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Conditions and Procedure for the Revocation of Cyprus Citizenships granted under the Cyprus Investment Programme

The Cyprus Government has recently announced its intention to review, and where necessary revoke citizenships granted to foreign investors who have invested in Cyprus and become naturalised Cypriot citizens through the procedure and the conditions set out by the Cyprus Investment Programme (the "CIP").

This comes after certain controversial individuals appear to have abused the CIP conditions and managed to obtain citizenships despite having criminal convictions in their respective countries. The Ministry of Interior is currently planning the retrospective audit of all CIP cases of naturalisation before 2018 and it is estimated that this audit will encompass about 2,000 Cyprus naturalisations granted up to that period.

The Government has already revoked 26 Cyprus citizenships from certain investors although names have not been made public. The Minister of Interior announced that these 26 citizenships relate to 9 investments. It is understood that only 1 of the investments relates to a Russian national. The Government through the Minister of Interior has highlighted that 4,000 applications have been processed under the CIP and the vast majority of them do not pose any risks.

It is understood that these investors have been informed individually and will have 30 days to object to the revocation. Any objections will be handled by a special committee that will review the case and submit its findings to the Council of Ministers through the Minister of Interior. The relevant provisions of the law are analysed in this memo.

It is also anticipated that the Government will form a special cross-agency committee (involving the chairman of the Cyprus Securities and Exchange Commission, the General Accountant of the Republic and a representative of the Legal Service of the Republic) to review the findings of the retrospective checks and audits, review all entities involved with the handing and submission of these applications and submit their own findings and suggestions to the Council of Ministers and the Government for further actions to be taken.

Legal Background

The fundamental legislation for such revocations is the Civil Registry Law of 2002 (Law 141(I)/2002), as amended (the “Civil Registry Law”). In accordance with Article 113 (2) to (3) of the Civil Registry Law, a citizen of the Republic (of Cyprus) who became a citizen pursuant to its registration or naturalisation, may cease to be a citizen (of the Republic) if he is deprived of such citizenship by a decree issued by the Council of Ministers. Such reasons for Citizenship revocation are that:

1. The individual has obtained naturalisation by fraud, false representations or concealment of any material event;
2. The individual expressed himself or acted in a way lacking legitimacy or with malice towards the Republic;
3. The individual participated in any war conducted by the Republic and illegally traded or contacted the enemy or made any actions assisting the enemy in such a war;
4. The individual within ten (10) years from his registration or naturalisation was convicted in any country and imprisoned for a particularly heinous offense or an offense of low moral standards, provided that the conviction in question relates to an offense which is also an offense in the Republic which is particularly abhorrent or morally abusive and carries a prison sentence;

Further, the Law under Article 113(5) provides that the Council of Ministers shall not deprive any person of his or her status as a citizen under this article unless the Council of Ministers is satisfied that it does not serve the public interest that such person continues to be a citizen of the Republic;

Before issuing a decree under the Civil Registry Law, the Council of Ministers must give the person against whom such a decree is to be issued a written notice informing him of the reason on the basis of which the decree is to be issued. If this Decree is to be issued on the basis of any of the grounds discussed above, the person concerned shall be specifically informed of the right conferred on it to request an investigation, in accordance with the Civil Registry Law.

If the person concerned requests an investigation, the Council of Ministers may refer the matter to an Inquiry Committee specifically designated for this purpose from the Council of Ministers. The Inquiry Committee shall be composed of a President, who has acquired judicial experience, and such number of members as the Council of Ministers deems necessary.

It is worth mentioning that Article 113 (4) contains a clause whereby the Council of Ministers can revoke a citizenship if it is convinced that a person usually resides abroad for a continuous period of 7 years and has not stated that they wish to retain the citizenship by filing in a relevant form. We have no indication that the Government will seek to strictly interpret and enforce Article 113 (4) with regards to permanent residency as all investors under the CIP are obliged to retain a permanent residential property in Cyprus for life and it is in practice difficult to monitor.

Further to the above, the Council of Ministers under a Decree (Decree 86.879) dated 13.02.19 had decided that the Cypriot Citizenship through the CIP would not be granted to persons classified as “high risk” under certain categories which were introduced that include PEPs, individuals under investigation by international police organisations and those who are included in international sanctions lists. However, it is our considered opinion that it is not legally possible that the government may or will retrospectively apply any of these criteria as a basis to review existing naturalised investors under the CIP.

The primary statement of the applicant is contained in the declaration of the applicant to become a naturalised citizen (i.e. application form M127) which is signed before the Court Registrar and contains “section VII” where the applicant must state any previous civil or criminal proceedings which could operate as the legal basis to fulfil the conditions of Article 113 (2) and (3) above.

Furthermore, the applicant’s self-declaration introduced by the Committee of Supervision and Control for the Cyprus Investment Programme, (“CIP Committee”) since the 31st of July 2018, seeks investor confirmation that he/she adheres with the provisions and objectives of the CIP and that any misconduct in the process of the CIP may result in the deprivation of citizenship.

Summary of legal aspects of Cyprus citizenship revocation

Investors in Cyprus under the CIP who have obtained the Cyprus Citizenship may only have their Citizenship revoked under the provisions of the Civil Registry Law discussed above and only when the correct procedure has been followed. Any decisions taken by the Council of Ministers will also be subject to appeal by the Administrative Court, within the timeframes prescribed by the law. Additional criteria cannot be retrospectively applied on existing naturalised citizens of the Republic of Cyprus.

We note that the current official guidelines for the CIP only indicate that the applicant must have a clean criminal record certificate, a Schengen visa issued prior to their application, and their name should not be included in the list of persons whose assets, within the boundaries of the European Union (EU) have been frozen as a result of sanctions. Moreover, an applicant whose application for citizenship in any other member-state of the European Union had been rejected, is not eligible to apply for the acquisition of the Cypriot citizenship through the Cyprus Investment Programme.

In general terms, it has been widely reported that the EU will aim to further regulate and potentially limit investment programmes throughout the EU. However the granting of citizenships, under EU Law, remains at the discretion of member states and will most likely require a formal EU Treaty amendment to change the legal status.

We would like to reassure our clients that our firm is exceptionally capable to handle any issues that could arise in connection with the above matters as we have an extensive track record in dispute resolution and have been consistently ranked by all major directories as one of the best litigation and dispute resolution law firms in Cyprus.

This guide is also available in Russian. You may find it [here](#).

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