

Private Client

Contributing editors

Anthony Thompson and Nicole Aubin-Parvu



2017

GETTING THE
DEAL THROUGH 

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Preface

Private Client 2017

Fifth edition

Getting the Deal Through is delighted to publish the fifth edition of *Private Client*, which is available in print, as an e-book and online at www.gettingthedealthrough.com.

Getting the Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique **Getting the Deal Through** format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Belgium, Brazil, India and Poland.

Getting the Deal Through titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at www.gettingthedealthrough.com.

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Getting the Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Anthony Thompson and Nicole Aubin-Parvu of Gowling WLG (UK) LLP, for their continued assistance with this volume.

GETTING THE 
DEAL THROUGH

London
November 2016

Cyprus

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Tax

1 How does an individual become taxable in your jurisdiction?

An individual becomes taxable in Cyprus in any year of assessment (the tax year and the calendar year are the same) on the basis of his or her residence.

An individual is tax resident if he or she is physically present in Cyprus for more than 183 days in the relevant year. For the purpose of calculating the days of presence in Cyprus:

- the day of departure from Cyprus is considered to be a day of residence outside Cyprus;
- the day of arrival in Cyprus is considered to be a day of residence in Cyprus;
- the arrival in and departure from Cyprus on the same day is considered to be a day of residence in Cyprus; and
- the departure from and return to Cyprus on the same day is considered to be a day of residence outside Cyprus.

Cyprus residents are taxed on the basis of worldwide income, irrespective of whether the income is remitted to Cyprus. Husband and wife are taxed separately.

Non-residents are subject to tax on income accruing or arising from sources in Cyprus.

2 What, if any, taxes apply to an individual's income?

The following two main types of taxes apply on income: income tax and special contribution for defence.

Income tax

The personal income tax rates are listed below:

Taxable income	Tax rate
Below €19,500	0%
€19,500 to €28,000	20%
€28,000 to €36,300	25%
€36,300 to €60,000	30%
Above €60,000	35%

Income tax is payable on business profits, income from an office or employment, discounts, pensions, charges or annuities, rents, royalties, remuneration or other profits from property and net consideration in respect of trade goodwill. Expenses incurred for the production of taxable income are deductible provided that they are supported by invoices or relevant receipts.

The following are exempt from income tax:

- interest and dividends;
- lump sums received on retirement or as commutation of pension or as a result of bodily injury or death;
- capital sums from approved life assurance policies and provident or pension funds;
- income from employment services provided abroad to a non-resident employer or an overseas permanent establishment of a resident employer for a period exceeding 90 days in the tax year;

- profit from the sale of shares (if the shares are of an unlisted company owning real estate in Cyprus the gain may be subject to capital gains tax - see question 3);
- salaries of officers and crew of ships owned by a Cyprus shipping company that sail under the Cyprus flag and operate in international waters;
- income from a qualifying scholarship, exhibition, bursary or similar educational endowment; and
- donations to approved charities, professional and trade union subscriptions, life insurance premiums and contributions to pension, social insurance and welfare funds.

Subject to certain conditions, expenditure on maintaining buildings subject to a preservation order may also be deductible.

Annual writing down allowances are available against plant, machinery and other assets used in a trade or profession.

Foreign pensions may be taxed either on the normal basis set out above, or on an alternative basis, under which the first €3,420 per annum of the foreign pension is free of tax and the excess over that amount is taxed at 5 per cent. At current rates the alternative basis results in a reduced tax liability on pensions above €24,860. The taxpayer may choose which basis to adopt in any particular year.

The local legislation provides for a separate, highly favourable tax system for international shipping and ship-management activities based on the tonnage of vessels operated or managed.

A 20 per cent deduction is granted to individuals from rental income received to cover expenses. The full amount of interest paid on loans for the acquisition of the let property is allowed as a deduction.

