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The 'Law & Practice' sections provide easily accessible information on navigating the legal system when conducting business in the jurisdiction. Leading lawyers explain local law and practice at key transactional stages and for crucial aspects of doing business.

Contributed by Michael Kyprianou & Co. LLC ***Authors:*** Tonia Antoniou, Lorena Charalambous, Eleni Drakou, Kyriakos Constantinou

Law and Practice

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Michael Kyprianou & Co. LLC comprises 50 lawyers and 37 supporting staff, with three offices in Cyprus (Nicosia, Limassol and Paphos) as well as offices in Greece, Malta, Ukraine and Dubai. The firm has longstanding relationships with its private clients, many of which are high net worth individuals from prominent and influential families all over the world. The services offered to such clients may often range from domestic immoveable property transactions to complex cross-border tax and estate planning and dispute resolution, with a consistent dedication to providing clients with the most practical and cost-effective services. Michael Kyprianou & Co. LLC specialise in the following legal practice areas: international tax planning, corporate & commercial, immigration law, immovable property law, estate planning, fiduciary & trust services, dispute resolution & arbitration.

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1. Tax

1.1 Tax Regimes

Before examining the tax regimes that apply to individual clients in Cyprus, it is important to draw a distinction between residents and non-residents in Cyprus, as well as between persons who are domiciled in the Republic and those who are not. Each of these categories will be described separately below.

Income Tax

Cyprus tax residents will be taxed in Cyprus on their worldwide income. Income tax is payable at the following rates:

Taxable Income (EUR)	Tax Rate %
0 – 19,500	0
19,501 – 28,000	20
28,001 – 36,000	25
36,001 – 60,000	30
Over 60,001	35

Any dividend or interest income and any gains from the disposal of securities or arising from an approved corporate restructuring are fully exempted from taxation at the above rates, although some such income remains subject to the Special Defence Contribution, which will be analysed below. There are also various exemptions for income from remuneration of persons who were not residents in Cyprus prior to their employment.

When calculating a person's taxable income, certain expenses incurred wholly and exclusively for the production of income are deductible, such as the expenses for letting buildings or the interest relating to the acquisition of fixed assets.

Persons who are not tax residents in Cyprus will only be taxed on income accruing or arising from sources within the Republic.

Special Defence Contribution

The Special Defence Contribution will only apply to individuals who are both tax resident and domiciled in Cyprus.

This tax is imposed at a rate of 17% on dividends, 30% on interest income (subject to certain exemptions) and 3% on rental income decreased by 25%, subject to certain exemptions.

Capital Gains Tax

Capital gains tax in Cyprus is closely related to the disposal of immovable property in the Republic and is therefore applicable on any person, whether resident or domiciled in Cyprus. The capital gains tax rate is 20%, and it is imposed on the gains from the disposal of immovable property or shares in a company owning immovable property situated in Cyprus. Individuals are allowed certain deductions when the abovementioned gains are calculated.

Cyprus law provides that certain disposals of immovable property are not subject to capital gains tax, including any transfers of property of a deceased person, gifts between spouses, parents and children and relatives up to a third degree of kindred, gifts to a company whose shareholders are members of the donor's family, gifts by a family company to its shareholders if the company had also acquired the property in question via donation, and gifts to charitable organisations or the government.

Inheritance Tax/Estate Duty/Gift Tax

No inheritance tax or estate duty is levied in Cyprus. Any acquisitions or transfers by way of gift to family members are also exempted from taxation.

Trusts

Trusts are not recognised as separate legal entities under Cyprus law and are therefore not taxable as such, but the beneficiaries are taxable through the trustees. The Cyprus International Trusts Law of 1992 provides that the income and gains of an international trust that are acquired or deemed to be acquired from worldwide sources will only be taxed in Cyprus where the beneficiary is resident in Cyprus. In cases where the beneficiary is not resident in Cyprus, only the income and gains of the trust arising from sources within Cyprus will be subject to any taxation in Cyprus.

