in Cyprus is monitored by the Ministry of Interior through an electronic database in which all arrivals and departures from Cyprus are registered¹⁵. If the applicant has been absent from Cyprus for more than two years, the

¹³ The Civil Partnership Law of 2015 (Ο περί Πολιτικής Συμβίωσης Νόμος του 2015 (N. 184(I)/2015), O.G, Par I(I), No. 4543, 9/12/2015 available at: http://www.cylaw.org/nomoi/enop/non-ind/2015_1_184/full.html

¹⁴ The form is provided electronically at the Ministry of Interior website but only in the Greek version, available at: <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/AA2D584F8C1B8E2BC2257F5C00277D8A?OpenDocument>

¹⁵ Information gathered through consultation with national stakeholder (Ministry of Interior, competent authority, 6 June 2018).

immigration permit is automatically cancelled pursuant to the provisions of Regulation 6(3) of the Aliens and Immigration Regulations, or/and may be cancelled pursuant to the provisions of Regulation 6(4) of the Aliens and Immigration Regulations.

Further to the above, all the necessary documentation that is attached to the application for an immigration permit, including the translation of the same into the Greek or English, must be duly certified, under the provisions of paragraph 5.4 of the Policy.

The certification/ratification procedure for the necessary documentation is provided for at the Ministry of Interior website¹⁶. The procedure is explained below.

Procedure for the ratification of accompanying documents to applications:

All the accompanying public documents issued in countries other than Cyprus that have not ratified the Hague Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents (Apostille), must be duly certified (bearing a diplomatic ratification, pursuant to the Law ratifying the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents of 1972 (Apostille stamp)¹⁷.

The diplomatic ratification is completed once the document receives the stamp/certification of the Ministry of Foreign Affairs of the issuing country followed by a certification by the consular authority of the Republic of Cyprus in that country.

If in the issuing country there is an accredited diplomatic/consular authority of the Republic of Cyprus, the certification procedure is the following:

- Certification of the document by the Ministry of Foreign Affairs of the issuing country.
- Certification of the signature of the officer of the Ministry of Foreign Affairs of the issuing country by an officer of the diplomatic/consular authority of the Republic in the issuing country.
- Certification of the signature of the officer of the diplomatic/consular authority of the Republic of Cyprus in the issuing country by the Department of Certifications of the Ministry of Foreign Affairs of the Republic of Cyprus.

If there is no accredited diplomatic/consular authority of the Republic of Cyprus in the issuing country, the certification procedure is the following:

- Certification of the document by the Ministry of Foreign Affairs of the issuing country.
- Certification of the signature of the officer of the Ministry of Foreign Affairs of the issuing country by a diplomatic/consular authority of the issuing country in a third country.
- Certification of the signature of the officer of the issuing country's diplomatic/consular authority in the specific third country by an officer of the diplomatic/consular authority of the Republic of Cyprus in that third country.
- Certification of the signature of the officer of the diplomatic/consular authority in that third country by the Department of Certifications of the Ministry of Foreign Affairs of the Republic of Cyprus.

If the accompanying documents issued in other states are non-public, these must be certified by a certifying authority of that state (e.g. notary public).

By virtue of bilateral Government Agreements, documents issued by Russia or Serbia are exempt from the requirement of any ratification/certification provided they are properly signed and that they bear an

¹⁶ Civil Registry and Migration Department website, Ratification of accompanying documents, available at: <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/85A693956CBA05E2C2257EA6003A7808>

¹⁷ The Law ratifying the Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents of 1972 (*Ο περί της Συμβάσεως περί Καταργήσεως της Υποχρεώσεως προς Νομιμοποίησιν Αλλοδαπών Δημοσίων Εγγράφων (Κυρωτικός) Νόμος του 1972 (Ν. 50/1972)*), O.G. Par. I, No. 946, 30/3/1972, as amended in 2015, available at: http://www.cylaw.org/nomoi/indexes/1972_1_50.html

official stamp of the competent governmental authority that issued them. Where an accompanying document required is a copy, it should be ratified in the same way.

All documents submitted with the application must be in Greek or English. Otherwise, they must be accompanied by a certified translation into one of these languages, by the Press and Information Office of Cyprus, or by a consular authority of the issuing country or by a governmental department/service of the issuing country.

Procedure for the Submission and Examination of an Application for an Immigration Permit:

Applications accompanied with the required documents must be **submitted directly to the Civil Registry and Migration Department (CRMD), personally or through an authorised representative**, under paragraph 6.1 of the Policy¹⁸. A fee of EUR 500 is payable with the submission of the application.