With regard widow's pensions, as of 1 January 2014 a special basis of taxation applied under which the first €19,500 per year was tax-free and any amount above €19,500 was taxed at 20 per cent. As of 2014 tax year onwards, the Income Tax Law (Amendment) of 2015, Law 116 (I) provides the option for the taxpayer to elect on a year-by-year basis the special basis mentioned above or to be taxed under the general rules provided by the Income Tax Law.

The Income Tax Law (Amendment) (No.2) of 2015, Law 187 (I) extends the exemptions to individuals who wish to take up tax residency in Cyprus. However, the below exemptions apply for tax years up to 2020 and provided the employment started during on or after 1 January 2012. An annual allowance equal to 20 per cent or €8,550 (the lower) is granted for remuneration from any office or employment of an individual provided that he or she was not resident of the Republic before employment (applicable for five years commencing from the 1st of January following the year of employment). If income from such employment exceeds €100,000 per annum, a 50 per cent deduction is allowed for the first 10 years of employment. The following limitations are noteworthy with regard the 50 per cent exemption and which apply for individuals whose employment commenced on or after 1 January 2015: it will not be available to individuals who were Cyprus tax residents for a period of three out of five years preceding the year of employment and it will not be available to individuals who were Cyprus tax residents in the year preceding the year of commencing their employment. Finally, the amended law provides that the 20 per cent exemption does not apply in case the 50 per cent exemption is also available.

Special contribution of private sector employees, pensioners and self-employed individuals

As of 1 January 2012 and for a period of five years (1 January 2012 to 31 December 2016) a special contribution is imposed on gross emoluments, pensions and income of self-employed individuals and employees (50 per cent contributed by the employer) in the private sector at progressive rates of up to 3.5 per cent.

Special contribution for defence

Up to and including 15 July 2015, all residents of Cyprus were subject to special defence contribution on interest, dividend and rents received at the following rates:

Nature of income	Rate
Dividends	17%
Interest income	30%
Rental income less 25%	3%

The Special Defence Contribution (Amendment) Law of 2015, Law 119(I) restricts liability to special defence contribution with effect from 16 July 2015 to taxpayers who are both resident and domiciled in Cyprus for the year of the assessment concerned (and as a result the aforementioned rates apply). Therefore individuals who are resident but not domiciled in Cyprus are exempt from Cyprus tax of all forms on dividends, rents and interests, regardless of whether such income is derived from sources within Cyprus.

3 What, if any, taxes apply to an individual's capital gains?

Subject to certain exemptions and reliefs, capital gains tax is payable at 20 per cent on net gains from the disposals of immovable property situated in Cyprus and on gains from the disposal of shares in unlisted companies to the extent that their value derives from such property.

The Capital Gains Tax (Amendment) (No 2) Law of 2015, Law 117(I) exempts gains on certain disposals of property (whenever the disposal may occur) that was acquired by the alienator on an arm's-length basis within the period beginning on 16 July 2015 and ending on 31 December 2016. The exemption does not apply to property acquired under the foreclosure process prescribed in the Transfer and Mortgage of Immovable Property Law.

The Capital Gains Tax (Amendment) (No. 3) Law of 2015, Law 189(I) imposes capital gains tax on the sale of shares which directly or indirectly participate in other companies that hold immovable property in Cyprus provided that at least 50 per cent of the market value of the shares sold is derived from property situated in Cyprus.

All other capital gains are exempt from tax.

4 What, if any, taxes apply if an individual makes lifetime gifts?

There are no taxes on lifetime gifts in Cyprus.

5 What, if any, taxes apply to an individual's transfers on death and to his or her estate following death?

There are no succession taxes in Cyprus.

6 What, if any, taxes apply to an individual's real property?

Annual taxes

Immovable property tax is payable in September each year (for 2013 the payment date is deferred until 15 November) at the following rates on the market value as at 1 January 1980 of all immovable property registered in the name of the taxpayer at the start of the year:

From	To	Rate
€0	€40,000	0.6% (minimum €75)
€40,000	€120,000	0.8%
€120,000	€170,000	0.9%
€170,000	€300,000	1.1%
€300,000	€500,000	1.3%
€500,000	€800,000	1.5%

€800,000	€3 million	1.7%
€3 million and above		1.9%

The government has announced that intends to rebase the tax for 2015 and subsequent years into current values. However, for 2016 the liability will continue to be calculated by reference to 1980 values, by applying the rates listed above.