1.2 Stability of the Estate and Transfer Tax Laws

While Cyprus saw the introduction of new taxation and increased levies during the financial crisis of 2013, many of these have been balanced back or abolished in the last year (eg, immovable property tax was abolished on 1 January 2017), to reflect the island's steady advance towards economic recovery. Cyprus legislators have adopted a stable approach towards estate duty and transfer taxes, and the policy makers do not seem to have an intention to amend the current status, as described above.

1.3 Recent Developments or Forthcoming Regulatory Changes

Cyprus has long been established as a highly attractive jurisdiction for the tax and estate planning of high net worth individuals. In an overall effort to offer an advantageous and simple tax system that would remain compliant with the EU and international regulations and requirements at all times, Cyprus introduced the notion of the 'non-domiciled person' for taxation purposes in 2015. On the basis of this 'non-domiciled' concept, EU and non-EU foreigners who decide to become tax resident in Cyprus (ie, move to Cyprus and

comply with the tax residency requirements) will be considered as non-domiciled in Cyprus and therefore completely exempt from Special Defence Contribution tax for a maximum of 17 years, as described above.

In addition, the Cyprus House of Representatives passed new legislation last year amending the requirements of tax residency for individuals. The long-established test for an individual to be considered a Cyprus tax resident continues to be whether he/she stays in the country for more than 183 days in the year of assessment. The new legislation has introduced a second test in accordance with which a person can be considered a Cyprus tax resident if he/she spends more than 60 days in Cyprus in the specific tax year subject to the following conditions:

- he/she does not reside in any other country for a period exceeding 183 days in aggregate;
- he/she is not tax resident in any other country;
- he/she exercises any business in Cyprus and/or is employed in Cyprus and/or holds an office for a person who is tax resident in Cyprus at any time during the year of assessment; and
- he/she maintains a permanent residence in Cyprus, which is owned or rented by him/her.

All of the above developments and amendments to the legislation in Cyprus have increased the island's popularity with the internationally wealthy.

1.4 Income Tax Planning

As the Cyprus tax system offers many exemptions and deductions from taxation over a person's income, income tax planning is considered important for high net worth individuals.

2. Succession

2.1 The Role of Notable Cultural Factors in Succession Planning

Cyprus is considered to be a family-oriented country with strong traditional origins. The older generation feels as if it is their obligation, to some extent, to secure the future and wellbeing of their children.

This mindset was previously reflected in the business sector as well. Businesses were transferred from the older generation to the next generation of the same family without any external interference, as this approach helped to boost and establish the family's name in the specific sector. In addition, the older members of the families had active participation in their business until old age, in order to enhance the profile of an experienced, reputable and well-rooted business.

Nowadays, there is a combination of both approaches regarding succession planning, as new elements characterise the modern approach to the family-oriented model.

Firstly, larger companies are adopting a new succession planning approach by disposing of a percentage of their companies to the public and thus expanding beyond the close circle of family members. With this approach, the companies are usually required to meet the requirements for adopting contemporary structures and methods and for producing different and more modern ideas, as set by new investors; these methods provide the companies with better chances of "surviving" in the general competitive environment.

Of course, it must be noted that this approach is most commonly followed by larger companies, as the smaller ones are usually represented by family members, in order to ensure the traditional and family character of the business. This is commonly attributed to the fact that there is a resistance and fear to change in general.

Secondly, over recent years there has been more willingness by the older generations to take a step back and transfer the full control of their business to the new generations, prompted undoubtedly by the rapid invasion of technology in the business sector and the globalisation of the commercial sector.

2.2 International Planning

Undoubtedly, international planning and general globalisation – especially of large businesses with a presence in multiple jurisdictions – are significant aspects that must be taken into consideration when approaching the matter of succession planning.

In Cyprus, the majority of businesses benefit from the advantages of Cyprus' tax system, and the succession and/or transfer of any assets is planned based on Cyprus law and its respective rules.

Hence, since the domicile of a person is a major aspect of the law with regard to the governing law for the distribution of inheritance, Cyprus and its advantageous tax system is considered to be the best option. On assessing whether Cyprus law is going to govern the succession planning of a person, the person's domicile (in the case of inheritance laws) and residency (in the case of tax laws) must first be ascertained.

