

Cyprus

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TAX

Residence and domicile

1 | How does an individual become taxable in your jurisdiction?

An individual becomes a tax resident in the Republic of Cyprus pursuant to a numerical day test. A physical person residing in Cyprus for a period or periods exceeding in aggregate 183 days in the year of assessment is taxable in Cyprus. The 183 days do not need to be consecutive. The year of assessment means the period of 12 months commencing on the first day of January of each year (ie, the calendar year). The Cyprus Income Tax Law provides that (1) the day of departure is considered to be a day out of Cyprus; (2) the day of arrival is considered to be a day spent in Cyprus; (3) the arrival and departure from Cyprus on the same day is considered to be a day spent in Cyprus; and (4) the departure and return to Cyprus on the same day is considered to be a day spent out of Cyprus.

As from 1 January 2017 a new test was introduced to determine the tax residency of an individual. According to this newly introduced test an individual will be considered to be a Cyprus tax resident provided that such person (1) resides in Cyprus for one or more periods within the same tax year for at least 60 days; (2) does not reside in any other country for an aggregate period of more than 183 days; (3) is not considered a tax resident in any other country; (4) carries out a business in Cyprus or is employed in Cyprus, or is a director in a Cyprus tax resident company, or both; and (5) has a permanent place of living in Cyprus. For someone to apply based on the 60-day test all the above conditions need to be met.

Pursuant to the provisions of the Cyprus tax legislation, applicable after 15 July 2015, an individual who is a tax resident but is 'non-domiciled' in Cyprus will be exempt from special defence contribution (SDC). SDC is a tax payable on passive income (rents, dividends and income). Domicile is defined in accordance with the provisions of the Wills and Successions Law; a domicile of origin is acquired at birth and a domicile of choice is acquired by the establishment of a home by the individual intending to permanently live there. Individuals who have obtained and maintained a domicile of choice outside Cyprus, provided that they were not Cyprus tax residents for a period of at least 20 consecutive years prior to the tax year in question are considered as non-doms. Similarly, persons who were not Cyprus tax residents for a period of at least 20 consecutive years immediately prior to the entry into force of the relevant provision are also non-domiciled in Cyprus. An individual remaining a Cyprus tax resident for at least 17 years is considered as domiciled in Cyprus.

Cyprus tax residents are taxed on their worldwide income. Also, Cyprus grants credit for any foreign tax suffered on foreign income, irrespective of the existence of a double tax treaty. A comparison is made between the equivalent Cypriot tax and the foreign tax suffered and the credit granted is the lower of the two.

Income

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

Income for individuals is subject to progressive tax rates. The first €19,500 is tax free, the next €8,500 is subject to a tax rate of 20 per cent, the next €8,300 is taxed at 25 per cent, the next €23,500 at 30 per cent and any amount above €60,000 at 35 per cent. A number of deductions and personal allowances are available.

Capital gains

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

No capital gains tax exists, apart from the taxation of gains arising from the direct or indirect disposal of immovable property situated in Cyprus.

Lifetime gifts

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

No taxes on lifetime gifts apply in Cyprus.

Inheritance

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

There are no inheritance taxes in Cyprus.

Real property

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

Capital gains tax applies only to direct and indirect disposals involving immovable property situated in Cyprus. It is imposed at the rate of 20 per cent on gains from the disposal of immovable property or gains from the disposal of shares which directly or indirectly own immovable property situated in Cyprus. Immovable Property Tax has been abolished as from 1 January 2017. Local (municipal or council) taxes are applicable to real estate property located in Cyprus; however, the applicable amounts are minimal.

Non-cash assets

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?

Since its accession in the European Union (EU) in 2004, Cyprus applies the EU customs procedures, as well as the EU trade policy. Essentially no customs duties are paid on goods imported in Cyprus from another EU member state. When the country of origin of the goods is not part of the EU, customs and duties are calculated ad valorem on the Cost, Insurance and Freight (CIF) value of the product in accordance with

the Common Customs Tariff. For non-EU countries the applicable rates are relatively low (especially for manufactured goods which the rate is 4.2 per cent on average for the general rate) and for the purposes of ascertaining the applicable rate the Cyprus integrated tariff system is available online. VAT is also imposed on all imported products from other EU countries, whether the importer is a person liable to VAT or not. On importation VAT is considered as an import duty and is charged and paid at the time at which the import duty is paid in accordance with the applicable legislation.