Taxpayers who settle their 2016 immovable property tax liability by 31 October 2016 are entitled to a 75 per cent discount. If the liability is settled between 1 November and 31 December 2016, the taxpayer is entitled to a discount of 72.5 per cent. If the liability is settled after 31 December 2016, it will be discounted by 69.75 per cent. In all cases, if the total liability after the discount is less than €10, it will be waived. Owners whose total immovable property is valued at less than €12,500 are exempt from immovable property tax.

Immovable property tax will be abolished with effect from the beginning of 2017.

Transfer fee and stamp duty when acquiring immovable property in Cyprus

Real estate transfer fees are imposed by the Land Registry in order to transfer freehold ownership to the name of the purchaser. The transfer fees are due for payment when the transfer of the title deed in the name of the purchaser takes place. The purchaser is solely responsible for the payment of the transfer fees. The rates are on a graduated scale:

Value of property (€)	Transfer fee rate
up to 85,430	3%
from 85,431 to 170,860	5%
over 170,860	8%

According to the 'Land and Surveys Department (Fees and Rights) (Amendment) (No. 2) Law', which was passed on 14 July 2016, the property transfer fee has been reduced by half and this is now permanent.

A one-off stamp duty is levied on the purchase of property in Cyprus. The rates are dependent on the contractual purchase amounts and payment is due within 30 days of signing the sale agreement. The amount is payable by the purchaser to the tax authorities. The rates are listed below (a maximum duty of €20,000 applies):

Purchase price in €	Stamp duty
Up to 5,000	0%
5,001-170,000	0.15%
Over 170,000	0.20%

Capital gains tax

A disposal of real property may give rise to a charge to capital gains tax (see question 3).

7 What, if any, taxes apply on the import or export, for personal use and enjoyment, of assets other than cash by an individual to your jurisdiction?

As an EU member state, Cyprus is a member of the EU Customs Union. No customs duties are levied on goods travelling within the customs union and members of the customs union impose a common external tariff on all goods entering the union.

8 What, if any, other taxes may be particularly relevant to an individual?

There is no wealth tax or the like. Cyprus is a low-tax country and its standard VAT rate of 19 per cent is among the lowest in Europe.

9 What, if any, taxes apply to trusts or other asset-holding vehicles in your jurisdiction, and how are such taxes imposed?

Trusts are transparent for tax purposes. Section 12 of the Cyprus International Trusts Law as amended provides that income and profits of an international trust which are earned or deemed to be earned from sources within and outside Cyprus are subject to every form of taxation imposed in Cyprus in the case of a beneficiary who is resident there. In

the case of a non-resident beneficiary only Cyprus-source income and profits are subject to Cyprus tax.

10 How are charities taxed in your jurisdiction?

Approved (by the Inland Revenue Department) charities are exempt from Cyprus tax. Charities with trading activities which exceed the registration threshold must register and account for VAT.

Trusts and foundations

11 Does your jurisdiction recognise trusts?

Trusts are recognised by and may be established under Cyprus law. The International Trusts Law of 1992 (which builds on the Trustee Law of 1955) has been widely amended in 2012, giving Cyprus a modern and favourable trust regime.

Cyprus international trusts offer, among others, the following benefits:

- all income whether trading or otherwise of an international trust (ie, a trust whose property is located and income is derived from outside Cyprus) is not taxable in Cyprus;
- dividends, interest or other income received by a trust from a Cyprus company are also neither taxable nor subject to withholding tax;
- gains from the disposal of the assets of an international trust are not subject to capital gains tax in Cyprus;
- powerful asset protection features (among others, a two-year 'hardening period');
- the possibility to reduce or eliminate inheritance taxes of the settlor.

Trusts governed by the laws of other jurisdictions are recognised under the Hague Convention on the Law Applicable to Trusts and on their Recognition of 1 July 1985, which is applicable in Cyprus.