Under paragraph 6.2, applications that are submitted through authorised representatives must be accompanied by an authorisation letter from the applicant stating the particulars, full address and contact number of the representative.

The application is processed by the CRMD and then submitted to the Minister of Interior, through the Permanent Secretary of the Ministry of Interior, under paragraph 6.3 of the Policy. An **interview with the applicant** then takes place when deemed necessary by the Permanent Secretary of the Ministry of Interior. The interview is used as a means to verify information provided by the applicant and it is arranged by the CRMD. No further information on the interview is available.

The Ministry of Interior is responsible for notifying the applicant or his/her authorised representative and the CRMD as to its **decision**, under paragraph 6.4.

Time schedule for issuing an Immigration Permit:

If the applicable criteria are satisfied and there are no reasons with regard to either the criminal record of the applicant or to public order and public security issues, the application will be examined by the Minister of Interior and an Immigration Permit will be issued. The time frame for issuing immigration permits for investors is set under paragraph 7 of the Policy - it is estimated that the procedure described in this policy statement for the examination of the application **will not exceed two months from the date of the submission of a complete application**¹⁹.

Remedies for Refusal of Application:

The Policy does not provide for specific **reasons for the turning down of an application** for an immigration permit. It is however clear from the procedure described above that an application may not be processed if the fee is not paid upon submission of the application. It is also clear that all necessary documents must be submitted, therefore all procedural reasons for rejecting an application under the Policy may be found under the criteria, the terms and conditions and the necessary documents to be submitted.

It is also noted that under the General Principles of Administrative Law of 1999, as amended,²⁰ any decision issued under the discretionary power of an authority must be fully and properly justified if it

¹⁸ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

¹⁹ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

²⁰ The General Principles of Administrative Law of 1999, L. 158(I)/1999, as amended by Law. 99(I)/2014 (*Ο περί των Γενικών Αρχών του Διοικητικού Δικαίου Νόμος του 1999*), ΟΓ Παρ. 1(I), No 3378, 31.12.1999, available at: http://www.cylaw.org/nomoi/enop/non-ind/1999_1_158/full.html.

is against the will of the applicant, if it differentiates from past policies or previous decisions, if it consists of an exceptional measure or if the law provides that the decision should be justified. Under Article 5 of the General Principles of Administrative Law of 1999, the administration must inform the interested party of the means to challenge the decision and possible remedies²¹. In this case the possible action to take could be the right of reference under Article 33 or the right to submit an appeal to the Administrative Court under Article 34 of the said Law. The possible remedy could be to annul the decision to reject the application and to re-examine the application.

1.2 COMPETENT AUTHORITIES AND NON-PUBLIC BODIES

The competent authority in Cyprus as regards immigration and residence permits, under Article 4 of the Aliens and Immigration Law, Cap. 105 and the relevant secondary legislation, the Aliens and Immigration Regulations of 1972 to 2013²² is the **Ministry of Interior** and the competent Minister is the Minister of Interior.

As mentioned above, in practice the Ministry of Interior **operates regionally through the District Administrations offices**, for the issuing of residence permits for investors.

Under paragraph 6.1 of the Ministry of Interior Policy on granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus,²³ the **Civil Registry and Migration Department (CRMD) processes the application**. The name and contact details of the CRMD Officer responsible for providing assistance and further information to applicants are available at the Ministry of Interior website²⁴. After the processing of the application by the CRMD and the approval by the Minister of Interior, under paragraph 6.3 of the Policy, an interview with the applicant takes place when deemed necessary by the **Permanent Secretary of the Ministry of Interior**.

In order to satisfy the investment and financial criteria under paragraph 2.1 of the Policy,²⁵ the **Department of Lands and Surveys** is involved as the competent authority in Cyprus to certify that the title deeds or a sale contract in the applicant's or his/her spouse's name were submitted and officially filed at the Department of Lands and Surveys.

The **Cyprus Police** are responsible for checking the criminal background of the applicants, under paragraph 5.1 of the Policy²⁶ in order to provide for a clean criminal record certificate.

Under paragraph 6.1 of the Ministry of Interior Policy,²⁷ applications may be submitted to **the CRMD through an authorised representative**, along with an authorisation letter from the applicant stating the particulars, full address and contact number of the representative. These **non-public bodies** (agents), for instance developers' companies, law firms or accountancy firms may act in certain cases, according to the wishes of the applicant who engages them, as facilitators promoting their clients' interests in providing services to prepare the application for an immigration permit. The role of the agents, or

²¹ Information gathered through consultation with national stakeholder (Ministry of Interior administrative officer, competent authority, 16 March 2018).