Other taxes

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

Other taxes that may be particularly relevant to individuals, include the value added tax (VAT), SDC and Stamp Duty.

The standard rate of VAT is 19 per cent, while reduced rates of 5 per cent and 9 per cent apply to certain supplies.

SDC is payable by Cypriot tax resident companies and individuals that are both tax residents and domiciled in Cyprus on passive income; namely rents, dividends and passive interest income. Dividends received by individuals (resident and domiciled in Cyprus) are subject to an SDC rate of 17 per cent. Dividends received by Cypriot tax resident companies are not subject to SDC (subject to specific exceptions). The SDC rate for interest for both natural and legal persons is 30 per cent. Rent received by companies and by tax resident and domiciled individuals are subject to SDC at the effective rate of 2.25 per cent (3 per cent on gross rents less 25 per cent).

Stamp duty is payable on any document which concerns any property located in Cyprus or on matters to be executed there. For contracts the value of which ranges between €5,001 – €170,000, the current rate of stamp duty is €1.5 for each €1,000 or part thereof; for contracts the value of which is over €170,000, the current rate of stamp duty is €2 for every €1,000 or part thereof, with a ceiling of €2,000. This maximum amount is payable on any document or on any transaction which has several documents; in such case, the parties may choose which of the transaction documents is the main document and only that main transaction document will be subject to the full stamp duty; the other transaction documents may be stamped as secondary documents, in the amount of €2 each, provided they are dated the same day (or very close) as the main transaction document. A number of instruments carry a fixed stamped duty, as per the provisions of Cyprus Stamp Duty law.

Trusts and other holding vehicles

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

Cyprus recognises the concept of trusts and in particular Cyprus international trusts (for settlors and beneficiaries that are non-Cypriot tax residents on the year preceding the year of the trust settlement). A Cypriot trust is not a taxable person. The income of a trust is assessed in the name of the trustee, however since the beneficiaries are the persons entitled to the income, they are liable for any tax thereon. Trustees need to follow a matching approach when making distributions to the beneficiaries, so that any Cypriot tax is deducted and paid. Hence, a look through approach must be applied

Charities

10 | How are charities taxed in your jurisdiction?

Income of approved charities is exempt from income tax. Furthermore, donations to approved charity organisations are deducted from taxable

income. Disposals to approved charities are exempt from capital gains tax and no immovable property taxes are chargeable on real estate property owned by an approved charity.

Anti-avoidance and anti-abuse provisions

11 | What anti-avoidance and anti-abuse tax provisions apply in the context of private client wealth management?

Section 33 of the Assessment and Collection of Taxes Law, provides in relation to the taxation of individuals, that the Tax Commissioner has the right to disregard any transactions appearing in his or her opinion to be non-genuine and to impose tax on the proper object of the tax. Essentially any transactions that are effected for the purposes of obtaining a tax advantages can be ignored if are deemed by the Tax Commissioner to be non-genuine.

In any case, Cyprus has implemented the provisions of the EU Anti-Tax Avoidance Directive (ATAD) into Cyprus law. The first set of rules is applicable as of 1 January 2019 and includes the Interest Limitation Rule, the Controlled Foreign Company (CFC) rule and the General Anti-Abuse Rule (GAAR), pursuant to which Cyprus for the purpose of assessing the applicable corporate tax, shall ignore an arrangement which has been put in place for the main purpose of obtaining a tax advantage or is not genuine, having regards to all facts and circumstances surrounding the relevant case. The remaining ATAD measures – namely exit taxation and hybrid mismatches – have been transposed into Cypriot legislation in July 2020 and are applicable as of 1 January 2020 as regards exit taxation, hybrid mismatches and tax residency mismatches and as of 1 January 2022 as regards reverse hybrid mismatches. These provisions concern Cyprus corporate taxpayers; however, they might be relevant to private clients wishing to structure their corporate transactions by using Cypriot tax resident companies or Cypriot permanent establishments.

TRUSTS AND FOUNDATIONS

Trusts

12 | Does your jurisdiction recognise trusts?

Cyprus recognises the concept of trusts. The Cyprus Trustees Law (Cap. 193) is the main legal framework applicable to local trusts. The Cyprus International Trusts Law of 1992 (as amended) is applicable to Cyprus International Trusts (CITs). Pursuant to the recent amendments of this law (the CIT Law) the Cyprus trust regime is considered one of the most modern trust regimes in Europe.