12 Does your jurisdiction recognise private foundations?

The Associations and Foundations Law of 1972 allows the establishment of foundations but it is out of date and has rarely been used due to the high degree of bureaucracy involved.

Foundations governed by the laws of another jurisdiction are recognised.

A new law on foundations is expected to be introduced in the near future.

Same-sex marriages and civil unions

13 Does your jurisdiction have any form of legally recognised same-sex relationship?

The Civil Cohabitation Law of 2015, Law 184 (I), enforced in Cyprus as of 9 December 2015, allows same-sex couples to form a legally recognised civil partnership.

Civil partners or cohabitants are treated in the same way as spouses for the purposes of succession law and thus the relevant provisions of the Wills and Succession Law, Cap 195 apply.

The Law affords civil partners or cohabitants the same rights as a married couple except the possibility to adopt children under the relevant laws of the Republic.

14 Does your jurisdiction recognise any form of legal relationship for heterosexual couples other than marriage?

The Civil Cohabitation Law of 2015, Law 184 (I), enforced in Cyprus as of 9 December 2015, allows heterosexual couples to form a legally recognised civil partnership.

Civil partners or cohabitants are treated in the same way as spouses for the purposes of succession law and thus the relevant provisions of the Wills and Succession Law, Cap. 195 apply.

The Law affords civil partners or cohabitants the same rights as a married couple except the possibility to adopt children under the relevant laws of the Republic.

Succession

15 What property constitutes an individual's estate for succession purposes?

An individual's estate for succession purposes is made of all property passing on his or her death. Property held by an individual as trustee is not part of the estate, nor is property placed in a trust. The concept of joint ownership of property does not exist in Cyprus law. Co-owners hold property in specified shares, and on the death of one of the co-owners his or her share in the property will devolve in accordance with the individual's will or the rules of intestacy.

16 To what extent do individuals have freedom of disposition over their estate during their lifetime?

Individuals are free to dispose of their estate during their lifetime.

17 To what extent do individuals have freedom of disposition over their estate on death?

Cyprus law imposes restrictions on the freedom of the testator to dispose his or her estate by will and it allows him or her to dispose only a portion of the estate (known as the 'disposable portion'; the one that cannot be disposed of by will is instead called the 'statutory portion').

In particular, if a person dies leaving spouse and child, or spouse and descendant of a child, or no spouse but child or descendant of a child then the disposable portion must not exceed the quarter of the net value of the estate.

Whether a person dies leaving spouse or father or mother but no child or descendant of a child, then the disposable portion must not exceed the half of the net value of the estate.

The only way a person is able to dispose all of his or her estate freely is where he or she dies leaving neither a spouse, nor a child, nor a descendant of a child, nor a father, nor a mother. In that cases, he or she is free to dispose by will all of his or her estate.

In cases where a testator disposed more than the disposable portion, the will is not void but the portion is reduced to the disposable portion. However, when a person dies leaving only a spouse, but neither child or descendant of a child, nor father or mother and he or she leaves to his or her spouse a portion that exceeds the disposable portion, no reduction is necessary.

18 If an individual dies in your jurisdiction without leaving valid instructions for the disposition of the estate, to whom does the estate pass and in what shares?

The Wills and Succession Law, Cap 195 sets out in its first schedule the rules of intestacy. Such rules apply not only if there is no valid will, but also to any part of the estate not disposed of by will.

The persons entitled to succeed to the estate of a deceased person are divided into the following four classes:

- first class: the children of the deceased living at the time of his or her death and the surviving descendants of the deceased's children who died in his or her lifetime. The first schedule of the Wills and Succession Law restricts succession to legitimate children, but this restriction no longer applies and all children are entitled to succeed (see question 19);
- second class: the father, mother, brothers and sisters of the deceased and the surviving descendants of brothers or sisters who died in the lifetime of the deceased;
- third class: the surviving ancestors of the deceased nearest in degree of kindred; and
- fourth class: the nearest surviving relatives of the deceased up to the sixth degree of kindred (more remote relatives are excluded).

