



Celebrating 60 years of the Republic of Cyprus

Photis Photiou:

The Independence Anniversary of October 1st is certainly one of the most important celebrations in our national calendar. It carries a meaning and significance that transcends time, which is still relevant today **(Page 6)**



Rishi Sunak unveils emergency jobs scheme

The government and firms will continue to top up wages of workers who have not been able to return to the workplace full time due to the coronavirus. **(Page 8)**



Upcoming Free International Business Webinar:

'Cyprus: The perfect place to invest, relocate or to live - A Debate'



The Great Britain-Cyprus Business Association organise a Free International Business Webinar on Tuesday 10 November 2020, called 'Cyprus: The perfect place to invest, relocate or to live – A Debate'. **(Page 37)**

Interest in Cyprus rises as wealthy Brits step up citizenship shopping

A London-based investment immigration firm has seen a 50 per cent increase year-on-year in interest by wealthy Britons in securing a Cyprus passport, with Greece seeing a 30 per cent rise in the same period, it emerged on Thursday **(Page 17)**



International Webinar: The Day After Brexit – a big success



The International Business Webinar, The Day After Brexit, was successfully held on 29th September 2020.

The webinar has been organised by the Great Britain-Cyprus Business Association.

Watch the VIDEO by visiting www.gbcy.business/webinar **(Page 27)**

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EDITORIAL

In light of the Brexit ...

By Savvas Savvides, Executive Partner, Michael Kyprianou & Co. LLC



michaelkyprianou
Advocates - Legal Consultants

Brexit is now firmly on our daily agenda as we are heading towards the final months before the Brexit transition period ends on 31st December 2020. There are many changes that will have a great impact to citizens, businesses, professionals, students and so many more. But, along with the issues that Brexit will raise in the near future, there are many other questions lining up whilst some believe that for those who have been pro-active, golden opportunities are on the way.

The first thing that comes to mind in regard to Brexit are the travel restrictions which will have an impact not only on tourists but mainly on businesses and employers who will need to adapt to the new reality. Employees will also have to face the challenges of each EU member country's requirements to accept them with permission for employment.

At the same time, we see a large number of British nationals eager to relocate to Cyprus while the procedures of gaining MEU1 and MEU3 documents are at present quite

straightforward.

This is not a coincidence, as those who have had the experience of either vacationing or living in Cyprus, know the benefits very well. And we are not just talking about the sun and the beauty of the island, or the hospitality of the people and the cultural history which is widespread throughout the country.

To begin with, the incentives to relocate to Cyprus are abundant, starting from the Cyprus Residency Programme which is becoming very popular these days, allowing people to own their home while being able to stay in Cyprus and travel as often as they like.

In addition, the Cyprus Investment Programme is another way for someone to gain dual citizenship which can later on be passed on to the next generations.

Becoming a Cypriot, due to the origin of the father or the mother, who was born in Cyprus and holds a Cypriot ID or passport, is also an option for the younger generations who may have been born in the UK but are not holders of a Cypriot passport. This is also a topic for discussion which has brought many such requests to our law firm and I am happy to see that the articles and interviews in this issue refer to the above matters with detail and clarity.

I have to point out, though, that the low taxation system in Cyprus is another incentive that attracts the attention of either EU or Non-EU citizens to relocate to Cyprus and even register their companies here while enjoying the benefits of the non-domicile status.

At a time where banks in the UK have declared that they are closing the bank accounts of British citizens who live abroad, and have not been active clients for years, the banks in Cyprus are offering excellent and cost-effective solutions with their services to their clients from all around the world.

We are positive that post-Brexit, Cyprus will play an important role in accommodating people from the UK who either wish to relocate or simply continue doing business in the country.

The relationship between the UK and Cyprus have always been close and, through the strategic plan of our government, we are hoping that more synergies will develop with the future looking bright for both sides. In the same way that Cyprus is not only a favourite tourist destination for British nationals but also a second home to many, that is how the UK is for all the Cypriots who found a second home in the UK after the Turkish Invasion in 1974 to flourish and succeed while thousands of Cypriot students today choose the United Kingdom as the place to study in one of the many prestigious universities.

Closing, I would like to extend my warmest 'thank you' to the founder of the Great Britain – Cyprus Business Association, Mr Savvas Kyriakides, for giving me the opportunity to write the editorial of this edition of the e-newspaper. I am sure that the topics which the reading audience will receive will be very interesting and informative.

Let us hope that we will be able to meet in person soon, at one of the events that the Great Britain – Cyprus Business Association is planning to organise, while, in the meantime, utilizing all the online meetings we can in order to stay connected.

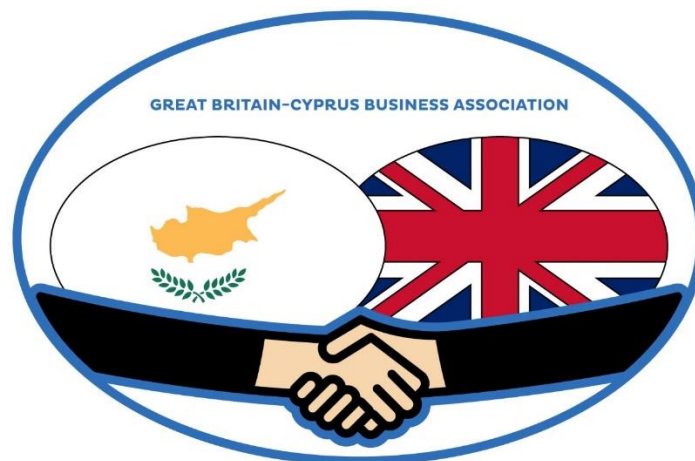
Remember that this too shall pass!

Stay safe!

Kind regards,

Savvas Savvides

Executive Partner, Michael Kyprianou & Co. LLC



michaelkyprianou

Advocates - Legal Consultants

Michael Kyprianou & Co LLC has established an enviable reputation as a broad-based legal practice. The caliber of the firm's lawyers and their dedication to providing clients with the most practical and cost-effective services is the cornerstone of the success of the firm.

Having as our guiding principle to always exceed our clients' expectations, we have grown to become one of the largest law firms in Cyprus.



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- Residency and retirement programmes

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Celebrating 60 years of the Republic of Cyprus: Messages from UK & Cyprus



The Independence Anniversary of October 1st is certainly one of the most important celebrations in our national calendar. It carries a meaning and significance that transcends time, which is still relevant today: The constant effort of a small island-country to meet the adversities and challenges in its turbulent region and to survive against the aggressiveness of its powerful neighbour. Indeed, 60 years later, we remain proud to live in a country that not only survived, but thrived through the past decades, against all odds.

I cannot overemphasize enough how indispensable the contribution of our Diaspora has been all these years, in raising awareness on the criminal injustices committed by Turkey in Cyprus. Their contribution has been indeed instrumental in mobilizing the interest and the involvement of key policymakers in the countries they reside in our efforts to reach a settlement on the Cyprus Question, together with solving long-awaited humanitarian issues which are still pending, such the heart-breaking and painful humanitarian tragedy of the Missing Persons. To this end, the role of the organized Diaspora, as a pressure group in major decision-making centers around the World, remains indispensable and of great importance.

For the dedication and commitment of our Diaspora around the world, we remain truly grateful.

Happy Independence Day for our Cyprus!

Photis Photiou, Presidential Commissioner of the Republic of Cyprus



**Foreign, Commonwealth
& Development Office**



The United Kingdom and the Republic of Cyprus share a special and unique bond that stems from our shared history, close people-to-people links and common values, including as members of the Commonwealth. Today, on the occasion of the 60th Anniversary of Independence, I am proud to say that these bonds have never been stronger. Over the past year, we have seen even closer cooperation between our two countries, particularly in response to the on-going pandemic and with the arrangement on non-military development of the Sovereign Base Areas. Our ongoing bilateral co-operation in areas of education and tourism, trade and investment, and defence and security is of great benefit to our two countries and to the people of the United Kingdom and the Republic of Cyprus. We hope to deepen our bilateral relationship even further in the years to come.

It gives me great pleasure to send my congratulations on this day, together with my best wishes for the Government and people of the Republic of Cyprus.

Wendy Morton MP, Minister for European Neighbourhood and the Americas



As the Chairman and Officers of the All-Party Parliamentary Group (APPG) for Cyprus, we join the Republic of Cyprus, its people and

the UK Cypriot community in celebrating this historic 60th anniversary of independence. We also pay tribute to the strong and lasting relationships that have been built with successive Presidents, Governments and Parliamentarians over the last 60 years.

The United Kingdom and the Republic of Cyprus have always enjoyed a strong and close bond of friendship and collaboration, across a number of sectors, as well as between the people of the two countries. Indeed, over the last 60 years the Republic of Cyprus has also shown itself to be a pillar of stability and a critical part of the UK's security infrastructure, in the Eastern Mediterranean.

On this anniversary, we are also reminded that the Republic of Cyprus has only been truly free and united for one-quarter of its existence. We therefore remain committed to supporting efforts to reunite Cyprus, in line with UN resolutions and High-Level agreements, and we also strongly condemn any actions that seek to undermine the sovereignty of the Republic of Cyprus.

Wishing the Republic of Cyprus, a very happy anniversary!

Sir Roger Gale MP, Chair of the APPG for Cyprus

Bambos Charalambous MP, Vice-Chair of the APPG for Cyprus

Christine Jardine MP, Vice-Chair of the APPG for Cyprus

Caroline Nokes MP, Vice-Chair of the APPG for Cyprus

Jack Dromey MP, Secretary of the APPG for Cyprus



The 60th anniversary of the Republic of Cyprus represents an opportunity to reflect and celebrate the achievements and progress made by the state and people of Cyprus since 1960. I would therefore like to pay tribute to all Presidents of the Republic of Cyprus for their

immense contribution to Cyprus' growing national story. The Republic of Cyprus has defied the odds and the gravest of challenges to be a democratic, modern and stable nation, in an otherwise troubled part of the world. It is a proud member of the European Union and the Commonwealth of Nations.