According to the provisions of the CIT Law, a CIT is a trust whereby the settlor is not a tax resident of Cyprus during the year preceding the year in which the trust was formed, the beneficiaries are not residents of Cyprus but may relocate to Cyprus after a year following the trust settlement and at least one of the trustees must be a local resident throughout the duration of the CIT. The trust property can include all kinds of assets situated anywhere in the world and it can also comprise of real estate property located in Cyprus.

A CIT or a transfer of trust assets may only be set aside by the settlor's creditors to the extent that it is proven to the satisfaction of the court that the CIT was created with the intent to defraud creditors. The burden of proof is on the creditors who must prove that the CIT was made with intention to defraud them and that they were creditors at the time of the CIT settlement. An action must be brought within a period of two years from the date when the transfer or disposal of assets was made by the settlor to the CIT and only with regard to those assets and not any assets transferred earlier.

The CIT Law is silent of any licensing requirements for a legal or physical person to act as a trustee. Nevertheless, as per the provisions

of the Law Regulating Companies Providing Administrative Services and Related Matters of 2012 (the ASP Law), a person undertaking the duties of a trustee of a CIT should be a licensed person to provide the administrative services of the management or administration of trusts including, without limitation, the undertaking or provision of trustee, wherever these are set up or established, or the management or investment or marketing of the assets of a trust.

The ASP Law provides for the establishment of trust registries. The Cyprus Securities and Exchange Commission, the Cyprus Bar Association and the Institute of Certified Public Accountants of Cyprus are the three supervisory bodies and competent authorities for the purpose of maintaining a register of trusts established by the respective service provider they regulate, containing the following information: name of the trust, name and full address of every trustee, the date of establishment of the trust (or the termination thereof), the date of any change in the law governing the trust to or from Cyprus law. A Cypriot resident trustee of a trust governed by Cypriot law must notify its respective competent authority of the above stipulated information within 15 days from the creation of the trust or the adoption of Cypriot law as the law governing the trust. Subsequent changes in any relevant information, including termination of the trust or a change in the governing law from Cyprus law to another law must also be notified within 15 days.

The CIT Law provides that the law applicable to a CIT trust can be expressly changed to a foreign law provided that such foreign law recognises the validity of the trust and the beneficiaries' interests. Also, the change of the governing law of a foreign trust from a foreign law to the law of Cyprus is permitted, provided that such change is allowed by the law of the jurisdiction governing the foreign trust. In any case Cypriot law recognises trusts governed by the laws of another jurisdiction.

Private foundations

13 | Does your jurisdiction recognise private foundations?

Cypriot laws do not provide for private foundations.

SAME-SEX MARRIAGES AND CIVIL UNIONS

Same-sex relationships

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

Pursuant to the provisions of the Cyprus Civil Partnership law of 2015, any couple, either heterosexual or homosexual, has the right to have its relationship legitimised and enjoy the same rights as a married couple. Therefore, civil partners have the same status as spouses and are treated as such for the purposes of Cypriot law, save for the purposes of adoption.

For a civil partnership to be concluded the parties must be two adults of sound mind, who are able to realise and assess their decision and give their free consent thereto.

For the purposes of the conclusion of the civil partnership, the parties shall make an appointment with and appear before the Registrar of the district where one of the parties has his or her permanent residence or at the district of their choice, if they are not permanent Cypriot residents. The parties must file with the Registrar the relevant civil partnership form along with valid identification documents and valid proof of residence or permit of residence in the Republic. They should also swear an affidavit stating that they are not married nor have they concluded any other civil partnership, that they are unaware of any legal obstacle to the conclusion of the civil partnership and that all the consents necessary for the conclusion of the civil partnership

have been obtained. The parties must also file a duly certified original or copy of the certificate of freedom issued by the relevant governmental authorities (ie, the Civil Registry and Migration Department) within the maximum three months prior to the date of filing of the civil partnership form. Non-Cypriot nationals are excluded from the requirement of obtaining the certificate of freedom.

Upon examination of all the documents filed, the Registrar grants his or her consent to the conclusion of the civil partnership in the presence of two adult witnesses of sound mind, who must also sign the civil partnership form.

Civil partners are in practice treated for the purposes of any Cypriot law, other than the law on adoption, as spouses and enjoy the same rights and have the same obligations of a married couple. Hence, for the purposes of taxation and succession the same provisions that are applicable to married couples apply to civil partners.