The estate is distributed to the members of the highest class. The persons of one class exclude persons of a subsequent class. Distribution takes place after the deduction of the share of the surviving spouse (see below). In the first class, the surviving children of the deceased succeed equally per capita, but the descendants of children who died before the deceased succeed per stirpes (the phrase per stirpes means that the descendants of a deceased child will equally inherit the share that their deceased mother or father would otherwise have inherited if the mother or father was alive). In the second class, parents and surviving siblings are entitled to equal shares but half-brothers and

half-sisters are entitled to only half the share of a full sibling (a legacy of when polygamous marriage was permitted for Muslims).

The descendants of siblings who died before the deceased succeed per stirpes. In the third class the succession is per stirpes and in the fourth class it is per capita.

The estate of an individual who dies leaving no spouse and no relative within the sixth degree of kindred will become the property of the Republic of Cyprus.

The rights of the surviving spouse

After the repayment of any debts or liabilities of the estate, the surviving spouse is entitled to a share in the statutory portion and in the part of the disposable portion that remains undisposed, if any.

In particular, if the deceased leaves except from the spouse, a child or a descendant of a child, they all receive equal shares.

If the deceased leaves neither a child nor a descendant of a child but he or she leaves an ascendant or a descendant of an ascendant within the third degree of kinship, the share of the surviving spouse will be half of the net estate.

If the deceased leaves no child or descendant of a child, or any ascendant or a descendant of an ascendant within the third degree of kinship, but leaves an ascendant or a descendant of an ascendant within the fourth degree of kinship, then the share of the surviving spouse will be three-quarters of the net estate.

If, however, the deceased leaves no child or descendant of a child, nor any ascendant or a descendant of an ascendant within the fourth degree of kinship, then the share of the surviving spouse will be the whole statutory portion and the whole part of the disposable portion that remains undisposed.

Under section 45 of the Wills and Succession Law, property received by the surviving spouse from the deceased under a marriage contract is not taken into account in calculating the surviving spouse's entitlement.

19 In relation to the disposition of an individual's estate, are adopted or illegitimate children treated the same as natural legitimate children and, if not, how may they inherit?

The Wills and Succession Law restricts the right of inheritance to legitimate children of a deceased and their descendants only. However, this provision is overridden by Cyprus's obligations under the European Convention on the Legal Status of Children Born out of Wedlock, which Cyprus signed in 1978 and which was ratified by Law 50 of 1979. Article 9 of the Convention provides that a child born out of wedlock will have the same right of succession to the estate of its father and its mother and of a member of its father's or mother's family as if it had been born in wedlock. Section 54 of the Wills and Succession Law provides that the latter will not be applied in the event of inconsistency with any obligation imposed by treaty.

20 What law governs the distribution of an individual's estate and does this depend on the type of property within it?

The provisions of the EU Regulation No. 650/2012 regarding International Jurisdiction and the applicable law relating to Wills and Succession in European Union countries apply in Cyprus for persons who deceased on or after 17 August 2015. The EU Regulation provides the general rule that the applicable law to the succession as a whole of an individual shall be the law of the state of habitual residence of the deceased at the time of his or her death. If this was Cyprus then the provisions of the Wills and Succession Law apply as stated in questions 17 and 18.

According to the EU Regulation, where by way of exception it is clear that at the time of death the deceased was manifestly more closely connected with a state other than the state his habitual residence, the law applicable to the succession shall be the law of that other state.

In addition, according to the EU Regulation, citizens can choose the law of their country of nationality to apply to their estate, whether it is an EU or a non-EU country.

21 What formalities are required for an individual to make a valid will in your jurisdiction?

The testator must be of sound mind, memory and understanding and must be at least 18 years old. The will must fulfil the requirements of section 23 of the Wills and Succession Law, pursuant to which a valid will must be in writing and executed in the following manner:

- it must be signed at the foot or end by the testator, or by some other person on the testator's behalf, in the testator's presence and by his or her direction;
- this signature must be made or acknowledged by the testator in the presence of two or more witnesses present at the same time;
- the witnesses must attest and subscribe the will in the presence of the testator and in the presence of each other; and
- if the will consists of more than one sheet of paper, each sheet must be signed or initialled by or on behalf of the testator and the witnesses.