Tragically, and as a result of Turkey's illegal invasion in 1974, the Republic of Cyprus has only been free and united for less than a quarter of its existence. Not content with just the territory of the Republic of Cyprus, Turkey is now also laying claim to areas of the Exclusive Economic Zone and Continental Shelf of the Republic of Cyprus and undertaking illegal drilling activities. Despite facing such difficult challenges, Cyprus has remained a beacon of hope, stability, and prosperity in the Eastern Mediterranean and wider region.

The 60th anniversary of the establishment of the Republic of Cyprus also marks 60 years of diplomatic relations with the United Kingdom. I'd therefore also like to thank the countless British Governments, Political Parties and Parliamentarians who have opposed the ongoing occupation of Cyprus and stood beside the Republic of Cyprus throughout its first 60 years of existence.

Christos Karaolis, President of the National Federation of Cypriots in the UK

Rishi Sunak unveils emergency jobs scheme



The government and firms will continue to top up wages of workers who have not been able to return to the workplace full time due to the coronavirus.

The Job Support Scheme, which will replace the furlough scheme, will see workers get three quarters of their normal salaries for six months. It aims to stop mass job cuts after the government introduced new measures to tackle a rise in coronavirus cases. Chancellor Rishi Sunak said it was part of a wider "winter economy plan".

Nearly three million workers - or 12% of the UK's workforce - are currently on partial or full furlough leave, according to official figures. The current furlough scheme ends on 31 October.

Mr Sunak said the new scheme would "support only viable jobs" as opposed to jobs that only exist because the government is continuing to subsidise the wages.

At a press conference, Mr Sunak declined to comment on what defines a job as "viable".

"It is not for me to sit here and make pronouncements on every individual job," he said. "What I want to be able to do is to provide as much support as possible given the constraints we operate in. We obviously can't sustain the same level of things that we were doing at the beginning of this crisis."

The government's contribution to workers' pay will fall sharply compared with the furlough scheme. Under furlough, it initially paid 80% of a monthly wage up to £2,500 - under the new scheme this will drop to 22%.

"The primary goal of our economic policy remains unchanged - to support people's jobs - but the way we achieve that must evolve," Mr Sunak said.

"I cannot save every business, I cannot save every job."

The new scheme begins on 1 November and will cost the government an estimated £300m a month. Companies who use it can also still claim the Job Retention Bonus, where the government pays £1,000 for every furloughed employee who comes back to work until at least the end of January.

Mr Sunak said a similar scheme for the self-employed would be available.

How will the Job Support Scheme work?

- Under the scheme, the government will subsidise the pay of employees who are working fewer than normal hours due to lower demand
- It will apply to staff who can work at least a third of their usual hours
- Employers will pay staff for the hours they do work
- For the hours employees can't work, the government and the employer will each cover one third of the lost pay
- The grant will be capped at £697.92 per month
- All small and medium sized businesses will be eligible for the scheme
- Larger business will be eligible if their turnover has fallen during the crisis
- It will be open to employers across the UK even if they have not previously used the furlough scheme
- The scheme will run for six months starting in November

New cliff-edge

Business lobby group the CBI welcomed the government's plan.

"It is right to target help on jobs with a future but can only be part-time while demand remains flat. This is how skills and jobs can be preserved to enable a fast recovery," said CBI director-general Dame Carolyn Fairbairn.

However, Torsten Bell, chief executive of the Resolution Foundation think tank said that the new jobs scheme on its own "will not encourage firms to cut hours rather than jobs because the one-third employer contribution means it is much cheaper for firms to employ one person full-time than two people part-time".

"But interaction with the £1,000 Job Retention Bonus is really important here," he said. "When this new scheme is combined with that we've now got a big incentive for firms to retain workers part-time until you qualify for the bonus, i.e. the end of January is the new end of October cliff-edge."

IMAGES

'I'm frightened'

Tracey Sheppard is a cleaner at a leisure centre in Essex who's been on furlough since the end of March. She said she hoped the new Jobs Support Scheme will help her, but there are no guarantees.

"They're a very big company that I work for ... but I don't know whether they'd be able to afford to keep me on... I just don't know," she told the BBC's World At One.

She said she feels "frightened" because her family only recently moved to the area and this is the only job she can fit in around childcare.

"I've just heard nothing [from my employer]. The last time I heard from them was the beginning of lockdown."

A cut in VAT for hospitality and tourism companies will also be extended until March. The cut from 20% to 5% VAT - which came into force on 15 July - had been due to expire on 12 January next year.

However, the Food and Drink Federation (FDF) said this and the new jobs plan did "not go far enough" in helping the industry which has been hit by the government's new restrictions to stop coronavirus cases from rising.

From Thursday 24 September, pubs and restaurants close from 10pm in measures that could last for six months.

FDF chief executive, Ian Wright, said: "Only by continuing a targeted furlough scheme while the current restrictions remain will we avoid mass long-term unemployment and the decimation of a sector that could otherwise support our economic recovery once the pandemic is over."



Loan repayments

Mr Sunak also announced that businesses that have borrowed money through the government's loan scheme would be given more time to repay the money.

The chancellor said that small businesses who took out "Bounce Back" loans can use a new Pay as You Grow flexible repayment system. It means borrowings can be repaid over 10 years instead of the original six-year term.

The longer repayment time also applied to small and medium-sized firms who borrowed under the Coronavirus Business Interruption Loan Scheme.

Businesses will also have more time to apply for these loans, as well as the Coronavirus Large Business Interruption Loan Scheme and the Future Fund. Application dates for the various schemes had been due to end in October and November.

The furlough scheme was a bridge to carry livelihoods through the crisis. But the bridge needs to reach the other side of the gap to be effective.

The chancellor's wage subsidy scheme is a continuation of that support - but it's of a different, less generous type. As employers will have to pay more than before, and employees will have to be working, it's aimed only at those businesses and posts that are viable.

So, some workers will slip through the gap: the government is keen that those in unsustainable jobs are spurred to think about their next move.

And that means unemployment will still rise - although not as far perhaps as the four million some economists previously feared. The cost of the chancellor's new plan will run into billions, adding to the shortfall of £320bn the Treasury is already facing.

At some point, taxes may have to rise to help plug that but there was no mention of that today, for it may be some time before the economy will be strong enough to take that on.

But the bill facing the chancellor now is likely to be far smaller than the ultimate cost to the economy of doing nothing.

Covid: Raab defends 'targeted' new coronavirus measures



Foreign Secretary Dominic Raab has defended the "balanced, targeted and proportionate" new coronavirus measures amid criticism from some scientists.

In England, people are being told to work from home if they can and rules on face coverings have been expanded.

The measures have exposed a split among scientists. Prof John Edmunds, who advises the government, said they did not go "anywhere near far enough".

Tighter restrictions were announced in all four UK nations on Tuesday. In England these include a 22:00 closing time for pubs and restaurants and the number of people allowed at weddings has been halved. The fines for breaking the rules are set to increase to £200 on the first offence.

Hospitality venues in Scotland will also have to close early, but in Wales restrictions are limited to stopping alcohol sales at 22:00. **Scotland** and **Northern Ireland** have also gone further by limiting households from mixing indoors.

Labour leader Sir Keir Starmer has said he supports the new measures, but during Wednesday's Prime Minister's Questions he accused Boris Johnson of "losing control" of the virus and of virus testing.

Mr Johnson defended the NHS Test and Trace system, saying it was allowing the government to see "in granular detail" where the epidemic was breaking out.

Earlier, Mr Raab said there would always be the "Goldilocks criticism - too much or too little" of the government's strategy, but that the aim was to avoid the need for more drastic action.

Measures could last up to six months

He said if people followed all the existing measures, the country would "get through this" and "get to Christmas not in a national lockdown".

He said there was no fixed end time to the measures - which the prime minister has warned **could last up to six months**.

Collective health depended on "individual behaviour", Mr Johnson said

In an interview on Radio 4's Today programme, Prof Edmunds said the comprehensive lockdown in March had brought the R number - which measures how quickly the virus is spreading - down from 2.7 to 0.7.

A large range of measures was now needed to stop the epidemic growing any further, he said, casting doubt on the changes of R being below one by Christmas. "I suspect not. There's a chance, of course there's a chance," he said.

"To slow the epidemic down will mean putting the brakes on extremely hard. I suspect we will see very stringent measures coming in through the UK, but it will be too late," he warned.

Spector Constant & Williams rebranded and re-launched exactly one year ago and what a year it has been!



SC&W

S P E C T O R C O N S T A N T & W I L L I A M S

A message from George Constant, Partner at Spector Constant & Williams



Our firm Spector Constant & Williams rebranded and re-launched exactly one year ago and what a year it has been!

Despite the challenges the country has faced in the last year, our team's resilience, hard work and dedication has resulted in a very successful year. We are hugely grateful to all our colleagues for their effort.

A big thank you is also due to each and every one of our fantastic clients who have helped to make our first year a great success.

We are looking forward to building on that success as we continue to grow and offer a great service to our clients.

We hope that next year we will be celebrating our achievements together once again.

A nighttime photograph of a busy London street, likely Regent Street, featuring a red double-decker bus in motion and historic buildings with illuminated windows.