Heterosexual civil unions

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

Pursuant to the provisions of the Civil Partnership law, any heterosexual couple has the right to have its relationship legitimised and enjoy the same rights as a married couple by concluding a civil partnership.

SUCCESSION

Estate constitution

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

The deceased's estate for succession purposes can comprise of both movable and immovable property. Immovable property includes, inter alia, land, constructions or other parts attached on the land or any constructions, trees, springs, water, rights to the water, freedoms, benefits relating to land or any constructions, etc. Movable property is defined as any property not falling within the definition of immovable property. However, any immovable property owned by the deceased which is situated abroad cannot be considered as falling under the provisions of Cypriot law and shall be administered in accordance with the laws of the jurisdiction where the immovable property is situated.

It is noticeable that in cases of beneficial ownership, the shares held by the deceased would fall into the movable property of the deceased for the purposes of succession and in cases of co-ownership, the deceased's part would be considered as his or her estate as any other property legally owned by him or her.

Disposition

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

Individuals have the freedom to gift their estate during their lifetime to any close relative (up to the third degree) for reasons of natural love and affection.

Any person over the age of 18 and who is of sound mind has the right to make a will whereby the disposition of his or her estate would be determined. For a will to be valid it must be in writing, executed and attested by at least two witnesses who are simultaneously present. Any beneficial legacy to any of the witnesses of the will, their spouse or child, other than and except charges and directions for the payment of any debt shall be declared as null and void but would not invalidate the will in its entirety.

Furthermore, any person of sound mind and over the age of 18, who is ill and expects to die shortly of his or her illness, may dispose

any movable property by a gift made in contemplation of death if made in the presence of at least two witnesses of sound mind and of full age. A gift made in contemplation of death shall not take effect if the giver recovers from the illness during which the gift was made or the giver survives the person to whom the gift was made. Any such gift shall be treated upon the administration of an estate exactly in the same way as if it were a specific legacy.

A legacy shall be valid if made to a person who is in existence at the time of the death of the testator, including a subsequent child of the testator, and it expresses a definite intention. The legacy shall also be considered valid even if it is dependent upon an impossible, illegal or immoral condition, since only such condition would be deemed to be void.

It is noticeable that no person having any relation within the third degree of kindred shall have power to bequeath a legacy to any religious corporation, save by a will executed at least three months before his death. Such legacy shall only be valid if it relates to any land situated within the limits of the areas specified for these specific purposes, on the survey maps signed by the Director of Lands and Surveys and deposited in the District Lands Office.

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

The right of a person to dispose his or her estate by will is limited to the disposition of only one part of the estate, the 'disposable portion'. The disposable portion of a deceased's estate is determined only after the death of the said person and after the settlement of all his or her obligations or repayment of all debts, or both. If the deceased person left a child or a descendant of a child, then the disposable portion shall not exceed one-fourth of the net value of the estate. If the deceased left a spouse or parent, but neither a child or a descendant of a child, then the disposable portion shall not exceed one-half of the net value of the estate. If the deceased left neither a spouse nor a child or a descendant of a child, nor a parent, then the disposable portion shall be the whole of his or her estate.

Intestacy

19 | 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?

In cases where persons domiciled in Cyprus die intestate, their estate shall be distributed as it is statutorily prescribed among the entitled relatives.

More specifically the different classes of the kindred are the following:

- The first class includes the legitimate children of the deceased living at his or her death and the descendants of any of the deceased's legitimate children who died in his or her lifetime. The legitimate children shall be entitled to equal shares and the descendants of the legitimate children who died shall be entitled to equal shares per stripes.
- The parents of the deceased living at his or her death (or if not living, the nearest ancestor living at his or her death) and siblings of the deceased living at his or her death and descendants, living at the death of the deceased, of any of the deceased's brothers or sisters who died in his or her lifetime, are of second class.
- The ancestors of the deceased nearest in degree of kindred living at his or her death are of third class in the succession of the kindred and if there are ancestors of equal degree of kindred on both the father's side and on the mother's side, the ancestors on each side shall be entitled to take half of the statutory portion, and of the

undisposed portion if any, and, if there are more than one of them on either side, they shall be entitled to equal shares.

- The fourth class of succession included the nearest kin of the deceased alive at the time of his or her death.