²² Aliens and Immigration Regulations of 1972 to 2013.

²³ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

²⁴ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

²⁵ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

²⁶ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

²⁷ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

authorised representatives is restricted to the submission of the application and to the provision of consultancy services to the applicants and their family members. It is obligatory for the applicants to be physically present for the application for an immigration permit²⁸.

There is no official control over the non-public bodies (agents) providing services to applicants under the Cypriot legislation.

It is also noted that the Cypriot **bank** to which the money of the applicant and his/her family is transferred also has a role as it must carry out checks on the origin of the money through its compliance departments, under the Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018²⁹.

1.3 MONITORING OF THE PROCEEDINGS AND THE AUTHORITIES INVOLVED

There is **no cap on the number of applicants** under the investors' residence scheme in Cyprus. No scrutiny mechanism was identified or reporting obligations for the Ministry of Interior.

It is worth noting however that under the Providing Evidence and Information at the House of Parliament and Parliamentary Committees Law of 1985,³⁰ the House of Representatives is given the power to request documents and/or information on any subject that the members of Parliament wish to investigate as part of their work at the Parliamentary Committees for the benefit of the people. While this provision is not specifically targeted at monitoring the investors' residence scheme, this form of **parliamentary scrutiny** could be used.

There is no public information that the above legal provision was used for the reason of providing information on the investors' residence scheme. There was however use of the above legislation to provide information on the citizenship scheme for investors.

1.4 INFORMATION ON APPLICATIONS

There is **no obligation to publicly disclose information about successful applicants** in the relevant legal provisions. The Cyprus Statistical Service³¹ website does not include specific details or percentages of applications under the investors' residence scheme. Nevertheless, some **statistical data for 2015 and 2016** are provided through the website of the Ministry of Interior³².

The data provided through the website of the Ministry of Interior³³ are Migration Statistics for 2015 and 2016 and they provide statistics on the following types of residence permits: general employment,

²⁸ Information gathered through consultation with national stakeholder (Ministry of Interior responsible officer for Investor's Schemes competent authority, 29 May 2018).

²⁹ Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018 (Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007-2018, O.G, Par I(I), No. 4154, 31/12/2007, available at: http://www.cylaw.org/nomoi/enop/non-ind/2007_1_188/full.html

³⁰ Providing Evidence and Information at the House of Parliament and Parliamentary Committees Law of 1985, (Ο περί της Καταθέσεως Στοιχείων και Πληροφοριών στη Βουλή των Αντιπροσώπων και στις Κοινοβουλευτικές Επιτροπές Νόμος του 1985 N.21/1985), O.G, Par I(I), No. 2042, 22/3/1985, available at: http://www.cylaw.org/nomoi/enop/non-ind/1985_1_21/full.html.

³¹ Website of the Cyprus Statistical Service provides information on the population, available at: http://www.mof.gov.cy/mof/cystat/statistics.nsf/populationcondition_21main_gr?OpenForm&sub=1&sel=2.

³² There are general published statistics on the Ministry of Interior website available at: <http://www.moi.gov.cy/moi/crmd/crmd.nsf/All/A2539464949A270FC2257EA400386E48?OpenDocument>.

³³ Ministry of Interior Statistics for 2015 and 2016 website available at: http://www.moi.gov.cy/moi/crmd/crmd.nsf/page13_gr/page13_gr?OpenDocument.

domestic employment, victims of trafficking, international protection, employment in foreign companies, researchers, family reunification, immigration permits, special permits, etc³⁴. It was clarified that “special permits” do not concern investors.

Statistical data for 2016 are only available from January to July 2016 therefore an annual total cannot be filled in.

Year	Total no. of requests for residence	No. of requests for residence by investors	No. of successful applications	No. of turned down applications	Sources
2012	Not available	Not available	Not available	Not available	
2013	Not available	Not available	Not available	Not available	
2014	Not available	Not available	Not available	Not available	
2015	51132	*Not available	*Not available	Less than 10 in total from the beginning of the Policy application ³⁵ .	Ministry of Interior Statistics for 2015 and 2016 website
2016 (January – July 2016 only)	35278	*Not available	*Not available	Less than 10 in total from the beginning of the Policy application ³⁶ .	Ministry of Interior Statistics for 2015 and 2016 website
2017	Not available	Not available	Not available		

As mentioned above, the publicly available statistics were only for 2015 and for 2016 there are available statistics only from January to July 2016. The Ministry of Interior official consulted, mentioned that permission was needed from the Minister of Interior to provide the above statistics for the project³⁷ and these were not obtained.