SC&W

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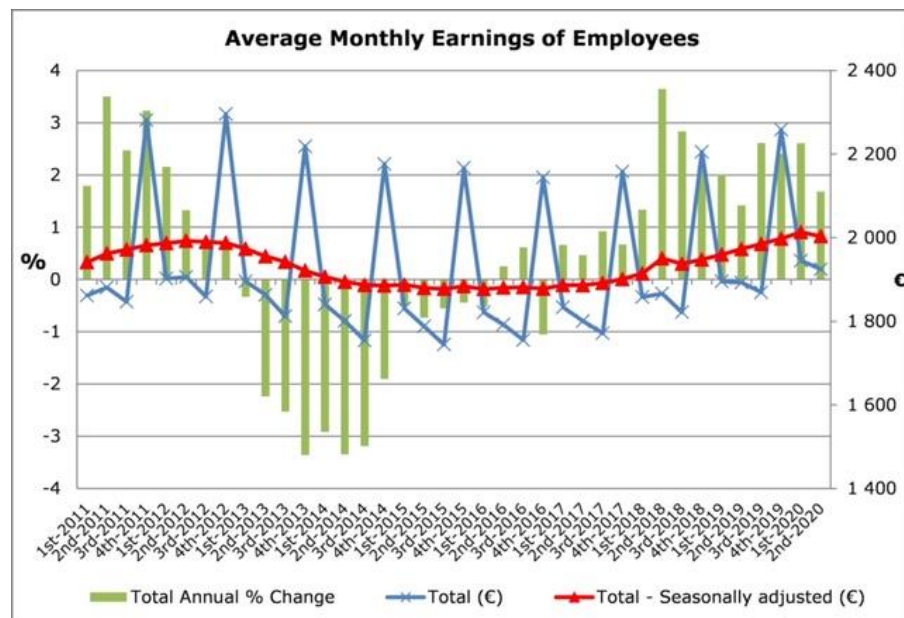
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The Statistical Service of Cyprus:

Average monthly earnings of employees: 2nd quarter 2020, annual change: 1,7%

Based on provisional data, the average gross monthly earnings of employees during the second quarter of 2020 amounted to €1.925 compared to €1.893 during the second quarter of 2019, i.e. an increase of 1,7% is observed.

The average gross monthly earnings during the second quarter of 2020, seasonally adjusted, are estimated at €2.004 and compared to the first quarter of 2020 decreased by 0,5%.



Note: From the 1st quarter of 2020 onwards, data are provisional.

The average gross monthly earnings of male employees during the second quarter of 2020 are estimated at €2.044 and of female employees at €1.773. Compared to the second quarter of 2019, the average gross monthly earnings of male employees remained stable while of female employees recorded an increase of 3,7%.

Table					
Gender	Average monthly earnings (€)			Percentage Change (%)	
	Unadjusted	Seasonally adjusted		To the same quarter of the previous year (unadjusted earnings)	To the previous quarter (seasonally adjusted earnings)
Total					
2 nd Quarter 2020	1.925	2.004		1,7	-0,5
1 st Quarter 2020	1.945	2.013		2,6	0,8
2 nd Quarter 2019	1.893	1.973		1,4	0,7
Males					
2 nd Quarter 2020	2.044	2.116		0,0	-1,7
1 st Quarter 2020	2.081	2.153		2,3	0,6
2 nd Quarter 2019	2.044	2.117		0,2	0,8
Females					
2 nd Quarter 2020	1.773	1.861		3,7	1,1
1 st Quarter 2020	1.778	1.841		2,9	0,9
2 nd Quarter 2019	1.711	1.800		3,1	0,7

Due to the rounding of earnings, the calculation of the change may differ from the percentage change presented in the table.

Methodological information

Definitions

Average monthly earnings of employees include the basic salary, the cost of living allowance, earnings for overtime, the Holiday Fund, any other allowances received by employees during the reference period and payments in arrears. The average is calculated by dividing the total gross earnings before any deductions for compulsory social security contributions, by the total number of employees who received remuneration.

The temporary contributions of employees of the private sector (2012-2016) and officials and employees of the central government and the broad public sector (1/9/2011-31/12/2016) and the deductions in earnings of officials and employees of the central government and the broad public sector (since 01/12/2012), do not affect the gross salary of employees but only their net income. Consequently, they are not reflected in the figures above.

Seasonally adjusted average monthly earnings are the average monthly earnings of employees, after removing the seasonal effect from the data. The removal of the seasonal component from the data is performed, using appropriate statistical techniques. Seasonally adjusted data are used in the comparison of data of a specific time period, with other periods, such as the previous quarter, where the seasonal factor affects the data.

The **Percentage Change - Compared to the same quarter of the previous year** is the percentage change of average monthly earnings, comparing data of a specific quarter, with the corresponding quarter of the previous year. The comparison is made between corresponding time periods of different years. Therefore, there is no need to use the seasonally adjusted data, since the seasonal component is the same for the two periods.

The **Percentage Change - Compared to the previous quarter (Seasonally adjusted earnings)** is the percentage change of average monthly earnings, comparing data of a specific quarter, with the previous quarter. Due to the fact that the seasonal component is different between two consecutive quarters, it is necessary to use seasonally adjusted data for this comparison.

Coverage of data

Coverage of employees

The data used for the calculation of the average monthly earnings, include data for all employees for whom social security contributions have been paid by the employer.

Exceptions to coverage:

- Persons employed in private households (domestic assistants) are excluded from the data.
- Persons with remuneration indicating that no regular work has been performed during the reference period are excluded from the data (e.g. persons who received arrear payments only, persons who worked for a limited number of hours, etc.). The minimum amount of earnings acceptable in order to be included in the data is revised every year, based on the average level of the minimum wage according to the Minimum Wage Order.

Economic Activities Coverage

Data cover all sectors of the Economy of Cyprus, excluding the activities of private households.

Collection of data

The data source is the records of the Social Insurance Services. The results are published on a quarterly basis. The calculation of the average monthly earnings of the reference quarter is based on the first two months of the quarter.

For more information:

Statistical Service (CYSTAT) Website, subtheme [Labour Cost and Earnings](#)

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EY Cyprus announces two new Partners



Building a better working world

EY Cyprus, remaining faithful to its commitment to building a better world of work, offers development and professional recognition opportunities to its executives and strengthens its teams with two new partners, who, through their experience and know-how in their field their specialization, can contribute to achieving this goal.

In this context, it is pleased to announce the appointment of Alexandros Pericles and Stavros Violaris as Associate Partners. This comes as a recognition of the hard work and dedication they display on a daily basis, successfully leading their teams, with the goal of ensuring optimal customer service, in line with EY international standards and objectives. The two new partners come from the Departments of Corporate Strategy & Transactions and Provision of Security Services respectively and officially take up their new duties from October 1, 2020.

Alexandros Perikleous, Corporate Strategy & Trading Services



Alexandros Perikleous has extensive professional experience over 15 years. He joined the EY team in 2011 and has since offered services in the areas of strategy and restructuring, valuation, financial consulting, and mergers and acquisitions. Previously, Alexander worked for a private equity boutique in London. He also worked for a telecommunications consulting firm in the United Kingdom. Alexander holds a MRICS in Business Valuation and Intangible Assets, an MBA from

INSEAD Business School, an MSc in Telecommunications from UCL and a degree in Electronic Engineering from KCL.

Stavros Violaris, Financial Accounting Consulting Services, Insurance Services



Stavros Violaris holds a Bachelor of Applied Accounting and a Master of Science (MSc) in Finance from the University of Lancaster, where he was awarded the Princess Alexandra Medal for Outstanding Academic Performance. He holds the professional titles ACCA and CFA. Since 2007, Stavros has worked in the areas of control, taxation and consulting services in both London and Cyprus. He has extensive experience and specializes in the insurance and banking sectors as well as in the fund

management sector with an emphasis on accounting reform programs, risk management, and other major corporate transformation projects. Stavros is currently Head of the Financial Accounting Consulting Services of EY Cyprus in the department of providing Security Services.

David Barker, CEO of EY Cyprus, congratulated the two appointees, stating: "I wish, on behalf of the entire EY family, every success to the two colleagues in their new role. Their contribution is essential for our company and plays an important role in our goal to help our customers solve their most important problems and create a better working world. The success of our company is based on the commitment of our people to always aim at the top, while maintaining and protecting our values and principles. "Both of our new partners have demonstrated skills that push our bodies to excellence and resilience in these turbulent times."

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Interest in Cyprus rises as wealthy Brits step up citizenship shopping



A London-based investment immigration firm has seen a 50 per cent increase year-on-year in interest by wealthy Britons in securing a Cyprus passport, with Greece seeing a 30 per cent rise in the same period, it emerged on Thursday.

According to Reuters, the number of British entrepreneurs looking to “buy” citizenship from countries offering visa-free access to the European Union has risen sharply, investment migration firms say, as prospects of a post-Brexit trade deal between Britain and the bloc darken.

Investment immigration firm Astons said it had seen a 50 per cent and 30 per cent year-on-year increase in interest from clients seeking Cypriot or Greek citizenship respectively this quarter, less than four months before UK passport-holders are likely to lose their rights to freedom of movement across the EU.

Henley & Partners also reported a rise in requests for advice on investment migration applications to Malta, Portugal, Austria and several Caribbean islands, which offer a range of residency rights, visa-free travel to the EU and citizenship to investors in local business or property.

Citizens of certain Caribbean sovereign states including St. Lucia and St Kitts & Nevis also enjoy preferred access to the EU, thanks to close ties with EU members as a result of historic, diplomatic and modern trade agreements.

“This isn’t about tourists. This is the UK high net worth community that have a constant need to travel to and spend significant time in the EU,” said Henley & Partners director Paddy Blewer.

“This is investment migration as a volatility hedge and a component in a high net worth portfolio value defence strategy,” he said, adding that volumes of client engagement were higher now than immediately after the 2016 Brexit vote.

Interest in additional citizenships is rising even as the European Commission examines possible steps to curb EU states selling passports and visas to wealthy foreigners, due to concerns it can help organised crime groups.

Cypriot residency can be secured in two months with a €300,000 property purchase. Securing citizenship takes six months and requires a minimum property investment of €2 million.

Reuters reported in December how some donors to Britain’s ruling Conservative Party had sought Cypriot citizenship including hedge fund manager Alan Howard.

“Both Cypriot and Caribbean investments are proving very popular ... primarily driven by high-net-worth individuals (HNWIs) from the UK who have an eye on the future and life after Brexit,” said Astons spokesman Konstantin Kaminskiy.



Henley & Partners said its volume of engagement with clients seeking alternative citizenship or residence by investment climbed 40 per cent in the first quarter of 2020 versus Q1 2019, before flattening during the COVID-19 lockdown in Q2.

But interest has rallied since July 1, with a 15 per cent year-on-year increase in engagement to Sept. 10, as the end of the Brexit transition phase nears.

Henley & Partners' Blewer said clients were increasingly drawn to Caribbean citizenship applications – which is likely to give them better travel access to the EU than Britain – but which have a lower minimum investment and a quicker approval process.

Saint Lucia citizenship, offering visa-free travel to 146 countries, can be obtained in around four months for a minimum investment of 76,152 pounds, data supplied by Astons showed.