Where a person dies leaving a spouse, such spouse shall, after the debts and liabilities of the estate have been discharged, be entitled to a share in the statutory portion, and in the undisposed portion if any, as follows:

- if the deceased has left besides such spouse any child or descendant thereof, the share of the surviving spouse shall be equal to the share of each and anyone of such children;
- if the deceased has left no child or descendant thereof, but has left an ancestor or a descendant up to the third degree, the share of the surviving spouse shall be the one half of the statutory and undisposed portions;
- if the deceased has left no child or descendant thereof, nor any ancestor or a descendant up to the third degree, but has left an ancestor or a descendant of the fourth degree, the share of the surviving spouse shall be the three-fourths of the statutory and of the undisposed portions; and
- if the deceased has left no child or descendant thereof, nor any ancestor or a descendant up to the fourth degree of kindred, then the share of the surviving spouse shall be the whole estate.

If the deceased has no living relatives up to the sixth degree, he or she shall be taken to have died without heirs. Subject to the share of a surviving spouse, if any, the deceased's estate shall become the property of the government.

Any person who pursuant to a will becomes entitled to any part of the disposable portion, shall be in no way excluded from succeeding to receive any part of the statutory portion of the estate.

Any child or other descendant who becomes entitled to inherit any part of the estate, shall in estimating his or her share bring into account all movable and immovable property received from the deceased at any time by way of advancement or of gift made in contemplation of death, unless a will was made by the deceased specifying that such movable or immovable property shall not be brought into account.

Adopted and illegitimate children

20 | 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?

Since adopted children have the same status as any legitimate child of the parents, adopted children shall be considered as any other child of a deceased for the purposes of succession. As per the illegitimate children of any deceased person, the law does not provide for any illegitimate children. Hence, the only possible way that such a child may inherit is by being included in a will.

Distribution

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

As a rule of thumb, the applicable law for the purposes of succession shall be the law of the jurisdiction where the deceased was domiciled, unless the deceased chose otherwise by will; namely chose the law of the jurisdiction of nationality as the applicable one. Therefore, when a person domiciled in Cyprus dies, then all his or her movable property shall be governed in accordance with the provisions of the Wills and Succession Law, Cap. 195.

However, in relation to immovable property, the date of death is decisive. The distribution of the immovable property of a person domiciled in

Cyprus who died before or on 17/08/2015 shall be governed in accordance with his domicile; namely, any immovable property situated in Cyprus shall be governed in accordance with the provisions of the Wills and Succession Law, but any immovable property of a person domiciled in Cyprus, shall be governed in accordance with the laws of the jurisdiction where the immovable property is situated (*lex loci rei sitae*).

Nevertheless, if a person died after 17/08/2015 then the distribution of both his or her movable and immovable property can be governed by the law of the jurisdiction of his or her residence, pursuant to the EU Succession Regulation 650/2012, by electing the applicable law in such person's will at the time of death.

Formalities

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

In order for a will to be valid under Cypriot Law the following formalities shall be met:

- The testator must be of sound mind and of full age (over 18 years old); sound mind shall mean that they duly understand what a will is and which rights are created thereof.
- The will must be made in writing and executed in a specific way; namely, the will shall be executed at the end by the testator or by any other person on the demand of the testator.
- The execution of the will shall be attested by at least two witnesses who are present simultaneously and who shall be able to see the signature of the testator and they shall themselves execute the will as well in the presence of each other and the testator. The witnesses must be of full age and of sound mind and be able to sign underneath their names.
- If the will is comprised of more than one sheet of paper then each page shall be signed or initialled by the testator or the person representing the testator and the witnesses.

Foreign wills

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

As per the provisions of the Probates (Re-sealing) Law, Cap.192, any probate granted or other documents relating to the administration of an estate issued by a Probate Court of a commonwealth country or a British Court seated abroad, may be submitted before any District Court of Cyprus and be sealed by the seal of that court and therefore have the same effect and application in Cyprus as if they were granted by such Cyprus court.

In any event, any Cypriot national may inherit or be inherited by any non-Cypriot national as per the provisions of the Wills and Succession Law.

Administration

24 | Who has the right to administer an estate?

In case a person dies without leaving a will or he or she is not able to administer his or her estate then the court grants a 'letter of administration to an individual (the administrator), in order to administer such an estate. On the other hand, if the testator wishes that a specific person administers his or her estate and states this provision in the will, upon proof of the will, the court shall issue a probate whereby the administration of the estate of the deceased shall be granted to that person, who will be the executor.