1.5 INFORMATION ON APPLICATIONS BY FAMILY MEMBERS

■ Measures concerning *residence permits granted to family members*

The Ministry of Interior Policy³⁸ covers the applicant’s spouse and children under the age of 18, in paragraph 3.1. Under paragraph 3.1, two separate immigration permits may be granted to each spouse, if desired, provided that a separate application is submitted and the administrative fee of EUR 500 is paid to the Ministry of Interior. It is not necessary for the spouse of the main applicant to satisfy the criterion of the purchase of a property, the secure annual income and the deposit in a financial institution in Cyprus. Children under the age of 18 may be included as dependent persons in both immigration permits with the payment of the administrative fee of EUR 500 to the Ministry of Interior.

³⁴ Ministry of Interior Statistics for 2015 and 2016 website available at: http://www.moi.gov.cy/moi/crmd/crmd.nsf/page13_gr/page13_gr?OpenDocument

³⁵ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

³⁶ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 12 June 2018).

³⁷ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

³⁸ Ministry of Interior Policy, “Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44”.

Under paragraph 3.1, in the event of the death of an immigration permit holder, the spouse is granted an immigration permit pursuant to Regulation 6(2) of the Aliens and Immigration Regulations with the submission of an application and the payment of the relevant fee, without it being required for the other spouse to satisfy the above criteria.

Under paragraph 3.2 of the Policy³⁹ unmarried children aged between 18 and 25, who prove that they are students in an institution of tertiary education abroad with at least six months of remaining study period from the date of the submission of the application and, that they are financially dependent on the applicant, may submit a separate application to obtain an immigration permit with the payment of the relevant fee. In such a case, the father or mother and/or both parents together must prove an additional annual income of EUR 5.000 for every such dependent child. It is noted that every such dependent child, must submit with his/her application, all the documentation defined in the relevant list found at the Ministry of Interior website⁴⁰.

The List of required documents for family members is the following:

- Copy of valid passport of the applicant.
- Curriculum Vitae.
- Copy of the immigration permit of the parent under Regulation 6(2) of the Aliens and Immigration Regulations or proof of submission of the relevant application of the parent for immigration permit under Regulation 6(2).
- Declaration of a secured annual income of the parent from abroad of at least EUR 30.000, (original documents and affidavit or declaration). The necessary annual income is increased by EUR 5.000 for each person dependent on the parent.
- Official Statement by the applicant that he/she does not intend to undertake any sort of employment in Cyprus.
- Health Insurance Policy for the applicant.
- Original Criminal Record Certificate duly certified for the applicant (if the applicant resides abroad, the certificate must be issued from his country of residence, and submitted with an official and certified translation).
- Birth Certificate of the applicant dully certified (official and certified translation).
- Letter from an institution of tertiary education abroad that the applicant is a registered student with at least six months remaining study period.

The said permit remains valid even if the holders have exceeded the age of 25 and even if they do not remain unmarried and/or students and/or financially dependent on their parents. It is noted that their future spouses or underage children cannot be included as dependent persons on this permit under paragraph 3.2.

If the applicants' children aged between 18 and 25, wish to study in an institution of tertiary education in Cyprus, they have to submit an application through the institution for acquisition of a temporary residence permit in Cyprus as students, under the provisions of Articles 18MA to 18NZ of the Aliens and Immigration Law, Cap. 105, immigration permits for students. After completing their studies in the Republic of Cyprus, these children regardless of their age, will be able to submit their own application to obtain an immigration permit, as described above, with the condition that their parents prove an additional annual income of EUR 5.000 for every such child.

Under paragraph 3.3 of the Policy⁴¹, an immigration permit may also be granted to the parents and

³⁹ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

⁴⁰ Ministry of Interior Website list of relevant documents to support the application for immigration permit, available at: <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/AA2D584F8C1B8E2BC2257F5C00277D8A?OpenDocument>

⁴¹ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

parents-in-law of the applicant/holder of an immigration permit with the submission of an application and the payment of the relevant fee. The applicant/holder of an immigration permit must prove an additional annual income of EUR 8.000 for every such dependent parent. Each dependent parent must submit with his/her application, all the documentation defined in the relevant list, found at the Ministry of Interior website⁴².