If the person making the will is blind or illiterate, the will must be read out to him or her before execution and the testator must place his or her mark on it or it must be signed by some other person on the testator's behalf, in the testator's presence and by his or her direction.

All the other formal requirements apply equally in the case of blind or illiterate testators.

Wills made in Cyprus must comply with the aforementioned requirements, irrespective of the nationality, residence or domicile of the testator.

Wills made by soldiers and sailors need not comply with these requirements, even if they dispose of real estate in Cyprus.

Law 96(I) of 2015 amends the Wills and Succession Law by inserting a new section which gives the court discretion to overlook or amend any grammatical or numeric errors in a will, provided that the request has been submitted with persuasive evidence by an interested party and that it considers it equitable to do so.

22 Are foreign wills recognised in your jurisdiction and how is this achieved?

A will executed overseas that complies with the formalities required by the Wills and Succession Law or a will that meets the requirements of the Hague Convention will be recognised by the Cyprus courts, as long as it has been deposited with a probate registry in Cyprus.

If the will does not meet these requirements it will not be recognised, and any property in Cyprus will have to be administered and devolve according to the laws of intestacy.

23 Who has the right to administer an estate?

The right to administer an estate of a deceased person is granted to the 'personal representatives' of the latter, namely, the executor or executors named in the will or the administrator appointed by the court.

24 How does title to a deceased's assets pass to the heirs and successors? What are the rules for administration of the estate?

Title to a deceased's assets, except for very small and uncomplicated estates, does not pass directly to the heirs and successors. Instead, title passes to the executor or the administrator of the estate, referred to generically as the 'personal representatives', whose duty is to pass them on to the heirs. The executor derives his or her powers over the estate of the deceased from the will of the deceased, and the estate is vested in him or her at the time of death of the deceased. If no executor is appointed by the will, the court will appoint an administrator who has the same powers and duties as an executor appointed by the will. The administrator derives his or her powers from the order of the court appointing him or her, but once the order has been issued the vesting of the estate is effective from the time of death of the deceased.

The executor or administrator acquires all the rights and obligations of the deceased and may sue and be sued in all matters concerning the estate of the deceased and his or her administration of it. Pending the grant of administration the estate vests temporarily in the court, and for small estates the court may make an order for summary administration, in which case the probate registrar or another public officer appointed by the court will act as administrator.

Update and trends

In July 2016 the Cypriot Council of Ministers has approved new attractive tax incentives, the implementation of which will be effected after the enactment of the bill in Parliament. The incentives target the support of new and innovative businesses and they provide for the following:

- exemption of the investment from the investor's taxable income (up to a maximum amount of 50 per cent of the taxable income); and
- deduction of €150,000 per year as well as the right of allocation and distribution of the discount up to five years later.

Additionally, the definition of an 'innovative business' has been amended to a broader range.

The Administration of Estates Law Cap 189 sets out the general rules governing administration by personal representatives. Executors have the powers and duties given and imposed on them by common law and the doctrines of equity as applied in England, except as specifically varied by Cyprus law. Subject to any limitations contained in the grant, administrators will have the same powers and duties, namely:

- to administer the estate of the deceased according to the law;
- to pay the just debts of the estate;
- to collect and distribute the assets among the heirs according to the will, if any, and the hereditary rights of the heirs; and
- to account to the court for their administration.

The court may remove any executor or administrator for wilful neglect or misconduct in the administration of the estate, either on its own initiative or on the application of any person interested in the estate. The court may grant letters of administration to some other person in the place of an executor or administrator who has been removed or has died or has become incapable of acting.