In granting administration, the court shall take into consideration the rights of all persons interested in the estate of the deceased person or the proceeds of the sale, and more specifically, as per the provisions

of the Administration of Estates Law, Cap.189, the court may grant administration with the will annexed to a devisee or legatee if:

- A person died intestate as to his or her estate, administration should be given to one or more individuals interested in the residuary estate of the deceased, given that they file an application for the purpose.
- In the case of insolvency of the estate of the deceased or any other particular circumstances, it appears to the court to be necessary or appropriate to appoint as administrator some person other than the person who, but for this provision, would by the law have been entitled to the grant of administration. The court may in its discretion, notwithstanding anything in this law, appoint as administrator such person as it considers expedient and any administration granted based on this provision may be limited in any way the Court thinks fit.

Additionally, administration with the will annexed shall be granted in one of the following cases:

- no executor has been appointed;
- the executor appointed in the will has died;
- the executor has renounced, or been cited by the usual process of the court, and not appeared;
- the appointment of an executor is invalid;
- the court exercises the discretion given to it under the relevant law;
- the executor is incompetent because of his or her minority status, mental state or other disability; and
- the executor resides out of the jurisdiction.

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

When the deceased has left a will, upon the issuance of the probate or the administration with the will annexed, the rights and obligations arising from the estate of the deceased shall be deemed to have passed to the personal representative of the deceased by the date of his death.

Where the deceased is intestate and his or her successors are disabled, if the value of the estate exceeds the amount of €10,100,63 then such estate, until the administration is granted, passes to the President of the District Court of the domicile of the deceased, and if he is abroad, then it passes to the President of the District Court of Nicosia. Upon the granting of the administration of the will, the estate passes to the executor or the person appointed by the court, as applicable.

Where an administration with the will annexed is not granted and the deceased dies intestate or without leaving any successors who are under disability or the value of the estate does not exceed the amount of €10,10,63 the estate of the deceased shall continue to bear all his or her debts and obligations and passes to his or her successors as such, and such successors shall be responsible to discharge the obligations up to the value of the estate they inherited or the value of the proceeds of the sale of such estate. The estate shall not be transferred unless an eighteen-month period lapses from the date of the death of the deceased.

If a probate is issued, the estate passes to the executor who shall be responsible for the distribution to the successors.

Challenge

26 | Is there a procedure for disappointed heirs and/or beneficiaries to make a claim against an estate?

Cypriot courts have wide powers to resolve disputes in relation to the administration of the estate of the deceased person. Personal representatives, creditors, beneficiaries, next of kin and beneficiaries can

apply to the court by originating summons for the determination of a number of issues, including (1) any question affecting the rights or interests of the person claiming to be a creditor, beneficiary, next of kin or heir; (2) the identification of any class of beneficiaries or creditors; (3) any account provided by a personal representatives; (4) payment into court of monies held by personal representatives; (5) instructions to the executors to act or to refrain from acting in relation to a particular matter; (6) approval of any sale, purchase, settlement or any other transaction; and (7) determination of any other matter relating to the administration of a deceased's estate.

No action against the validity of a will or in relation to the estate of a deceased person or any portion or part thereof or bequest can be brought after eight years from the date of death. The ability to file a court action extends to persons who claim to be entitled under the law, even though they may not be included in the will.

CAPACITY AND POWER OF ATTORNEY

Minors

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

A minor can have real estate property registered onto his or her name and also funds deposited in bank accounts in such minor's name. However, any disposal of any assets on the name of a minor can only be performed pursuant to an order issued by a Cypriot court. For such an order to be issued the applicant must prove to the satisfaction of the court that the disposal is to the benefit of the minor.

Age of majority

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

Once a person reaches the age of 18 years he or she is considered of full legal capacity.

Loss of capacity

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

A person is by law deemed to lose capacity if due to mental disorder, drug addiction, alcoholism, brain or other bodily harm, or any other disease or illness, which makes that person unable to exercise his or her discretion and will, is not in a position to administer his or her estate or direct his or her affairs. Incapacitated persons are by law prohibited from doing any action or omission that is to have a legal effect.