For less than 40,000 pounds more, investors can obtain citizenship of St. Kitts & Nevis – and visa-free travel to 156 countries – in around 60 days.

In contrast, Malta offers citizenship in exchange for around 1 million pounds of investment, but the process takes up to 14 months.

Portugal, meanwhile, typically processes investment migration applications in three months but only grants EU residency to investors and visa-free travel to just 26 countries.

“With HNWIs, time is often more important than what is essentially a small fluctuation in cost and many are looking to secure additional citizenship as fast as possible in the pandemic landscape,” Arthur Sarkisian, managing director of Astons, said.

EU authorities are under pressure to clamp down on investment migration programmes by member states.

Sven Giegold, a member of the European Parliament from Germany's Green party, said these kind of citizenship sales “posed a serious threat to EU security and the fight against corruption” in the bloc.

“EU passports and visas are not a commodity. Money must not be the criterion for citizenship and residence rights in the EU,” he said.

Strategic Partnership between Qualco Group and AstroBank



Qualco Group and **AstroBank Public Company Limited** ("AstroBank"), following the announcement of January 3, 2020, are pleased to announce the completion of the acquisition of 74.9% of the share capital of the newly established Trusset Asset Management Limited ("Company"), hereinafter referred to as QQuant Master Servicer Cyprus Limited, with AstroBank controlling 25.1% of the Company.

The Company, so far, a 100% subsidiary of AstroBank, has acquired the business ("Business") for the management of non-performing loans and real estate of AstroBank. In the context of the acquisition and transfer of the Company, the newly established Company has hired members of the staff of AstroBank who until now managed this portfolio, based on the legislation regarding the Retention and Safeguarding of the Rights of Employees during the Transfer of Businesses. technological infrastructure. At the same time, a 9-year management contract of this portfolio has been signed with AstroBank, with the latter retaining the ownership of loans and real estate.

Qualco Group, with over 20 years of experience, holds a leading position in the provision of cutting-edge services and technology solutions that cover the full range of loan and credit receivables management life cycle.

Based in Athens and present in the United Kingdom, France and Cyprus, the Qualco group serves more than 70 organizations in more than 30 countries worldwide and has entered into a strategic partnership with the global investment management company PIMCO. Today, the Qualco Group employs over 500 employees and associates, covering a significant range of specialized services.

The main pillar of the Group is QQuant Master Servicer ("Quant"), the leading independent loan and credit management company in Greece, licensed by the Bank of Greece and the first Greek company to obtain international Administrator certification (Servicer) from Fitch, with a rating of 2-, which is the second highest tier of the Fitch scale. Quant's services to banks and international investors support the full range of asset portfolio management tasks, utilizing cutting-edge technology and providing innovative, flexible and cost-effective solutions to tackle bad debts in a fair and socially responsible manner.

AstroBank Public Company Limited is a licensed Credit Institution which was established in 2008 and is supervised by the Central Bank of Cyprus. With a network of 16 branches and offices throughout Cyprus, AstroBank is well established in the local market, offering a complete package of innovative and technologically advanced products and services that meet the needs of its local and international customers.

The combination of local knowledge and know-how of AstroBank with the important international possibilities, best practices, and the top technology of the Qualco Group, are expected to make the newly established company as one of the most important players in the Cypriot market.

Delfi Partners announces the expansion of its base in Greece



DELFI

PARTNERS & Co.

Delfi Partners is pleased to announce that from September 1, it is expanding its base in Greece and specifically in Northern Greece with new offices in the centre of Thessaloniki.

The office in the city centre, 11 Ploutarchou in Thessaloniki, supports the provision of the full range of services of the company.

In addition, through its real estate platform (Delfi Properties www.delfiproperties.com), it will actively support the business community of Thessaloniki and aims to expand its services more dynamically in the wider region of Northern Greece.



Dr. George Mountis, Managing Partner of Delfi Partners stated: "In a year full of milestones and challenges,

Delfi Partners continues to make significant strides to become a leader in customer focus and service. I am very happy for the expansion in the market of Northern Greece, and I am sure that this move will further enhance the development of our organization. We have a strong team that knows how to manoeuvre and adapt, is not afraid to face challenges and will stay on top with teamwork, hard work, new ideas and stubbornness. We remain true to our vision to create better experiences by growing our network and providing solutions across the full range of real estate asset management services, serving banks and investors to the fullest.



**The Great Britain – Cyprus Business Association
would like to welcome the 7 new members, joined
the association last month, September 2020**



withersworldwide

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Or send us an email to savvas@gbcy.business

**"Unity is strength... when there is teamwork and collaboration,
wonderful things can be achieved." Mattie Stepanek (Poet)**

Deputy tourism ministry to subsidise beach revamp projects

The scheme, to run until November 2022, will offer subsidies for any project seeking to upgrade beaches in the Famagusta district



The Cyprus deputy tourism ministry announced on Monday a subsidy scheme to encourage projects that will upgrade Cyprus beaches, in the framework of the implementation of the 2030 national strategy for tourism and efforts to upgrade the island's tourism product.

A press release issued by the deputy tourism ministry said that the aim of the scheme is to provide financial support to municipalities and

communities to implement projects and buy equipment with a view to aesthetically upgrade the beaches of Cyprus.

The scheme will be implemented from October 2020 to November 2022 and will target beaches in the government-controlled areas of Famagusta and more specifically in Paralimni, Ayia Napa and Sotira.

Winter season a window of opportunity for tourism

With the tourism sector's performance this summer having refuted even the most optimistic forecasts that were made, the question for tour operators is what more can be done over the next period to reduce the big losses. As such, everyone's attention has shifted to the winter period that begins next November and ends in March 2021.

The epidemiological picture presented by countries in the region that are competing with Cyprus' tourism product, in combination with the positive local situation, are two factors that are maintaining the expectations of tour operators that the winter season may be this year's tourism surprise and will improve tourism performance amid the pandemic.

New Flights

According to Hermes Airports, airlines from the United Kingdom and Europe seem to have already moved to the side of Cyprus, in order to channel a number of tourists who in previous years travelled during the winter season to destinations in the western Mediterranean. One such case, according to the same information, is the airline Jet2 which during the winter season transported a significant number of tourists to the Spanish market. The not so good epidemiological picture of the country has brought about a search for alternative destinations.

According to initial estimates, this company can transport up to 50,000 tourists to Cyprus in the winter. Apart from Jet2, other companies such as Wizz Air, RyanAir and EasyJet are considering to increase flights to Cyprus during the winter season, if epidemiological data and various restrictions allow. This includes the launch of flights to Paris from December 3, twice a week. According to domestic aviation agents, the companies' interest in increasing flights is in some cases the result of agreements and efforts of several countries to include Cyprus in their tourism programs. Such countries are France, the Netherlands and the Czech Republic. Other cases have to do with the difficulties associated with destinations that are under normal circumstances popular this time of year, such as the Canary Islands, which for this tourist season are not an option for airlines and travel agencies.



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Your holiday destination

CHILD & CHILD

Residential Real Estate now ranked in The Legal 500

By Goli-Michelle Banan, Director & Head of Real Estate at Child & Child



I am thrilled to announce that our Residential Real Estate team have recently been ranked in The Legal 500, one of the most well-respected publications in the legal sector. A big thank you to my hardworking and dedicated team for putting us there. Huge thanks, also, to our clients and contacts who contributed with testimonials and gave up time to support our ranking.



Child & Child takes a '*creative approach to problem solving*' in advising a range of clients on matters pertaining to high-value property in central London. Goli-Michelle Banan, who leads the practice alongside the '*well-regarded and well-connected*' Zach Reynolds and Mo Hakim, is active on the London residential market in property sales and acquisitions; as well as the acquisition of commercial/mixed-use land for residential development. The firm has numerous foreign desks covering regions including the Middle East, Asia Pacific, Italy, Spain and Greece; new arrival Guy Fernback leads the specialist new build team.

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INTERNATIONAL BUSINESS WEBINAR

The Day After Brexit – a big success

The International Business Webinar, The Day After Brexit, was successfully held on 29th September 2020.

The webinar has been organised by the **Great Britain-Cyprus Business Association**.

Agenda and Speakers

14:00 – 14:10: Introduction

14:10: The transformation of the Cyprus Investment Programme (CIP) and the way to the Cyprus Residency'

Speaker: Savvas Savvides, Director-Partner at Michael Kyprianou & Co., Cyprus.



14:20: Brexit – some facts, plus a little bit of opinion

Speaker: Stephen Coleclough, owner and principal – International Tax adviser Caesium International LLP, UK.



14:30: Benefits of living in Cyprus - General introduction to Korantina Homes and the lifestyle of Cyprus

Speaker: Raj Brar, Business Development Manager at KORANTINA Homes, Cyprus.



14:40: Alternative Banking Solutions for EU & UK companies in the UK

Speaker: Stella Zenios, Executive Director, Exsus International, Member of Exsus Group, Cyprus & UK.



14:50: Brexit – how ready are you?

Speaker: Alexander Chrysaphiades, FCA, Partner at Adler Shine LLP, UK.