2.3 Forced Heirship Laws

According to the Wills and Succession Law, Cap. 195, if a person dies without a testament, his property will be transferred to his relatives, based on the respective relation degree.

If a testament is concluded prior to death, the court will follow the testament of the deceased but, in any case, first degree relatives (spouse, children) cannot be excluded from the inheritance. The deceased can distribute only 25% of the property to any third party if he has a spouse and children, or 50% if he has a spouse and parents. The law states that it is obligatory for a percentage to be transferred to the first degree relatives irrespective of the provisions of the deceased's testament.

2.4 Prenuptial and Postnuptial Agreements

Prenuptial and postnuptial agreements are not prohibited by the law but are not considered to be common practice in Cyprus. These agreements are considered as binding by the courts but they will be treated as void if abusive terms are stipulated therein. Also, in order to be considered as binding, these agreements must not contradict the provisions of the Wills and Succession Law, Cap. 195, of Cyprus.

2.5 Marital Property

Marital status in Cyprus is considered to be a straightforward matter. Under the law, a spouse can transfer anything registered in his/her name and obtained during marriage. Therefore, if an asset is registered in the name of the spouse, it can be freely transferred or disposed to any third party without any restrictions. However, this approach to marital property might change in the near future, as there are proposed bills to be presented before the House of Representatives, which introduce certain restrictions on spouses disposing or mortgaging marital property.

Regarding the assets of a spouse that were obtained during the marriage, if there is an evident contribution of the other spouse, he/she will need to prove this contribution in the joint assets in case of a dispute. For example, a wife cannot claim any percentage of her husband's assets unless she shows her contribution to the increase and/or creation of this wealth.

2.6 Effect of Transfer of Property on the Cost Basis of Property Being Transferred

The transfer of a property in Cyprus implies the payment of tax as a transfer fee, which is calculated by the competent authorities based on the scale indicated below:

- for the first EUR85,000, the rate of 3% applies;
- for amounts between EUR85,001 and EUR170,000, the rate of 5% applies; and
- for amounts over EUR170,000, the rate of 8% applies.

An amendment regarding the reduction of immovable property transfer fees has been approved by the Cyprus House of Representatives. It applies only to the first sale of a property by a person, and it abolishes or reduces transfer fees provided that the contract of sale has been deposited with the Land Registry within the month period set by the law.

More specifically, no transfer fees will be payable for properties that are subject to VAT, and transfer fees are reduced by 50% for those who do not pay VAT on their purchase.

The same applies in the event of the transfer of a company that includes immovable property.

No transfer fee applies to the transfer of property by way of gift or a transfer arising by way of death. These cases must strictly involve the transfer and/or gift from a parent to a child and/or between spouses or relatives up to third degree.

2.7 Vehicles or Planning Mechanisms to Transfer Assets to Younger Generations Tax-Free

The tax-free transfer of assets to the younger generation can be achieved with a transfer by way of gift. It should be noted that there is no inheritance tax applicable in Cyprus, nor any taxes on income received by family members by way of gift.

Additionally, a gift of property made by a company whose shareholders are all members of the same family, to any of its shareholders, where the property was also acquired as a gift can be transferred without any tax.

3. Trusts, Foundations and Similar Entities

3.1 Types of Trusts, Foundations, or Similar Entities

As a common law system based largely on the English system, Cyprus law recognises the existence of trusts and the use of such structures for tax planning purposes or for the management and protection of family assets. Cyprus trust law is mainly regulated by the Trustee Law, Cap. 193 and the International Trusts Law of 1992, which deals with trusts created by a non-resident settlor for the benefit of non-resident beneficiaries. This last category of trusts is referred to under Cyprus law as '*international trusts*', and offers a number of tax benefits to its parties.

3.2 Possible Tax Consequences of Designation as a Fiduciary or a Beneficiary of a Foreign Trust, Foundation or Similar Entity

Although trust structures have always been recognised in Cyprus, recent anti money-laundering, transparency and compliance regulations have unfairly created an impression that any trust structure should be linked to tax avoidance. Having said that, trusts are still recognised and established under Cyprus law as asset protection and tax planning vehicles.

