



## CYPRUS NATURALIZATION AND PASSPORT

### 1- CYPRUS NATURALIZATION

In an attempt to attract foreign investments, the government of the Republic of Cyprus has, in 2013, enacted new legislation making it easier for foreign investors to obtain a Cyprus passport and, if they so choose, to become tax residents of Cyprus.

The process to get a Cyprus passport only takes about 4-6 months and the investments can be made in one of several methods, which include bank deposits and/or Cyprus government bond purchases of €5million to be deposited/held for 3 years, or, alternatively, investments in real estate in Cyprus valued at least €2.5million plus vat.

An approved applicant is enabled to apply for a Cyprus passport and tax residency for his/her spouse and depended children of up to the age of 28, if they are depended students, otherwise up to the age of 18.

In all types of investment (deposits/bonds/real estate) the applicant has to buy a residence in Cyprus valued at least €500,000 plus vat.

### 2- TAX ADVANTAGES

For those foreign investors obtaining a Cyprus passport and choosing to become tax residents of Cyprus, there are new incentives, which include the concept of Non Domiciled persons (Non-Doms) where incomes of such tax residents will only be taxed at the corporate level of 12.5%, thus offering a continued tax advantage for all future incomes of the investor.

Clients may choose not to become tax residents of Cyprus in which case they will not be taxed in Cyprus except for their Cyprus generated income (if any).

Additionally, properties in Cyprus purchased between now and December 31, 2016 are permanently exempted from the standard 20% capital gains tax, irrespective of when they will be sold (the requirement to keep the properties purchased as part of the passport-application process is 3 years).

To make it even more attractive to invest, properties purchased by December 31, 2016 will also be given a 50% discount on transfer duties, an effective discount of between 2.75% to 4% as the normal transfer duties for the purchase of real estate assets valued at €500,000 or higher range from between 5.5% and 8%.



The above incentives are on top of the fact that due to the recession that Cyprus is currently in, real estate prices are suppressed and excellent deals can be made.

PROFEL SERVICES provides turn-key services in relation to all of the above processes, passport application, tax residency application, deposit/bond and real estate investments and associated legal work and checks that are needed.

### 3- COMMON REPORTING STANDARDS

As 2017 is fast approaching, the year when the provisions of the Common Reporting Standards (CRS) and the European Union Savings Directive (EUSD) will be implemented in almost all counties around the globe, financial institutions will be legally obligated to automatically report the ultimate beneficial owners of all investment/bank accounts held with them to their clients' tax authorities, in the countries of their clients' tax residence.

This will affect persons currently located in all counties participating in the above information exchange process, namely, all EU member states, the G20, and country-members of the Organization for Economic Development and Cooperation (OECD).

As described above, financial institutions will send reports to the countries of tax residency of their clients. Therefore, if such clients change their tax residency and nationality between now and the times of reporting (2017), informing their financial institutions accordingly as per the requirements of the KYC regulations, when the actual reporting does take place it will go to the clients' new tax residency authorities. If clients choose Cyprus as their new tax residency jurisdiction, they will be able to take advantage of the Non-Domicile tax exemption thus only having to pay 12.5% tax on all their future incomes.

TRUST 4 TRUST GROUP	
EMAIL:	INFO@TRUST4TRUST.COM
PH.:	+41 91 220 4710
FAX:	+41 91 220 4711