15:00 – 15:30: Q & A Time:

The last half an hour has been provided to attendees to raise their questions

Watch the VIDEO of the webinar by visiting
www.gbcy.business/webinar

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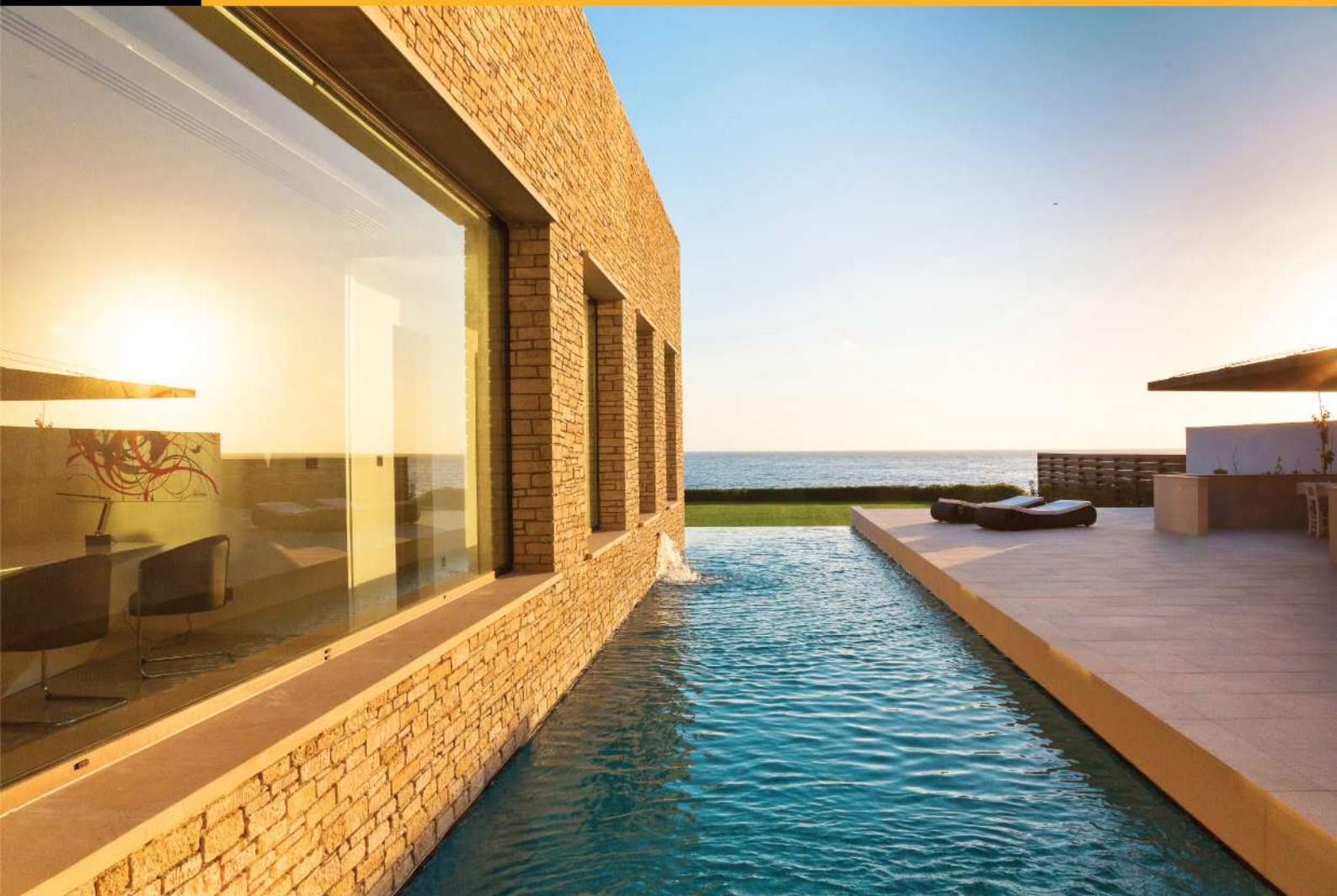
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surpassing expectations and avoiding tried, cliché recipes.

The company may be active in Cyprus, but its design spirit breaks through the Cypriot borders and takes inspiration from every corner of the world.

International Business Webinar: The Day After Brexit

BREXIT – how ready are you?

Speech by Alexander Chrysaphiades, FCA Partner +44 (0)20 8371 3012 (D) +44 (0)7870 560 227 (M)
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BACKGROUND:

- UK left EU on 31/1/20 subject to the Withdrawal Agreement which allowed for a transitional period till 31/12/20. Until then, it is business as usual.
- Deadline for extending the transition period has now passed
 - 30 June 2020. - Most deals take years to secure, so to get a deal in 11 months was always a challenge.
 - The 'real'/unofficial deadline to complete a deal is widely thought to be the EU summit in mid-October. This would then give time for the deal to be turned into law and ratified by parliaments on both sides.
- October may be too soon – this may stretch into November.
- We are running out of time to secure a deal!
- In 2019, EU accounted for 43% of UK exports and 51% of UK imports
- Risk of no deal is high so politicians on both sides will need to compromise
- Covid-19 could strengthen the case for compromise however, there is a fear that those who favour a more radical break with the EU will decide to push on regardless.
- If a trade deal can be achieved, due to time restraints, likely to be a basic model
- Some of the issues still to be agreed
 - o Keep it a level playing field
 - All agreements have such measures.
 - Measures to ensure businesses, on one side, do not have an unfair advantage on their competitors.
 - EU wants to keep close to existing rules, UK does not. The UK argues this was the whole purpose of Brexit, to get away from these rules!
 - o Governance of future agreements
 - o Fishing
 - o Irish Border
- If no trade deal is agreed – the tariffs and border checks would apply under the World Trade Organisation (WTO) Rules.
- Customs Duties and declarations will come into place
- Customs Duties are a bottom-line cost, unlike VAT which can be reclaimed. Therefore, tariffs will make goods more expensive and harder to sell.

LOTS TO THINK ABOUT

- Establish Incoterms position
 - o INCOTERMS (International Commercial Terms) are a series of pre-defined commercial terms set by the International Chamber of Commerce.
 - o They define whether it is the seller or the buyer, who is the importer and therefore responsible for the Duty and VAT - Customs Procedures (warehousing etc)
- Customs Agents
- Get an EORI number
 - o Economic Operators Registration and Identification number

- o Businesses and people wishing to trade must use an EORI number as an identification number in all customs procedures.

- o UK EORI number can no longer be used after 1/1/21

- Fiscal Representation:

- o As a non-EU country, UK businesses will need to get fiscal representation in most EU countries.

- o Need a Fiscal Representative with a general licence to act on behalf of non-resident companies in respect of supplies of goods/services for which local VAT is due.

- o Fiscal Representative for non-Eu countries:

- Cyprus – required, unless bank guarantee is deposited with the tax authorities
- Greece – optional

- VAT

- o Could require overseas registration for VAT (UK for EU and vice versa)

- o VAT registration may be required.

- o For UK Businesses:

- Refunds can still use existing system to claim on expenses up to 31/12/20 until 11pm (UK time) on 31/3/21
- EU VAT refund system will not be available on expenses after 1/1/21.
- After 1/1/21, UK business must check procedures per EU country and EU businesses must check procedures for UK
- Companies providing digital services are subject to VAT in country of the consumer. Current system called MOSS (Mini One Stop Shop) will no longer be available in UK from 1/1/21 and will need to register in one of the EU countries for MOSS. If not done on-time, may lead to VAT registration in all EU countries where consumers sue the digital services.

- Overseas presence:

- o May just need registration

- o Overseas branch (permanent establishment – key workers)

- o Subsidiary – needs substance and proof of effective management

- o Which do you do will depend on things such as:

- Chasing growth,
- Preserving business
- Access to talent
- International presence/brand recognition

- o **Speak to business advisor/accountant**

- Other things to consider:

- o Lots of businesses need an EU/EEA director. UK director will no longer be applicable post 1/1/21

- o Be careful of accidentally creating a branch – overseas employee/contracts may inadvertently do this – get advice!

- o Dividend Withholding tax could become a new tax

- o Transfer pricing – could become an issue

- o Impact on work force (travel requirement, locals' rules and regulations, visas, immigration rules)

- o Impact on supply chain – you might be ready, are your suppliers?

- o Customs and logistics partners – are they ready?

- o Contracts – do existing cross-border contracts need to be revised?

- o Make sure you know the local rules! e.g. Business to Consumer sales in EU - consumers used to seeing inclusive price, no additions for import duties etc.

Leadership

By Savvas Kyriakides
Founder & President
Great Britain- Cyprus Business Association



Sometimes
you win,
sometimes you
learn.

Believe
in Yourself
— & —
you will be
Unstoppable



Best way to earn
respect is.. By treating
others with respect



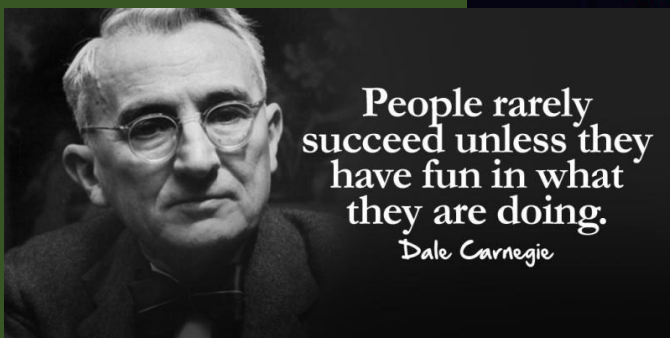
A goal
without a plan
is just ...a wish.

—Antoine de Saint-Exupéry

"Never give up.
Today is hard,
tomorrow will
be worse,
but the day
after tomorrow
will be sunshine."

— Jack Ma

pixelsquote.net



People rarely
succeed unless they
have fun in what
they are doing.
Dale Carnegie

International Business Webinar: The Day After Brexit

Speech by Stephen Coleclough, owner and principal – International Tax adviser, Caesium International LLP, UK



First some important facts[1]: –

The sun will rise, and later in the day, set. It will still be winter in the Northern hemisphere. There will be bills to pay, lots of them, hangovers to nurse, and time will march on. It will still be the case that anyone who wants to be a politician should be banned from being a politician.

What can the UK Do?

In short, whatever it wants. A trick that both sides' politicians seem to have missed. For example, people said that EU citizens will have no rights in the UK. If we want to give them rights, and we have, then who can stop us? If we want to give work visas to the newly discovered life forms on Venus, we can.[2]

What about all those EU financial services business doing work in London. Insurers, Axa, Allianz; brokers, banks, etc. Is the UK really going to turn them all away?

No, in fact in April 2019 the Financial Conduct Authority said to all EU businesses which had a passport into the UK, that they could apply for a fast track registration to be fully UK authorised.

This is an example of what I call the “if the UK was happy with something from the EU on 31 December 2020, why should it be different on 1st January 2021?” approach. This applies to food, electrical goods, indeed everything including Romanian sourced beef lasagne made 100% of horse meat. Personally, I would have liked to have introduced matching customs, excise, anti-dumping rules etc for imports from the EU into the UK and let the rest of the world trade on WTO Terms. Except that is not permitted by WTO terms.