The above described applicants who were granted an immigration permit without satisfying **themselves** (not jointly with their children) the conditions of the acquisition of real estate in the Republic of Cyprus, the secured annual income and the deposit in a financial institution, are not allowed to include in their permit their spouses, children and parents, under paragraph 3.4 of the Policy. This means that if the parent of an applicant/holder of an immigration permit also applies for an immigration permit, they may not include their parents for instance in their application. Therefore, the policy does not expand the facility to apply to the spouses, children and parents of applicant's parents who do not satisfy the economic criteria on their own.

Investment of a Higher Value for the Inclusion of Children who are not financially dependent:

Under paragraph 4.1 of the Policy, an Immigration Permit may also be granted to children of the applicant over the age of 18, who are not financially dependent on the applicant, provided that the market value of the acquired real estate attributed to each such child is at least EUR 300.000 (excluding VAT), as described in paragraph 2.3 above. For example, if the applicant has a child that is 30 years old and wishes to obtain an immigration permit for the child, the applicant must purchase real estate valued at EUR 600.000. If the applicant has two financially independent adult children, he/she must purchase real estate valued at EUR 900.000. In such an event a payment confirmation for 66% of the market value of the property must be submitted with the application. For instance, the amount of EUR 400.000 should be paid and a receipt must be presented for property of a market value of EUR 600.000. It is noted that the purchase of the property may be made solely in the name of one or both parents, or solely in the name of the child or in the name of both the parents and the child.

Further to the above, under paragraph 4.1, each child must submit the necessary documentation, found at the Ministry of Interior website,⁴³ as described above, with his/her application, for instance, proof of secured annual income of EUR 30.000 and a deposit in a financial institution in Cyprus amounting to EUR 30.000, bound for three years.

The added value of this policy is the limitation of the possibility to obtain multiple immigration permits with only one investment. If children who are not financially dependent on their parents wish to apply for the immigration permit, they have to at least become property owners in Cyprus.

- *Statistical data on the number/percentage of **successful** applications for residence permits for family members*

The statistics concerning residence permits granted to family members available through the Ministry of Interior⁴⁴ are generally statistics for family members and not specifically for investors. The Ministry of Interior official consulted, mentioned that permission was needed from the Minister of Interior to provide the relevant statistics⁴⁵. It was not possible to obtain the statistics on the number of applications for residence permits by family members of investors.

⁴² Ministry of Interior Website list of relevant documents to support the application for immigration permit, available at: <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/AA2D584F8C1B8E2BC2257F5C00277D8A?OpenDocument>

⁴³ Ministry of Interior Website list of relevant documents to support the application for immigration permit, available at: <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/AA2D584F8C1B8E2BC2257F5C00277D8A?OpenDocument>

⁴⁴ Ministry of Interior Statistics for 2015 and 2016 website available at: http://www.moi.gov.cy/moi/crmd/crmd.nsf/page13_gr/page13_gr?OpenDocument

⁴⁵ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

2 TYPE OF INVESTMENT⁴⁶

The criteria and verification procedures described in the table below are provided for in the Ministry of Interior Policy Document titled “Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44”⁴⁷

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion	Competent authorities and non-public bodies
<p>Minimum capital of EUR 30.000 deposited into an account in a Cypriot Bank, for a period of at least three years (paragraph 2.1 of the Policy);</p> <p>AND</p> <p>Secure annual income of at least EUR 30.000. This annual income should increase by EUR 5.000 for every dependent person of his/her family (spouse and children) and by EUR 8.000 for every dependent parent or parent-in-law (paragraph 2.2 of the Policy)</p> <p>AND</p>	<p>The financial thresholds are set out in the previous column.</p> <p>In addition, an administrative fee of EUR 500 per application is paid to the Ministry of Interior.</p>	<p>The applicant submits the application and a confirmation letter from a financial institution in Cyprus (bank) that he/she has deposited a minimum capital of EUR 30.000 into an account, which will be pledged for a period of at least three years. (Paragraph 2.2 of the Ministry of Interior Policy).</p> <p>The check is carried out once the application is submitted and it must be proved that the said amount has been transferred to Cyprus from another country (not excluding EU countries).</p> <p>The income may include salaries from employment, pensions, dividends from shares, fixed deposits, rents and so on. For the calculation of the total amount of the annual income, the spouse's income may also be taken into consideration.</p> <p>Under paragraph 2.3 of the Policy, the applicant must submit with his/her application (first stage) title deeds or a sale contract in his/her name and/or his/her spouse, which has been officially filed at the Department of Lands and Surveys, of a real estate, of total market value of at least EUR 300.000. The applicant must also submit proof of payment of at least EUR 200.000 for the property, in a financial institution in Cyprus.</p>	<p>The competent authority receiving the application and all documents including the bank letter is the Civil Registry and Migration Department of the Ministry of Interior.</p> <p>The bank issuing the confirmation letter is responsible for the money transfer checks under the Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018⁴⁸.</p> <p>The Department of Lands and Surveys is competent for officially filing the title deeds or sale contract.</p>

⁴⁶ For the purposes of this Table, the term ‘investment’ covers any pecuniary disbursement required as part of the process for obtaining residence under the investors’ residence scheme.

