

Savvas Savvides: We should strengthen the scheme for naturalisation of foreign investors

▶ It is necessary to create a coordinating body to accelerate handling of applications.

Mr Savvas Savvides, partner in Michael Kyprianou & Co. LLC., believes that the scheme for naturalisation of foreign investors is successful, and draws attention to the need not only to maintain the scheme, but also to properly train the program's workers and provide specialised technological infrastructure.

In his interview, he stresses the need for the creation of a coordinating body to accelerate and facilitate handling of applications, which is the case in competitor countries.

The naturalisation scheme, Mr Savvides says, served in the best way possible the Republic of Cyprus, by putting fresh money in the public purse in difficult times.

What is the procedure to get citizenship of Cyprus?

The Government of the Republic of Cyprus has designed a 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. Under the scheme, a non-EU citizen who has invested a total of 2 million euros in real estate, Cypriot businesses, Alternative Investment Funds or the financial assets of Cypriot businesses, or a combination of the above, may apply for the acquisition of the Cypriot citizenship through Naturalisation by exception. In any case the applicant must hold a permanent privately owned residence in the Republic of Cyprus, the purchase price of which must be at least 500 thousand euros, plus VAT. The new legislation provides that the investor and his family must be holders of a residence permit. Those who are not holders of a residence permit must submit an application for naturalisation together with the application for a residence permit. The procedure for the acquisition of the Cypriot citizenship will be completed, provided that the applicant holds a residence permit for a period of at least 6 months. If he/she does not, he/she will have to wait until the six-month period is completed, before the Naturalisation Certificate is issued.

Are the incentives given by the government successful?

The naturalisation scheme served in the best way possible the Republic of Cyprus, by being the main loan source at a time when

loans from foreign markets were out of the question. It contributed to the public purse and it has been the driving force behind foreign investments and fresh money that the Republic of Cyprus definitely needed. Through the scheme and the incentives given by the government we attracted high net worth individuals to live and work in Cyprus.

Based on your experience, would you say that the relevant state services work well in this area?

Given the understaffing and the means available at this stage, and also the fact that this incentive program is something entirely new that the state services apply for the first time, they function quite effectively. Our own experience with the relevant state services on matters of naturalisation and immigration says that there are capable well trained public workers, with whom we have very good cooperation. On the other hand, finding the right staff for these services, a qualified and properly trained staff that meets the existing requirements, provision of the relevant equipment, and promoting the new naturalisation scheme to the foreign markets, often require a big budget. In times of economic crisis and recession, this budget is not always available. However, at this early stage, the state services work very well.

Who are Cyprus's main competitors and what should the state do to become more competitive?

Our main competitors are other EU countries with similar programs, like Malta and Hungary. The Ministries of Internal and Foreign Affairs play an important role in promoting the Cypriot program, by educating the staff of the Embassies,

in targeted markets. It is necessary to pursue a promotion policy as regards the acquisition of Cypriot citizenship through the investment program, and establish closer relations between countries in targeted markets. It is also noted that our competitor countries have created a single body for promoting the various applications.

Which are Cyprus's strengths that attract foreign investors?

Its geostrategic position in eastern Mediterranean and its role as a member state of the EU are the great strengths of Cyprus. The Republic's legal system, based on the Anglo-Saxon system, is highly



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functional and merit-based, imparts a sense of security to the program's applicants. It would be an oversight not to mention the Republic's stable tax system.

Other than financial, what are the benefits of the incentive program for Cyprus?

The economic boost from land development and developments in trade and international transactions leads to a boost in all aspects of our country's culture and the promotion of multiculturalism. If we take account of the different stages of the financial pyramid and meeting of the people's needs, it's not difficult to see that when the basic needs (food, clothing etc.) are met, people move to the next stage, the arts, the culture. Therefore, Cyprus will gradually become more like the other culturally developed European countries.

Which sectors are worth investing in in Cyprus? The investors who obtain Cypriot citizenship with the incentive program,

where do they invest?

Given the flexible legislative framework in matters of the Cypriot company law and the low taxation of companies which are registered in Cyprus, it is worth investing in setting up their companies in Cyprus. We should note that companies in Cyprus are subjected to tax of 12.5%, one of the lowest in Europe, income from shares is not subjected to tax, 80% of net revenues from copyrights are exempted from company tax, and many more. Also, Cyprus's geographical advantage, with the recent developments, one of which is the Limassol marina, and the fact that shipping companies with ships flying the Cypriot flag in international waters, are subjected to no tax, encourage trade and charter party transactions. However, we can't ignore the fact that the real estate sector is still one of the best sectors for investment.