What are WTO Terms?

A key principle is the most favoured nation principle, i.e. a country cannot offer better treatment to another country than it offers to any WTO member UNLESS THERE IS A FREE TRADE AGREEMENT.

To facilitate free trade, the WTO maintains the customs tariff code, a series of code numbers identifying every product category imaginable. Tariff code 293991 is for ...?

293991 – — Cocaine, ecgonine, levomet amfetamine, met amfetamine (INN), metamfetamine racemate; salts, esters and other derivatives thereof.

Now you are probably thinking that the trade in cocaine is illicit, but there is a huge licit trade in cocaine. And the world's biggest consumer is ... the UK's National Health Service (NHS).

So, an FTA means one can agree reciprocity of favours on a range of matters, for example commercial disputes over intellectual property rights and more.

The UK has asked for a Canada style agreement[3], but the EU have said no because

1. The UK is geographically too close to the EU. (We did consider moving, but couldn't be bothered)
2. The EU rights of fish and
3. Could we agree to abide by the EU rules in perpetuity? e. the opposite of Brexit, aka a level playing field.

What happens if there is no FTA?

The UK will be a “third country” in EU speak. Outside the VAT and Customs Union. Which means we can’t blame the EU for our VAT rates anymore, but we can lawfully have our super high VAT registration threshold of £88,000, (a little over €96,000).

In 2011, I was part of a team which surveyed our clients on the VAT Green Paper, which eventually led to the EU abandoning the origin system and sticking with the transitional destination principle. That transition period was meant to be a short transition which started 1 January 1993.

The VAT Green Paper was a huge document. A common theme appeared that EU businesses were organising their supply chains to move in and out of the EU as it was **easier** than doing an intra EU transaction!!! On the basis of that evidence, all of us are better off!

To facilitate feedback, I instructed our teams to ask clients, what are the worst three things about the EU VAT system. The most often given answer, and on the rare cases when it was not number one, it was number two, was “Italy”.^[4]

Everything about Italy’s VAT system was the worst.

What does an FTA cover?

Well, depends but let us assume we follow CETA. An FTA typically covers ^[5] a wide range of matters, not just tax, but commercial disputes, rules of origin, subsidies, anti-corruption and technical barriers, e.g. mobile phones in South Korea.

It is basically a “do our best to work together” so that people in our respective countries can trade together lawfully, safely, healthily, fairly, with the minimum of obstacles and unfair competitive practices. Something France has struggled with.^[6]

So, watch this space, or Twitter, or your private sector tax law provider for more reliable information than mainstream media.

Finally, a word on direct taxes.

The EU Directives on cross border mergers, royalties and interest, savings, parent subsidiaries, etc. ceased to have effect for the UK on 31 January. Under the WA, the UK cannot introduce rules to deviate from them, but from 1st January 2021, subject to an FTA, the UK can do what it wants, subject to WTO Terms. If you have a structure dependent upon EU protection, then you should review them. The then Prime Minister, David “call me Dave” Cameron was very clear in his pro-Remain Project Fear campaign, if we vote to leave, we will leave on WTO terms. To which 17.4m people, said, ok, let’s do it.

Cyprus is the most tax friendly place in the EU, and I am not just saying that, I can support it with hard data^[7], but the big secret is that the UK is the best corporate tax haven in this time zone, (ignoring the weather) and the best tax haven for wealthy individuals (unless you were born here).^[8]

How can you respond?

The politicians would have you think the world will end, that a new European war will break out (it already has, an undeclared economic war, which Germany is winning). Fear and uncertainty are their weapons of choice.

The winners will be those who ignore the fear, buckle down and provide what clients in your chosen market want at a price that they can afford. And read the law, not just the pamphlet.

References

[1] For those of you with an interest in art, the picture is an artist hand embellished print of “Chime after Chime” by Tom Butler. For further details contact Hayley Norman at <https://www.gallery1066fineart.com/>

[2] We have had a lot of nonsense, e.g. Leo Varadkar’s “we will shoot down British aircraft flying over Ireland”. With what? The Irish air force has 7 aircraft, 4 fixed wing, 3 helicopters, and none of them carry any armaments.

[3] <https://ec.europa.eu/trade/policy/in-focus/ceta/ceta-chapter-by-chapter/>

[4] And on some occasions was first, second and third.

[5] Trade in Goods:

- Sanitary and Phytosanitary Measures (SPS):
- Customs and Trade Facilitation
- Rules of Origin
- Technical Barriers to Trade (TBT) – **e.g. mobile phones and South Korea**
- Good Regulatory Practices
- Transparency, Publication, and Administrative Measures
- Trade in Services, Including Telecommunications and Financial Services
- Digital Trade in Goods and Services and Cross-Border Data Flows
- Investment
- Intellectual Property
- Procedural Fairness for Pharmaceuticals and Medical Devices
- State-Owned and Controlled Enterprises (SOEs)
- Subsidies
- Competition Policy
- Labour
- Environment
- Anti-corruption
- Trade Remedies
- Settlement
- General Provisions
- Currency

[6] See my blog post from last September where you can read about the Belgian Margarine wars and the Battle of Poitiers (1983, not the one in 732, also known as the Battle of Tours when a Frankish Aquitanian Christian leader, defeated the Muslim Caliphate of the Spanish Moors). Plus ca change ...

[7] For example, the availability of rulings, (Luxembourg and Netherlands have gone quiet on that), absence of withholding taxes, the IP Holding company, finance companies, etc.

[8] Unless you are in organised crime in which case you need Delaware, Wyoming or Nevada (see Professor Michael Findlay’s excellent, amusing yet counter intuitive and scary publication of the results of his experiment *Global Shell Games: Experiments in Transnational Relations, Crime, and Terrorism* and for the UK’s role, a less neutral publication, by Nicholas Shaxon, *Treasure Islands: Tax Havens and the Men who Stole the World*).



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- Investment Advice
- Investment Funds
- Property Promotions
- Property Acquisition & Management
- Cyprus Citizenship & Investment Programme
- Permanent Residency (Cyprus)
- Golden Visa (Greece)
- Immigration
- Project Management



DUBAI

- UAE Company Formation
- DMCC
- RAKICC
- Mainland
- VAT FTZ
- RAKEZ
- Other Free Zone Formation

Other

- UAE Banking Services
- Estate Services
- Residency Services
- Office Service Set-up



UK

- UK Company Formation
- UK Representation Services
- Bank Account Opening & Management
- VAT Representation & Reporting
- Accounting & Auditing
- Management Accounts
- Personal Tax & Tax Planning
- Corporate Tax
- Tax Disputes
- International Tax Planning
- Payroll Services



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- Provide Platform for Engagement Focused Cooperation between Member Firms



'Cyprus: The perfect place to invest, relocate or to live - A Debate'

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Great Britain-Cyprus Business Association**

London 10 November 2020

Time: 2.00 p.m. – 3.30 p.m. UK Time

4.00 p.m. – 5.30 p.m. Cyprus Time

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Speakers

There are four confirmed speakers at the moment. The line-up will be completed within the next few days.

1. Vassiliki Anastasiadou
Ex Minister of Transports,
Communications and Works of
The Republic of Cyprus
2. Charalambos Meivatzis
Partner, Head of Tax, Accounting and
VAT, Kinanis LLC
3. Panagiotis Vladimirov
Business Development Manager.
Domenica Group
4. Esme Palas
Partner at Michael Kyprianou & Co. LLC



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Domenica Group was Founded in 1961 as a building construction company and set up by the late Mr. George Hadjidemosthenous.

During its first years the company was involved in both the public and the private sector, building houses, villas, schools, road works and executing project for the electricity authority, the Ministry of Education and Ministry of Interior.

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Christakis Charalambous
Chairman

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Thank you

Domenica Group’s Vision

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Achilleas Pildes: Traditionally, the UK market remains an attractive destination for foreign investors. Favourable exchange rates seem to attract foreign investment, particularly in the London market.

An Interview with:

Achilleas Pildes, Director – Quest Property Consultants Ltd, UK



1. Achilleas, tell us a what is the impact of the of stamp duty holiday in the property market so far?

It is arguable that the stamp duty holiday, effective until March 2021 has created an artificial boost in housing prices. At present, we are seeing vendors pushing for higher prices knowing that buyers will be saving on stamp duty. Once the tax holiday lapses, we might see a correction in prices, subject to the state of the market at the time. At present it is a welcome boost which has led to a positive reaction.



2. A lot of people believe that it will take too long for the businesses to recover. Especially closing the date of Brexit, the uncertainty about the future is even bigger. What is your opinion?

As the deadline for the transitional period is looming, the absence of a trade deal between the UK and the EU continues to fuel uncertainty in the market and more importantly, the pandemic has caused an unprecedented impact on all sectors of the economy. With the pandemic remaining in full force, it could take a few years for businesses to recover, with those able to diversify quickly might have the best chance of survival.

3. Working from home will be extended for a lot of businesses. Do you think that businesses may choose to work from home for years? If this happens, how it will affect the demand for commercial properties and offices and eventually prices?

It is evident that many businesses can operate remotely with employees working from home. We are seeing businesses put a halt on relocation or expansion plans until they have a clearer outlook, while others are moving to centralise their operations to one location. There are reports that businesses are starting to default on their contractual obligations with figures of over £4.5b outstanding rents to landlords. At present, we are witnessing subdued activity in the office market, although prime rents remain stable. It is very likely in my opinion however, that office rents will decline, given that Q2 2020 was recorded as the weakest quarter on record for leasing.

4. The expected rise of the unemployment figures after the end of the Furlough scheme, how will affect the Property market?

While unemployment is expected to rise, we remain hopeful that double-digit price reductions will not occur in the housing market. The outlook has been improved by the

announcement of the stamp duty holiday in July, while political uncertainty and an ever-shifting tax landscape have kept house price inflation in check in recent years. Low interest rates might limit the type of forced sales that had pushed prices down at the back of the global financial crisis.