⁴⁷ Ministry of Interior Policy, “Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44”.

⁴⁸ Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018 (*Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007-2018*), O.G, Par I(I), No. 4154, 31/12/2007, available at: http://www.cylaw.org/nomoi/enop/non-ind/2007_1_188/full.html

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion	Competent authorities and non-public bodies
Immovable property of total market value of at least EUR 300.000 (excluding VAT) (paragraph 2.3 of the Policy).		Paragraph 2.3 also provides that the real estate purchase may be accepted even when made in the name of a legal person, provided that the applicant and/or his/her spouse are the sole shareholders or the ultimate beneficial owners of it, and that this legal person is legally established in the Republic of Cyprus, or other EU or EEA Member State.	The Cypriot Bank is competent for providing the proof of payment for the immovable property.

3 RESIDENCE PHASE

Residence permit	Procedure	Competent authorities and non-public bodies	Renewal of the residence permit
The type of residence permit is called "immigration permit" under Regulation 6(2) of the Aliens and Immigration Regulations and the duration is unlimited ⁴⁹ .	<p>Under the Ministry of Interior Policy⁵⁰ the holder of an immigration permit according to the provisions of Regulation 6(2) of the Aliens and Immigration Regulations must acquire residence in Cyprus within one year from the date of the issuance of the Immigration Permit Certificate.</p> <p>Therefore, the applicant for an immigration permit under the investor residence scheme does not have to fulfil the residence criterion, at the application stage.</p> <p>The holder of an immigration permit under the investor residence scheme, as well as his/her dependent persons who are included in his/her permit cannot absent themselves from Cyprus for more than two years, under paragraph 5.3 of the Ministry of Interior Policy, hence physical presence is required. In case the opposite is proved, the immigration permit is automatically cancelled pursuant to the provisions of Regulation 6(3) of the Aliens and Immigration Regulations, or/and may be cancelled pursuant to the provisions of Regulation 6(4) of the Aliens and Immigration Regulations.</p> <p>The Ministry of Interior has the ability to check whether the applicant or their family members were actually in Cyprus through a software in which officers have access and may see people arriving and departing from Cyprus airports and ports. This checking facility is available at any time after the</p>	The competent authority receiving the application and all documents proving the residence requirements is the Civil Registry and Migration Department of the Ministry of Interior.	Renewal is not applicable for immigration permits for investors because their residence permits do not expire ⁵⁴ .

⁴⁹ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

⁵⁰ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

⁵⁴ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

Residence permit	Procedure	Competent authorities and non-public bodies	Renewal of the residence permit
	<p>application⁵¹. The check through the software is repeated in case a family member needs to be added to the immigration permit of the investor⁵².</p> <p>For the submission of an application for an immigration permit the third country national must be present for capturing his/her biometric features (fingerprints and photo) and his/her signature⁵³</p>		

4 DUE DILIGENCE CRITERIA AND SECURITY CONSIDERATIONS

Due diligence and security considerations	Procedure to verify due diligence and security considerations	Competent authorities and non-public bodies	Ex-post checks
<p>Under paragraph 5.1, of the Policy⁵⁵ the applicant and his/her spouse must submit a confirmation of a clean criminal record from their country of residence or from Cyprus, in case they are residents of the Republic of Cyprus, and should also not be considered as a threat in any way to the public order or public security in Cyprus.</p> <p>To prove the above, a Clean Criminal Record Certificate has to be obtained by Cyprus Police or from the applicant's country.</p> <p>The Police conduct checks through Europol and Interpol databases⁵⁶.</p> <p>The due diligence checks also include the origin of the money. The money transfer checks are made through the Cypriot Banks</p>	<p>The Clean Criminal Record Certificate is submitted with the application at the first stage of the procedure. If this criterion is not satisfied then the application will be turned down.</p> <p>The Ministry of Interior Policy does not provide for any extra criteria concerning the gravity of crime, the stage of criminal procedure etc. If the applicant or his/her family members do not possess a clean criminal record, their application may be rejected⁵⁸.</p>	<p>The competent authority receiving the application and all documents proving the clean criminal record is the Civil Registry and Migration Department of the Ministry of Interior.</p> <p>The Cyprus Police may play a role if the applicant was a Cyprus resident before the application.</p>	<p>No ex-post checks to monitor abuse exist.</p> <p>No cases of misuse have been reported according to the Ministry of Interior officer responsible for the application of the Policy⁵⁹.</p>