3.3 Possible Tax Consequences of a Beneficiary or the Donor of a Trust, Foundation or Similar Entity also Serving as a Fiduciary

If a Cypriot tax resident serves as a fiduciary in a trust, the income received from such appointment will be subject to taxation in Cyprus. However, the income of the trust itself will not be assessed on the trustee, as the trustee will only be responsible for the payment of any taxes due on behalf of the beneficiaries.

When the income and profits of a foreign trust are distributed to a beneficiary who is tax resident in Cyprus, such worldwide income will be taxed in Cyprus. However, it is important to note that Cyprus has an extensive network of tax treaties, which establish reduced or zero withholding tax rates on dividends, interest and royalties, provided these are paid from a treaty country. Such double tax treaties also provide for the avoidance of double taxation on income derived by a resident of one of the treaty countries from a source in the other treaty country.

3.4 Structures That Permit Future Changes and Allow Settlors to Retain Extensive Powers

Cypriot legislators have identified the need to make trusts adaptable to any changes that shall be required in the future, and have followed the examples of Jersey and Guernsey law in introducing the relevant provisions into Cypriot legislation. An amendment to the Cypriot International Trusts Law of 1992 in 2012 included an extension to the right of the settlor to reserve powers over the trust. A settlor under a Cypriot International Trust is now able to reserve the following powers, amongst others:

- to revoke/amend the terms of the trust or any trusts or powers arising wholly or partly from the trust;
- to allocate, distribute, pay or otherwise dispose of income or capital from the trust property, or to issue directions for conducting such a concession, distribution, payment or disposal;
- to appoint or terminate any trustee, inspector for the application of the trust, protector or beneficiary; or
- to change the applicable law governing the trust or place (forum) of management of the trust.

It is explicitly stipulated in the abovementioned legislation that the retention by the settlor of any powers mentioned above and in the said law shall not in any way affect the validity of the trust. Nevertheless, it has been widely accepted under Cyprus law that an extensive retention of powers by the settlor would not be advisable and would expose the trust to potentially be challenged as a sham.

3.5 Tax Consequences of a Beneficiary Serving as a Fiduciary

There are no adverse tax consequences under Cyprus law in circumstances where the settlor or beneficiary of a trust also acts as its trustee.

4. Family Business Planning

4.1 Most Popular Method for Asset Protection

The term "family business" is not recognised as a legal concept under Cypriot national laws. However, family businesses can take advantage of certain tax incentives, such as the non-imposition of inheritance tax, regardless of the wealth size.

Inheritance tax in Cyprus was abolished on 1 January 2000, along with the need for any inheritance tax optimisation. Additionally, there is no imposition of any wealth or gift tax on any transfer between relatives up to third degree kindred.

These tax advantages are perhaps the reason that important aspects of the succession process are not planned at all, although the majority of family business owners intend for the business to be transferred to a family member.

Family conflicts are normally created when there is no advanced succession planning or will, and family members are to share the estate in accordance with the forced heirship rules. It is worth noting that Cyprus inheritance law is drafted in such a way so as to accord protection to the family, so imposes restrictions on the testator's freedom to dispose of his or her estate by will, allowing him or her to dispose of only up to 25% of the estate (or up to 50% if there are no descendants). The law also provides that the estate of a deceased person is to be distributed equally among the descendants. Therefore, family conflicts can be avoided by specifying how the estate will be distributed in a will.

Successful strategies followed by family businesses in Cyprus include the progressive transfer of shares from the first generation to the second, applying meritocratic criteria for appointing family members in managerial positions, having independent professionals in the management board, and including potential successors in the business from an early stage.

4.2 Transfer of Partial Interest in an Entity

As described, no tax is applicable on the transfer of a business during lifetime or at the death to a family member, up to third degree kindred. Therefore, a family business owner and the successors enjoy such tax benefits without entering into complications.