25 Is there a procedure for disappointed heirs and beneficiaries to make a claim against an estate?

Disappointed heirs may institute legal proceedings against the executor, disputing the formal validity of the will, its compliance with the legal requirements as to the statutory portion or the testamentary capacity of the testator. Under the Limitation of Actions Law 66(I) of 2012 no action can be commenced questioning the validity of a will, or in relation to the estate of a deceased or any portion or part thereof or bequest, after eight years from the date of death. In the event that the claimant was absent from Cyprus the limitation period will not be deemed to have been completed unless one year has elapsed from the time that the claimant returned to Cyprus or became aware of the death (or with reasonable diligence could have become aware of the death).

Capacity and power of attorney

26 What are the rules for holding and managing the property of a minor in your jurisdiction?

Pursuant to the Parents and Children Relations Laws, 1990 to 2008, the property of a minor shall be managed by the parents until the child reaches the age of majority. In case where the parental responsibility terminates by reason of death, or declaration of disappearance, or absence of one of the parents, the parental responsibility is exercised exclusively by the other parent. In the event that one of the parents is unable to exercise parental responsibility due to practical reasons or because he or she lacks the necessary legal capacity, the other parent exercises parental responsibility alone. However, a minor parent may also exercise care of the person of the child.

In case of divorce or annulment of the marriage or void marriage and provided that both parents are alive, the exercise of parental responsibility is regulated by the court.

When dealing with immoveable property the parents of minor children are required to sign a written statement declaring that they have not been disqualified to administer the property of their minor children. They must also obtain the leave of the court before transferring or mortgaging the immoveable property of their minor children or alienating it in any other way.

In the event there is no parent able to exercise parental responsibility the nearest ascendants are to exercise parental responsibility jointly as if they were the parents. If, for whatever reason, the nearest ascendants are not able to exercise parental responsibility, the court may appoint a guardian. The guardian may not without a leave of the court:

- dispose of, mortgage, charge, exchange, or in any other way alienate property of the minor;
- lease any of the immoveable property of the minor for a term exceeding five years;
- purchase any immoveable property on behalf of the minor;
- invest money belonging to the minor; or
- settle suits or claims in favour or against the minor.

27 At what age does an individual attain legal capacity for the purposes of holding and managing property in your jurisdiction?

An individual attains legal capacity for the purposes of holding and managing property at the age of 18 years.

28 If someone loses capacity to manage their affairs in your jurisdiction, what is the procedure for managing them on their behalf?

Agents are appointed by the relevant legislation or by the court to act for and on behalf of individuals such as mental patients and missing persons who are no longer capable of managing their affairs.

Immigration

29 Do foreign nationals require a visa to visit your jurisdiction?

Citizens of the European Economic Area (EU states plus Norway, Iceland and Liechtenstein), Switzerland and approximately 30 other countries and other categories of persons as listed on the website of the Ministry of Foreign Affairs may visit Cyprus for up to 90 days without a visa.

30 How long can a foreign national spend in your jurisdiction on a visitors' visa?

For third-country (non-EU) nationals the duration of each visit may not exceed three months in any half year, starting from the date of first entry. Multiple entry visas may be issued provided that the total duration of visits does not exceed three months in any half year.

31 Is there a visa programme targeted specifically at high net worth individuals?

The Republic of Cyprus has a fast-track procedure allowing high net worth individuals to acquire a permanent residence permit on an accelerated basis.

The procedure applies to individuals who have fully and freely at their disposal a secured annual income, high enough to allow a decent living in Cyprus, without having to engage in any business, trade or profession.

Associated requirements for the granting of the permit are:

- Evidence of a steady income from abroad of at least €30,000, from sources other than employment in Cyprus (namely: certificates of dividends, certificates of fixed deposits, pension statements, rents or salary advice). The necessary minimum income, if applicable, is increased by €5,000 for each dependent.
- Confirmation letter from a Cypriot bank, showing deposits of a minimum capital of €30,000 in an account, from sources other than employment in Cyprus. The capital should be transferred from an international bank to a local Cypriot bank and it should be pledged for at least a period of three years.
- Title deed or purchase agreement of a residential property, issued on the name of the applicant. The minimum market value of the property should be €300,000 plus VAT and proof of payment for at least €200,000 excluding VAT. The VAT rate of 5 per cent is applied for first residences with a total area not exceeding 275 square metres in accordance with the architectural plans (after the exception of up to 88 square metres for common areas). The first 200 square metres are subject to 5 per cent VAT and anything

above 200 square metres is subject to the standard rate of VAT, currently 19 per cent.