In terms of commercial property, the retail, leisure and hospitality sectors are the hardest hit. Retail property has seen a 12.9% year-on-year reduction in prime Zone A rents, while the number of visitors to the West End is down by 73% annually. Subsequently investment volumes in retail have suffered an annual reduction of 56%. All-property transactions forecast to decline 15% this year while prices are expected to remain muted in the second half of 2020.

5. Do you expect more measures in the future from the government to boost the property market?

We have seen already a few measures to boost the property market like the recent changes to the use classes order, the new permitted development rights and the stamp duty holiday to the end of March 2021. The government seems to be responding to the challenges of the pandemic in the real estate market, however, we would like to see more targeted measures to aid specific property sectors.

6. What about foreign investment? Is it the right time for someone abroad to come and buy or invest in the UK?

Traditionally, the UK market remains an attractive destination for foreign investors. Favourable exchange rates seem to attract foreign investment, particularly in the London market. We expect demand to increase with the removal of travel restrictions as governments continue to tackle the pandemic.

Expectations for H2 2020 continue to be driven by a stable appetite for prime assets which retain strong yields. Overseas investors seem to be driven by opportunities to acquire trophy assets, while securing a long-term income.

While the introduction of a stamp duty surcharge expected in April 2021 for non-UK residents would likely limit price growth, we would expect this to act as an impetus to foreign investors in the short-term, who would look to avoid the additional 2% tax liability.

7. Your final advice to the people involved with the property market and to our readers in general.

As with all investment types, there is a risk attached. Investors should be taking decisions based on calculated risks and always take precautions in uncertain times by carrying out thorough due diligence. Measures to tackle the effect of the pandemic, whether those be tax holidays or changes in legislation could present opportunities for investment.

As existing stock is concerned, a good understanding, market knowledge and eye for value-add opportunities or value retention is essential. The changes in the Use Class Order could provide an avenue of adding value to existing stock.



Thank you



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The Cyprus Permanent Residency

Interview with Eleni Drakou, Senior Associate at Michael Kyprianou & Co. LLC

The Cyprus Permanent Residence Permit (Fast Track)



The Cyprus Permanent Residence Permit, known as PR in short, provides to non-EU citizens the right to reside in Cyprus for an unlimited duration. An accelerated way to obtain this immigration status, so called Fast-Track, according to the Regulation 6(2) of the *Aliens and Immigration Regulations* is provided through an investment in the country. The PR was introduced in 2013 and was amended in 2016.

Ultimately, the PR can provide improved living conditions to the investors and their family members, including the spouse, children up to the age of 25 provided that they are financially dependent on their parents and undertaking their studies, the investors' parents and parents-in-law.

michaelkyprianou
Advocates – Legal Consultants

Have you seen an increased interest in Cyprus PR following the outbreak of Covid-19?

Undoubtably, during the lockdown and following the pandemic, Cyprus implemented strict measures for the containment of the virus, thus demonstrating efficiency of national response. Cyprus' safe status led a number of non-EU citizens to seek for the Cyprus PR for their families.

Is this status available to British citizens?

Yes, following the transitional period, British citizens may well apply for the Cyprus PR starting from the 1st of January 2021 onwards, even if the investment has been concluded previously.

What distinguishes the Cyprus PR over similar programmes?

In comparison to other residency programmes, the residence permit which is granted under this scheme is permanent and valid for as long as the holder lives. There is no requirement to re-apply after a certain period, provided that the holder visits Cyprus once every two years, and provided that the holder maintains his/her residence in Cyprus.

The holders of the Cyprus PR can access the Cyprus General Health System (GESY), as per the provisions of the *General Healthcare System Law of 2001 (N. 89(I)/2001)*.

Can children attend local schools and universities?

The main applicant's children can receive free education at public schools, while a variety of private schools is available for PR holders from to choose from. The adult children may choose to study in Cyprus at one of the many universities on the island, enjoying a high level of education. The courses are often taught in English in partnership with reputable overseas universities. The students receive well-recognised degrees, while paying lower tuition fees. During their studies in Cyprus they will receive a temporary residence permit as students. Following the completion of their studies in Cyprus, regardless of their age, the children will be able to submit their own PR application, provided that the main applicant presents only an additional annual income of EUR 5.000 for each such child.

How can someone apply for this status?

In order to apply for the Cyprus Permanent Residence (Regulation 6.2), the applicant and each adult member of his/her family applying for PR should have a clear criminal record from the country of origin or residence. Applicants should not be considered a threat in any way to the public order or public security of Cyprus.

The PR provides the right to reside in Cyprus but does not grant the holder the right to work or be employed in Cyprus. Non-EU citizens who are interested in being employed in Cyprus should apply for a work permit, instead of a PR, as soon as they secure a job position. Nonetheless, holders of a PR might set-up their own business in Cyprus and receive the dividends from the company's profits.

Since the Cyprus PR does not grant the right to work in Cyprus, the main applicant should be in receipt of adequate and secure annual income from abroad (e.g. salary from employment, pension, dividends, or rentals). A minimum amount of EUR 30.000 per annum, increased by EUR 5.000 per annum for every dependent person (spouse and children) and by EUR 8.000 per annum for every dependent parent and parent-in-law, should be presented through supporting documentation. For the calculation of the total amount of the annual income, the spouse's income may also be considered.

The main applicant should invest in new real estate units of at least EUR 300.000 (plus V.A.T.), out of which at least EUR 200.000 (plus V.A.T.) should be paid in advance to enable the applicant to apply for the PR. This amount must be transferred to Cyprus from abroad. The real estate purchase can be made in the name of the applicant individually or through a legal entity, provided that the applicant and/or the spouse are the sole shareholders of such entity. The applicant may purchase up to two housing units (apartments or houses), which can be independent, but purchased from the same developing company, or one housing unit and a shop of a surface of up to 100 square meters, or a housing unit and an office with a surface area of up to 250 square meters, provided that the total market value amounts to EUR 300.000. The said purchase must be in relation to properties sold for the first time by a developing company, and, as such, resale units are not suitable under this scheme.

In case the holder decides to sell the residence, another one of the same or higher price should be purchased in order to maintain the PR status. In case two years have elapsed without the holder visiting the country, the PR will automatically be cancelled, and the individual would need to reapply.

Lastly, a bank deposit of EUR 30.000 into a Cyprus bank account is required, which must be pledged for at least three years.

How long does it take?

According to the provisions of the amended scheme, the examination of an application which is duly submitted takes two months to be completed. As the Cyprus PR has proven to be popular among citizens from around the world, the increased number of submitted applications has caused delays in the examination. As such, the timeframe has been currently extended up to five months from the time of the submission of a completed application.

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the Legal Guide of the Corporate Livewire for its Immigration Law.
2016 Global Award

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Orchard " B14

Detached house
Bedrooms: 4
Total area: 237m²
Plot area: 625m²
With Title Deed



"Corner Stone" B7a

Unique opportunity 2 houses
Plot area: 367m²
Upperhouse 3 bedroom house 174m²
Lower house of 1st bedroom 95m²
with large living room
With Title Deed



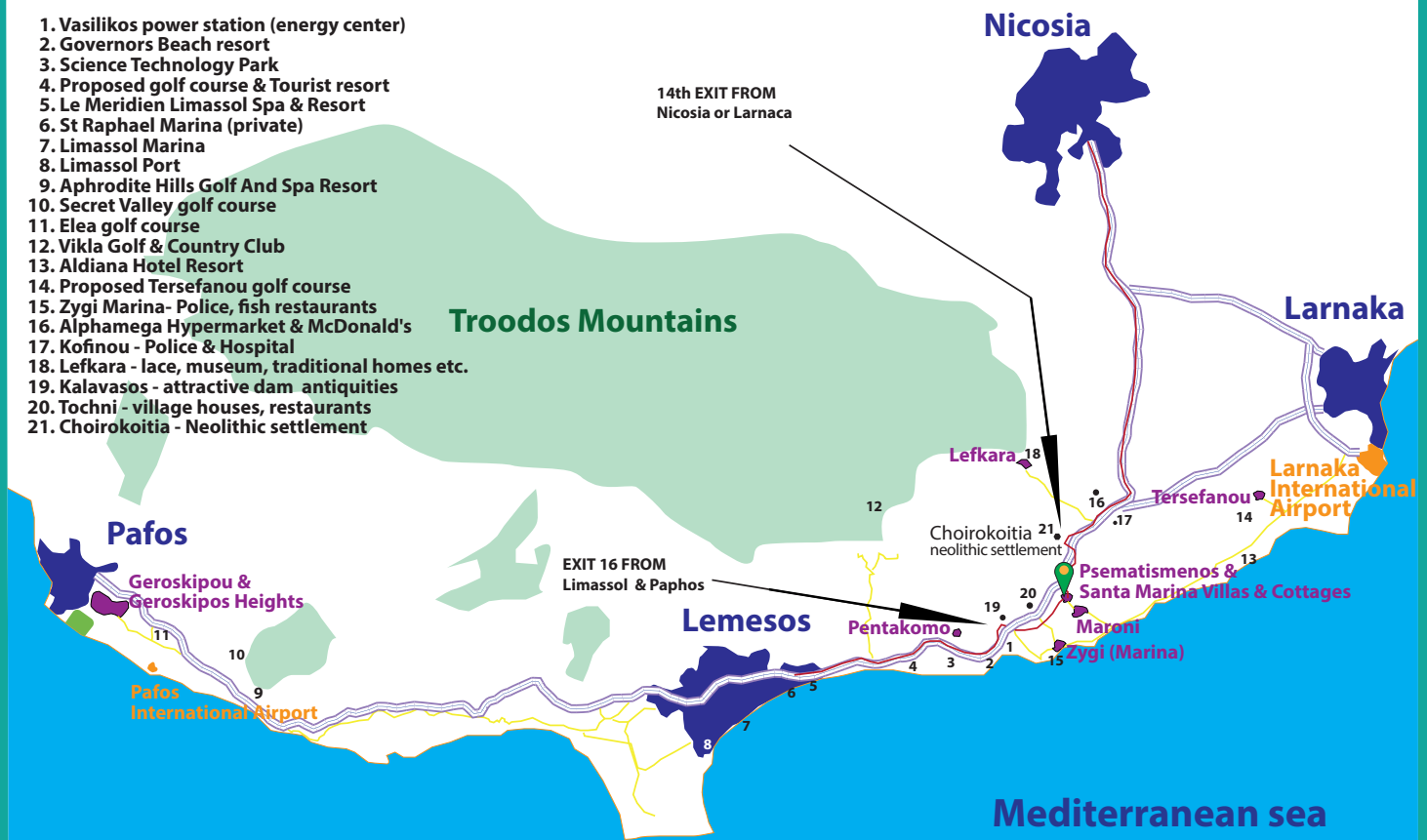
"Environmental" B9

Detached House
Bedrooms: 3
Total area: 193 m²
Plot area: 550 m²
With Title Deed

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Santa Marina Villas & Cottages - AA Lifestyle Centre (Club) and surrounds (approx. positions)