4.3 Most Popular Method for Asset Protection

Asset protection in Cyprus is usually used for protecting one's assets from potential creditors in case of debt collection or bankruptcy procedures, or even forced heirship or matrimonial rules. In Cyprus, the most effective asset protection plan is the trust. See **3 Trusts, Foundations and Similar Entities** for further information.

5. Wealth Disputes

5.1 Trends Driving Wealth Disputes

Wealth disputes arise mostly in matrimonial matters and particularly regarding the unlawful alienation or concealing of assets in divorce proceedings, as well as the concealing of assets in bankruptcy, debt collections or similar proceedings. Wealth disputes are naturally increasing in number following the increase of the number of divorce filings and bankruptcy proceedings. Cypriot society has become more litigious, so naturally this carries over to wealth litigation.

Usually, wealth disputes are filed in courts accompanied by an application for an interim order or injunctions. Depending on the facts of a case, the type of the assets, and the flexibility, possibility and risks of alienation of assets, the court may issue the appropriate order. Generally, the court has the power to grant interim orders regarding issues including, but not limited to, the following:

- interim injunctions;
- interim declarations;
- freezing injunctions, which may also include ancillary disclosure orders;
- search orders;
- disclosure or inspection orders; or
- interim payment orders.

Where such orders are issued, many cases are settled before they reach the hearing stages.

5.2 Mechanism for Compensating Aggrieved Parties

The subject matter in wealth disputes is usually the assets, so the remedy normally sought is restoration of the asset; where this is not possible, monetary compensation may be possible. Applicants may also seek directions or interim orders, as described above.

6. Roles and Responsibilities of Fiduciaries

6.1 Prevalence of Corporate Fiduciaries

The fiduciary sector is prevalent in Cyprus and has been a contributor to the country's GDP for the last two decades. The provision of fiduciary services is regulated by national legislation (Law Regulating Companies Providing Administrative Services and Related Matters), and the supervisory authority is the Cyprus Securities & Exchange Commission (CySEC).

All the administrative service providers (ASP) offering fiduciary services, including the managing and directing of trusts, as well as the undertaking or providing of services of managing companies or other entities, should acquire a licence (ASP licence) from CySEC.

Licensed entities are required to abide by the provisions of the Directives of CySEC in regards to Anti-Money Laundering and Terrorist Financing prevention.

6.2 Piercing the Veil of a Trust or Legal Entity

Under Cyprus law, a trust is not recognised as a separate legal entity and therefore all liabilities of the trust rest with its trustees.

6.3 Regulation of a Fiduciary's Investment of Assets

A trustee of a Cyprus law governed trust is empowered to invest the assets of the trust, as long as the terms of the trust are complied with, as if such trustee was the beneficial owner of said assets. However, the trustees are deemed to owe fiduciary duties to the beneficiaries of the trust and are therefore required, inter alia, to act in good faith and with proper purpose, to not act in any way that would conflict with their duties as trustees, to show independent judgement and act fairly between the beneficiaries of the trust, and to indicate a degree of skill and care. Moreover, the trustees' rights and obligations are clearly stipulated in the Cyprus Trustee Law, Cap. 193.

6.4 The Investment Theory or Standard Applied to the Fiduciary Investment of Assets

According to Cyprus law, in terms of investing, the trustee should be able to deal with the assets of the trust as if such trustee was the beneficial owner of said assets. Provided that the trustees adhere to the terms of the trust in the way they deal with the assets and that they are compliant with their fiduciary duties, their investments will be permitted and held valid.

6.5 Authorisation to Hold Active Businesses

No distinction is made under Cyprus law between trustees holding active businesses or dormant assets.

6.6 Mechanisms to Protect Fiduciaries from Liability

In view of the fiduciary and statutory duties owed by the trustees to the beneficiaries, the liability on such trustees and fiduciaries regarding any of their actions is significant, and

the onus is on the trustees to prove that they have fulfilled their duties and indicated the level of skill and care required for their position, in order to be exempted from liability in cases where their actions are challenged.