⁵¹ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

⁵² Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

⁵³ Ministry of Interior Frequently Asked Questions available at: http://www.moi.gov.cy/moi/CRMD/crmd.nsf/faq_en/faq_en?OpenDocument#10

⁵⁵ Ministry of Interior Policy, "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

⁵⁶ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

⁵⁸ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

⁵⁹ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 12 June 2018).

Due diligence and security considerations	Procedure to verify due diligence and security considerations	Competent authorities and non-public bodies	Ex-post checks
compliance departments, in line with the Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018 ⁵⁷ .		No other security mechanisms were identified.	

⁵⁷ Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018 (*Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007-2018*), O.G, Par I(I), No. 4154, 31/12/2007, available at: http://www.cylaw.org/nomoi/enop/non-ind/2007_1_188/full.html

III. RIGHTS GRANTED BY THE PERMITS

1 RIGHTS GRANTED TO INVESTORS

The immigration permit provided to investors does not qualify to provide investors or their family members with rights granted to third country nationals receiving the long-term residence permit or other forms of permits issued for students, researchers, seasonal workers and international corporate transferees, amongst other groups, under Article 12 of Directive 2011/98/EU on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State (Single Permit Directive)⁶⁰.

The reason is that successful applicants under the investors' residence scheme (Ministry of Interior Policy) do not fall under the definition of "workers" under Article 3(1)(b) or (c) of the Single Permit Directive.

Article 18ΣZ(4)(a) of the Aliens and Immigration Law, Cap. 105 provides that during the validity of the residence permit, the investor and his/her family enjoy the **right to enter, re-enter and stay** in the areas controlled by the Republic of Cyprus areas. There is no right to travel in the Schengen Area, access to free education or to apply for a work permit according to the Ministry of Interior officer responsible for the application of the Policy⁶¹. Furthermore, investors who obtained the immigration permit do not possess rights concerning social insurance, medical cover or any other benefits vested by other types of immigration/residence permits or EU citizenship. In case investors granted an immigration permit fall ill, they may go to either a public hospital or to a private one but they have to pay for all the medical treatment.

The investors' immigration residence permit does not grant the right to work or be self-employed, or a direct right to market access⁶². The applicant and/or his/her spouse and family members are allowed however to hold shares in a company registered in Cyprus, and the income from the dividends of such a company are not an impediment for the purposes of obtaining an immigration permit. They are not allowed to be appointed Directors or to be active and practically work at the company⁶³.

Investors do not benefit from a special tax status.

2 RIGHTS GRANTED TO THE INVESTORS' FAMILY MEMBERS

As specified in point 1 above. According to the Ministry of Interior official responsible for the

⁶⁰ Directive 2011/98/EU on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State, Official Journal of the EU, L 343/1, 23/12/2011, available at: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32011L0098>

⁶¹ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

⁶² Paragraph 5.2 of the Ministry of Interior Policy "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

⁶³ Paragraph 5.2 of the Ministry of Interior Policy "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44".

application of the Policy⁶⁴ there are no extra rights granted to investors and their families other than the right to enter, re-enter and stay in Cyprus, therefore free education is also not applicable.

3 OTHER BENEFITS

No other benefits were identified.⁶⁵

⁶⁴ Information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

⁶⁵ Confirmed through information gathered through consultation with national stakeholder (Ministry of Interior Officer, competent authority, 6 June 2018).

IV. INTERACTION BETWEEN RESIDENCE AND CITIZENSHIP SCHEMES

As mentioned in Section I, **a residence permit for an investor under Regulation 6(2) of the Aliens and Immigration Regulations of 1972 to 2013 is a prerequisite for the application for naturalisation under the Investors' Citizenship Scheme**⁶⁶ described in Deliverable BI.

Under the provisions of paragraph B of the Council of Ministers Decision 81.292 dated 13 September 2016⁶⁷ introducing the “SCHEME FOR NATURALISATION OF INVESTORS IN CYPRUS BY EXCEPTION on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015”⁶⁸, an applicant must either already hold an immigration permit on the basis of Regulation 6(2) of the Aliens and Immigration Law, or he/she may apply for one simultaneously with the application for naturalisation.