Upon the application to the court by any of (1) the spouse of the incapacitated person, his or her parents or his or her descendants; (2) the Director of the Mental Health Service and the Director of the Social Welfare Service; and (3) any other person that satisfies the court that he or she has an interest in the estate of the incapacitated person, the court is empowered to take or arrange for all the necessary steps and actions to be taken in relation to the administration of the estate and the affairs of the incapacitated person.

The court has also the power to issue a court order for the appointment of an administrator of the estate of the incapacitated person, and any person appointed to act as the administrator of the estate of the incapacitated person would be considered as the personal representative of the incapacitated person.

IMMIGRATION

Visitors' visas

30 | Do foreign nationals require a visa to visit your jurisdiction?

Depending on their nationality, foreign nationals may require a visa to visit Cyprus. However, as Cyprus is a member of the EU, visa-free movement is permitted for all EU citizens, as well as citizens of other countries participating in the EU single market (ie, Switzerland).

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

A visitor's visa in Cyprus is valid, in general, for a period of up to three months.

High net worth individuals

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

A permanent residence permit (PRP) can be issued on an expedited basis for individuals who purchase residential property in Cyprus, amounting to at least €300,000. In addition, under the Cyprus Investment Programme (CIP), individuals may be granted Cypriot citizenship, provided they make qualifying investments in real estate or entities with operations in Cyprus for a minimum amount of €2,000,000, and also maintaining a permanent residence in Cyprus, for a minimum value of €500,000.

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

Yes, the PRP programme also covers the investor's spouse and children up to 17 years old. Adult children may also be included provided they are in full time education as well as the investor's parents, provided they fulfil the financial criteria.

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

Yes, this programme allows the individual to reside permanently in Cyprus. It may be revoked under certain circumstances, for example if another permanent residence permit is issued in another jurisdiction or if the individual does not visit Cyprus for a period longer than two years.

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

The PRP programme, allows the individual to apply for a Cypriot citizenship after seven years of continuous permanent residency in Cyprus. Additional criteria may be applicable when applying for citizenship depending on the personal circumstances of the applicant.

UPDATE & TRENDS**Key developments**

- 36 | Are there any proposals in your jurisdiction for new legislation or regulation, or to revise existing legislation or regulation, in areas of law relevant to high-net worth individuals, particularly those coming to or investing in your jurisdiction? Are there any other current developments or trends relevant to such individuals that should be noted?

Cyprus aims to attract high-net worth individuals and new business and to this effect it has implemented a package of tax and other incentives to attract capital and talent in Cyprus. Following the covid-19 pandemic several initiatives have taken place. Namely, the authorities have enacted a range of measures to assist new entities to set up operations in Cyprus, while a financial package by the EU is expected to enhance investments in renewable energy and digital transformation. In addition, the popular Cyprus Investment Programme (CIP) has been recently revamped with enhanced due diligence criteria for potential investors, which highlights the support of the Cypriot authorities to the CIP. The CIP allows individuals investing at least €2 million in the capital of Cypriot businesses or in real estate acquisitions and also maintain a permanent residence in Cyprus to apply for the Cypriot citizenship for them and their immediate family members. In parallel, Cyprus has an extensive network of double taxation treaties (DTT) with a number of countries and has recently renegotiated the DTT in place with Russia, which provides a solid and reliable framework for the future of investments between Cyprus and Russia.

Coronavirus

- 38 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programs, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The government of Cyprus has implemented a series of measures intended to provide financial relief to entities and businesses operating in Cyprus during the pandemic. For example, tax incentives were provided to property owners, to provide discounts on leased of property. Moreover, the Central Bank of Cyprus by special decree provided the ability to suspend loan payments, pursuant to which qualifying individuals and businesses can apply to suspend their loan instalments and interest payment until the end of 2020. Also, the government has covered a substantial part of employee salaries of businesses who were forced to stop working (either partly or in full) and also other benefits were provided to enterprises and individuals that were not able to work during the outbreak of the covid-19 pandemic.

Deadlines for the payment of income tax, corporate tax, VAT and other applicable levies (ie, the annual corporate levy) have been extended, while similar extensions have been implemented for social security payments, as well as most utilities and governmental authorities.

For the purposes of allowing for teleconferences to be performed within public authorities, the General Principles of Administrative Law was amended to allow governmental and local departments and authorities to hold meetings by way of teleconference. This was necessary to replace previous procedures and to allow the public sector to be functional under all circumstances.

All initiatives are constantly re-evaluated to provide financial and other support where is actually needed.



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