7. Citizenship

7.1 Requirements for Domicile/Residency/Citizenship

Domicile

Domicile is a legal concept distinct from the concept of nationality or residence. As per the Wills and Succession Law (Cap. 195, Section 6), domicile can be obtained either (a) through origin (domicile of origin) if the person's domicile is the domicile of their father at the time of birth, or of their mother if their parents were unmarried or if they were born after the father's death, or (b) by choice (domicile of choice) if the person has chosen a different domicile than that of his/her origin, and the domicile has been obtained and maintained due to his/her efforts.

The domicile of choice can be obtained once the person establishes his/her residence within the Republic of Cyprus with the intention to permanently or indefinitely reside in this place. The domicile of origin is prevailed and maintained until the domicile of choice is obtained.

Residency

Non-European Union citizens may apply for a residence permit in Cyprus, which can be temporary and renewable annually, or permanent.

Temporary Residence

The temporary residence permit applies to students, domestic workers, employees at international companies, volunteers and other categories; it is also suitable for visitors. Different requirements are in place for each category.

Visitors who apply to obtain a temporary residence permit should obtain residence in the Republic of Cyprus, prove that they have sufficient funds to support themselves, including annual income from abroad and a bank account in Cyprus, and obtain a bank guarantee and medical insurance.

Employees at international companies seeking to obtain a work permit should secure a job position with a company having significant activity and operations in Cyprus, and which is registered with the Migration Department. The employee should present an Employment Agreement, a bank guarantee, a criminal record certificate, prove of residence in the Republic of Cyprus, and medical insurance.

Permanent Residence

Non-European Union citizens may apply to obtain an immigration permit if they intend to work as self-employed in the Republic of Cyprus in certain industries under specific requirements, or if they wish to reside in Cyprus (Category F). In the latter case (Category F), the holders of the permit will not be allowed to undertake employment in Cyprus, but will be able to participate as shareholders in Cyprus companies and receive the dividends of such companies. The requirements for applicants under Category F are to obtain residence in Cyprus, to maintain a bank account in Cyprus, to present stable and sufficient income from abroad to support themselves, and to obtain a criminal record certificate and medical insurance.

Permanent Residence fast-track: an expedited scheme for a permanent residence permit (fast-track) is available for investors and business persons, under Regulation 6 (2) of the Aliens and Immigration Regulations. This Category grants the applicant and his or her family members a permanent residence permit within two months of the submission of a completed application, including the spouse, dependent children up to 25 years old, and the applicant's parents and parents-in-law. The requirements for applicants under this category are to obtain a residence in Cyprus for a minimum purchase price of EUR300,000 plus VAT, to maintain a bank account in Cyprus with a three-year pledged deposit of EUR30,000, to present a stable and secured annual income from abroad that is sufficient to support the applicant and the dependents, and to obtain a criminal record certificate and medical insurance.

Long-term residency: this status enables non-EU citizens who have been residing in Cyprus for over five years to enjoy similar rights to EU citizens, including the ability to work, study, and operate a business. The status is granted as long as the applicants have not been absent from Cyprus for more than than six consecutive months or more than ten cumulative months within the five-year period.

Citizens of the European Union do not need to obtain a residence permit to reside in Cyprus; registration with the Migration Department confirming that they are residing in Cyprus is sufficient. The registration application should be submitted within four months of the date of entry into the Republic of Cyprus.

Citizenship

Cyprus citizenship can be obtained due to the origin of the parents (mother or father), or by naturalisation based on the number of years of residence in the Republic of Cyprus. In the latter case, the residence should be legal and continuous for at least seven years prior to the date of application. For foreigners who are either parents or children of Cypriot citizens, the time required is five years. In all cases, the applicant

must have resided legally and continuously in Cyprus during the twelve months preceding the date of the application.

The spouse of a Cyprus citizen can acquire Cyprus citizenship after completing three years of marriage and two years of residence in the Republic of Cyprus, or, in the case of spouses of overseas Cypriots, the application can be submitted by the spouse after completing at least three years of marriage.

7.2 Expeditious Means for an Individual to Obtain Citizenship

The Cyprus Citizenship by Investment (CIB) scheme allows non-Cypriot business persons and investors to obtain Cyprus citizenship, as well as their dependent family members (spouse, children up to the age of 28 and the applicant's parents). The scheme is based on the provisions of the Civil Registry Laws of 2002-2015 (Section 111A.2).