32 If so, does this programme entitle individuals to bring their family members with them? Give details.

Married spouse, children under 18 years old and financially dependent children up to 25 years old are may also obtain the right of permanent residence. A permanent residence permit may also be granted to the parents and parents-in-law of the applicant or holder of a permanent residence permit with the submission of an application and the payment of the relevant fee, with the condition that the applicant or holder of the permanent residence permit presents only an additional annual income of €8,000 for every such dependent parent.

33 Does such a programme give an individual a right to reside permanently or indefinitely in your jurisdiction and, if so, how?

The programme gives the right of permanent residence. This right is automatically lost if the holder is absent from Cyprus for a continuous period of two years.

34 Does such a programme enable an individual to obtain citizenship or nationality in your jurisdiction and, if so, how?

As a part of its policies aiming to attract foreign investors in Cyprus the Council of Ministers introduced in 2011 an economic citizenship programme under which applicants may obtain 'fast-track' citizenship.

The Cyprus government through the Council of Ministers has revised in September 2016 the criteria for granting the Cypriot citizenship by investment, in an effort to further promote foreign direct investments in Cyprus and align the scheme with the most recent industry requirements and standards.

In order to be eligible for the scheme, the applicant must have a clean criminal record, be the holder of a residency permit of Cyprus and hold a permanent privately owned residence in Cyprus with a value of at least €500,000 (plus VAT) and fulfil at least one of the following criteria:

- the applicant has made a direct investment in Cyprus of at least €2 million for the acquisition or development of real estate projects (residential, commercial, tourism or other infrastructure). It shall be noted that the acquisition of land which falls under residential, touristic or commercial building zones is an allowable

investment. Land not under a building zone (ie, forest land, agriculture land, etc) is not considered to be a qualifying investment under this criterion;

- the applicant has purchased or created or participated in Cypriot businesses or companies. The applicant must do an investment of at least €2 million in the purchase, creation or participation in businesses or companies that are based and operate in Cyprus. These businesses or companies should evidently have a tangible presence and substantial activity in Cyprus and employ at least five Cypriot or EU citizens who have been legally residing in Cyprus for a continuous period of at least five years;
- the applicant has made an investment in alternative investment funds (AIFs), financial assets of Cypriot businesses or organisations which are licensed by the Cyprus Stock Exchange Commission. The applicant must purchase financial assets of at least €2 million (units in AIFs, bonds (maximum €500,000 possible to buy per application), debentures, other securities, etc) registered and issued in the Republic of Cyprus, in companies or organisations with substantial economic activity in Cyprus which are regulated by the Cyprus Stock Exchange Commission; or
- the applicant may choose to have a combination of any of the above criteria amounting to at least €2,0 million. In the context of this criterion (ie, combination of investments), the applicant may also purchase governmental bonds of the Republic of Cyprus of a maximum amount of €500,000 and a €1.5 million real-estate in Cyprus.

It is noted that under the revised criteria, the investor's parents are entitled to apply for Cyprus citizenship by exception provided that the investor's parents are the owners of a permanent residence in Cyprus of at least €500,000 excluding VAT.

In addition, it is noted that under the revised criteria, the investment in government bonds of the Republic of Cyprus is now fixed restricted to a maximum €500,000.

Finally, it is noted that under the revised criteria, if the applicant has invested under the first criterion mentioned above (real estate) or the applicant has chosen to have combination of the criteria, for example, €500,000 government bonds and a real-estate project of €1.5 million that contains at least one residential villa or apartment of €500,000, then the applicant does not need to buy an additional residence with a value of at least €500,000 plus VAT.

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