As mentioned above, Council of Ministers Decision 81.292 provides for an accelerated naturalisation procedure without the need to fulfil the conditions of ordinary naturalisation for investors and their families.

The procedure for the acquisition of an immigration permit for investors who do not already hold one is the same as the procedure under the investors' residence scheme provided for in the Ministry of Interior Policy described in this Report.

The main interaction between the two schemes (residence and citizenship by exception for investors) is that **in order for citizenship by exception for investors to be granted, they must also have an immigration permit which allows them to reside in Cyprus.**

There are no publicly available data on the number of third country nationals who obtained citizenship on the basis of investors' residence permit and there is no legal obligation for the Ministry of Interior to publicise the collected data.

The Ministry of Interior official consulted, mentioned that permission was needed from the Minister of Interior to provide the above statistics for the project⁶⁹.

⁶⁶ Council of Ministers' Decision 81.292 dated 13 September 2016.

⁶⁷ Council of Ministers' Decision 81.292 dated 13 September 2016.

⁶⁸ Civil Registry and Migration Website available at <http://www.moi.gov.cy/moi/crmd/crmd.nsf/All/DABB1713307D8C4CC2257D2C0045433C?OpenDocument>.

V. ECONOMIC AND FINANCIAL EFFICIENCY OF RESIDENCE PERMITS FOR FOREIGN INVESTORS

Neither primary nor secondary legislation in Cyprus provide for the establishment of a mechanism to monitor the economic impact and financial revenues of investors who have been granted residence.

Consultation with Ministry of Interior representatives attempted to investigate and assess the practical implementation of the scheme and define whether the expectations for which the scheme was created were met. However, no response on these matters was obtained.

It is nevertheless presumed that at the moment, the investors' residence scheme **provides an incentive for investors to reside, invest in property and companies in Cyprus as well as boost the economy** by using their money brought from a country outside Cyprus to live in Cyprus. By satisfying the criteria, investors buy property and by applying for their families (spouse, children or parents) they need to bring more money to Cyprus in order to meet their standard of living with their families.

They are not allowed benefits, including medical, financial or other support from the state, therefore by paying for everything, as third country nationals, including schooling, medical services etc, they **provide the Cypriot economy with capital**. People residing in Cyprus (Cypriots, EU nationals and third-country nationals with a residence permit) and legal entities having their registered office and providing goods and services in Cyprus also benefit from cooperating with investors in business-like relationships.

Although not statistically proven, as statistics were not provided, since investors are not allowed to work but only to spend money and hold shares, it is reasonable to assume that the scheme has a positive financial impact on the country.

On a very rough estimate, a single investor could bring at least EUR 370.000 for one year, only through his/her investment in Cyprus and his/her application for an immigration permit. This amount is increased by X if family members are added to the permit as well as everyday living expenses, including medical and other types of insurance.

VI. OTHER COMMENTS

The investor's residence scheme and the investor's citizenship by exception scheme are closely connected in Cyprus. Third country national investors in Cyprus can either apply directly for the citizenship by exception if already resident in Cyprus, or they can apply first for the permanent residence permit (immigration permit) and then decide to apply for citizenship.

The Ministry of Interior Policy Document titled "Criteria for granting an Immigration Permit within the scope of the expedited procedure to applicants who are third country nationals and invest in Cyprus - 2nd Revision, 22.2.2016 - 21/03/2016 10:54:44" sets out the conditions to be satisfied in order for the Council of Ministers to decide on issuing an Immigration Permit to third country applicants, under the provisions of Regulation 6(2) of the Aliens and Immigration Regulations.

The investors' residence scheme excludes applicants from working in Cyprus and thus excludes them and their families from certain rights and benefits enjoyed by long-term third country national residents, students, researchers, refugees, seasonal workers and intra-corporate transferees.

Although the Policy provides for the financial and other criteria clearly, there is no evidence through publicly available data on the procedures followed by the relevant authorities to scrutinize or check the documents presented to them. Limited information was obtained through stakeholder consultation.

Further to the above, there are no publicly available data on monitoring mechanisms, which would provide for an evaluation of the scheme and statistics from which conclusions can be drawn. A general conclusion on the overall benefits of the scheme could be made, as positive to the property market and the Cypriot economy, however there are no statistics or solid data to support such claim.

Finally, there is no information on any planned legislative developments in relation to the investors' residence scheme, since the main focus is on controlling non-public and public entities granting citizenship by exception to investors, while neglecting the effects of granting an immigration permit in the first place.