A non-Cypriot citizen who meets one of the following financial conditions can apply for Cyprus Citizenship by Investment:

- invest at least EUR2 million for the purchase or construction of immovable property or development creation, such as residential or commercial developments, developments in the tourism sector or other infrastructure projects;
- invest at least EUR2 million to purchase, create or participate in businesses or companies that are based and operating in the Republic of Cyprus having a physical presence, substantial activity and a significant turnover, and that also employ at least five European Union citizens; or
- invest at least EUR2 million in Alternative Investment Funds established in Cyprus, licensed and supervised by the Cyprus Securities and Exchange Commission, and exclusively making their investments in the Republic of Cyprus.

The applicant may also proceed with a combination of the above, provided that the total investment will amount to a minimum of EUR2 million, in which case, the applicant may also invest up to EUR500,000 in special government bonds of the Republic of Cyprus.

In all the cases above, the applicant must hold a permanent private residence in the Republic of Cyprus with a market value of at least EUR500,000 plus VAT, unless the applicant invests at least EUR2 million in one or more residential properties.

Prior to naturalisation as a Cypriot citizen, the applicant must hold a residence permit in Cyprus for a period of six months. Moreover, the applicant must have a clean criminal record, and his/her name must not be included in the list of persons whose assets within the boundaries of the European Union have been frozen as the result of sanctions.

8. Planning for Minors/Adults with Disabilities

8.1 Appointing a Guardian

Under the law it is obligatory to obtain a court order for the appointment of a guardian.

Following the court order, Social Welfare Services are responsible for ongoing supervision and for the preparation of any reports.

9. Planning for Nontraditional Families

9.1 Children Born Out of Wedlock and Adopted Children

In Cyprus, a child born out of wedlock will have the same rights as a child born within a marriage regarding inheriting from his/her father and/or mother and/or their families. Cyprus is a member of the European Convention on the Legal Status of Children Born out of Wedlock, which was ratified by Law 50 of 1979.

Adopted children are protected under Succession Law regarding inheritance, since it is obligatory for such heirs to be registered as first degree beneficiaries.

9.2 Recognition of Same-Sex Marriage

Same-sex couples are legally recognised through civil cohabitation agreements.

9.3 Recognition of Domestic Partners

Following the passing of law 184(I)/ 2015, domestic partners (of any sex) can enter into a legal union with a civil cohabitation agreement.

There is no change in the independence of the property ownership of the couple.

Following the agreement, a party to such a union might be able to claim one third of the property of the other party that was acquired during the term of the agreement, upon the termination of such agreement, unless a higher or lower percentage could be proved. However, while the abovementioned law has been considered as a milestone for the modernisation of family matters in Cyprus, it has failed to deal with or address inheritance or adoption matters for couples entering into a civil cohabitation agreement (domestic partners/same-sex couples).

10. Charitable Planning

10.1 Laws on Charitable Giving

Charitable giving is widespread in Cyprus, especially amongst companies, for which such actions provide several exemptions and tax benefits. The amount of the charitable giving is exempted from income tax, which encourages this approach.

In order to control the use of "charitable giving" and avoid any fraud, the government publishes each year on the website of the Ministry of Finance a list of all the approved charities to which each individual and company may contribute.

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11. Elder Law

The mortality age has increased gradually in Cyprus. From the earliest years of the establishment of the Republic, a social insurance system has been designed and implemented in order to ensure that a person will receive a pension based on their contribution during their working life. Thus, it is safeguarded at a minimum level that pensioners will have financial support during their later years.

In addition, many businesses in Cyprus in the private and banking sector offer provident fund options to their employees, based on which employees contribute a percentage of their salary and at the same time the employer will contribute another percentage. These funds are usually structured as pension funds, so as to become available to the employees upon retirement.

12. Digital Assets

There is no specific approach with regards to this issue. The transfer of digital assets will follow the common procedure for transfers under succession.