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4. Proposed golf course & Tourist resort
5. Le Meridien Limassol Spa & Resort
6. St Raphael Marina (private)
7. Limassol Marina
8. Limassol Port
9. Aphrodite Hills Golf And Spa Resort
10. Secret Valley golf course
11. Elea golf course
12. Vikla Golf & Country Club
13. Aldiana Hotel Resort
14. Proposed Tersefanou golf course
15. Zygi Marina- Police, fish restaurants
16. Alphamega Hypermarket & McDonald's
17. Kofinou - Police & Hospital
18. Lefkara - lace, museum, traditional homes etc.
19. Kalavasos - attractive dam antiquities
20. Tochni - village houses, restaurants
21. Choirokoitia - Neolithic settlement



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A huge THANK YOU to all who have donated!!!



By Despina Kyriakidou



Our 4-day walk is now completed, and we are all very excited as the construction of the school has already started.

A big thank you to Cyprus Walks Etc for setting up a beautiful route spanning from Kelephos bridge to Troodos through Salamiou, Arsos and Platres.

And for those who want to donate, please use the link below

https://www.givengain.com/ap/despina-kyriakidou-raising-funds-for-sophia-foundation-for-children/?fbclid=IwAR0AcS2vExU-8njefxe_9KKkf7bTpQCjm2iYlBbJzKUqBUSkcJ0qPwBtmLQ



Analysis of the Protocol amending the Agreement for the Avoidance of Double Taxation between Cyprus and Russia

By Mr. Charalambos Meivatzis, Partner – Head of Tax, Accounting and VAT at KINANIS LLC and Mr. Marios Palesis, Partner – Tax at Kinanis LLC



INTRODUCTION

On the 8th of September 2020, officials representing the Republic of Cyprus and the Russian Federation concluded to a Protocol amending the Double Tax Treaty (“DTT”) between the two countries.

The protocol resulted after the Russian Government announced its intention to initiate negotiations with foreign jurisdictions like Cyprus, Luxembourg, Malta and Netherlands, to amend Russia’s current DTTs and set the minimum withholding tax rate on dividends and interest paid from Russia at 15%.

AMENDMENTS INTRODUCED

I. DIVIDENDS

The protocol amends Article 10 of the Treaty in relation to Dividends and states that dividends paid to a beneficial owner of the other contracting state shall not be subject to more than 15% withholding tax.

However, there are a number of exemptions, for which the charge on dividend shall remain at 5% withholding tax. These exemptions include the following situations:

- If the beneficial owner of the dividend is an insurance undertaking or a pension fund.
- If the beneficial owner of the dividend is a company whose shares are listed on a registered stock exchange provided that:
 - no less than 15% of voting shares of that company are in free float, and
 - holds directly at least 15% of the capital of the company paying the dividends throughout a 365-day period that includes the day of payment of the dividends.
- If the beneficial owner of the dividend is the government or a political subdivision or local authority.
- If the beneficial owner of the dividend is the Central Bank of that state.

II. INTEREST

The protocol amends Article 11 of the Treaty in relation to Interest and states that interest paid to a beneficial owner of the other contracting state shall not be subject to more than 15% withholding tax. However, there are a number of exemptions, for which the charge on interest shall remain at 0% withholding tax. These exemptions include the following situations:

- If the beneficial owner of the interest is:
 - An insurance undertaking or a pension fund.
 - The government of that state or a political subdivision or local authority.
 - The Central Bank of that state.
 - A bank.
- The interest is paid in respect of government bonds, Eurobonds, corporate bonds listed stock exchange

In addition, interest paid to a beneficial owner of the other contracting state shall not be subject to more than 5% withholding tax if:

- the beneficial owner of the interest is a company whose shares are listed on a registered stock exchange provided that:
 - no less than 15% of voting shares of that company are in free float, and
 - holds directly at least 15% of the capital of the company paying the interest throughout a 365-day period that includes the day of payment of the interest.

COMMENTARY

Available Exemptions

The protocol mentions a number of exemptions on both dividend and interest income, especially on companies having their shares or corporate bonds listed on a recognized stock exchange. The role of the Cyprus Stock Exchange (CSE) is therefore enhanced.

With proper and strict application of the laws and sustainable actions the CSE can play an important role in the business activities between the two jurisdictions.



Royalties

In relation to royalty payments, the Double Tax Treaty remained the same and any royalty payments from Russia to Cyprus will continue to be exempt from withholding tax. This is important, when considered together with the very attractive provisions of the Cyprus IP Box regime.

Outbound withholding taxes from Cyprus

Despite the provisions of the Double Tax Treaty, outbound payments of dividends interest and royalties (if IP not used in Cyprus) made by a Cyprus Company to a foreign person remain exempt from any withholding taxes due to the provisions of the local Cyprus Tax Laws.

Foreign Tax Credit

The Cyprus Tax system allows for a tax credit to be granted on foreign tax paid abroad (including withholding taxes), provided that the same income is subject to taxation in Cyprus. The tax credit is granted in situations where the foreign taxation was paid as per the provisions of a DTT (Article 35 of the Income Tax Law) or even in the cases where foreign taxation was paid by a Cyprus tax resident company in a jurisdiction with which no DTT exists (Article 36 of the Income Tax Law).

The tax credit is granted up to the extent that it will not create a tax loss (i.e. the foreign tax credit is restricted to the amount of the local taxation on that specific income) and can be used only in the same tax year.

A Cyprus company receiving dividend income from Russia may suffer an increased level of withholding tax (i.e.15%) and will not be able to claim any foreign tax credit since dividend income is not subject to taxation in Cyprus.

A Cyprus company receiving interest income from Russia may suffer an increased level of withholding tax (i.e.15%) but will be able to claim foreign tax credit since interest income is subject to taxation in Cyprus. The foreign tax credit cannot be higher than the taxation generated by the specific income in Cyprus.

CONCLUSION

The role of Cyprus, as an international business centre is and will remain important even after the above changes. The benefits offered go beyond the mere tax benefits and expand to other legal and business benefits making Cyprus an ideal location for regional headquartering.

It remains to be seen that the negotiations of the Treaties with other countries such as Luxembourg, Netherlands and Malta will have a similar conclusion and that business will be conducted at a level playing field.

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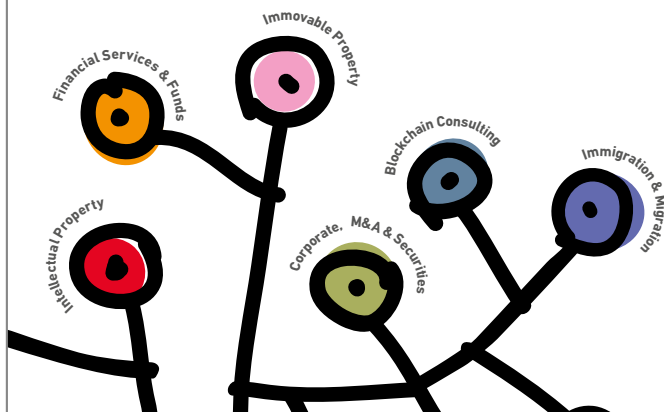


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AN OVERVIEW OF THE IMPORTANCE AND IMPLICATIONS OF THE RECENT AMENDMENTS TO THE CYPRUS INVESTMENT PROGRAMME (CIP)

By Esme Palas, Partner at Michael Kyprianou & Co. LLC



michaelkyprianou
— Advocates – Legal Consultants

There is no doubt that the Cyprus Investment Programme (CIP), has supported the local economy in trying times after the financial crisis that hit Cyprus in 2013. It gave a boost to the economy of Cyprus by attracting foreign investments on to the island. This was its underlying purpose. The significance of the Programme for Cyprus and its contribution to the Cypriot economy is well documented.

Since it was introduced, however, the CIP has been under much scrutiny, and concerns were voiced in the European Parliament and Commission. As a result, the Cyprus Government has, over the years, introduced various amendments of the Programme which aimed primarily at deflecting the criticism that the CIP facilitates corruption and money laundering. The Government has made continuous efforts to have a respected and sound CIP. These reforms aimed at strengthening the Programme's integrity by

securing the Investors' Interests and further regulating the CIP. Pressure, however, continued not just on the CIP but on all the Investment Migration Programmes, predominantly in Europe, to enhance due diligence screening. The Cyprus Government, conceding that there were some weaknesses in the system, has now introduced new amendments which intend to raise the bar in terms of full transparency and compliance with AML Directives and Regulations. Tougher rules have been implemented which tie up the scheme to anti-money laundering legislation. The main policy of the Government has been to mitigate any risks by enhancing the due diligence and due diligence screening processes.

The most significant amendments that have been approved by the Council of Ministers and voted by the House of Parliament in Cyprus were published in the Official Cyprus Gazette on Tuesday 18th August 2020. The underlying purpose behind these changes is to protect the integrity of the Programme, which has often been under fire, thus further safeguarding its continuity and securing the country's reputation.

One could argue that the introduction of very strict controls on the eligibility of the Applicants and/or the Applicants' family members is of the utmost importance and one of the most significant reforms to the CIP. The candidates are carefully vetted when applying. This enhances the Programme's trustworthiness. Persons who themselves or whose family members fall into the high-risk categories, as defined in the law, are excluded from the CIP.

Equally important is the fact that the new amendments tackle the question of revocations. The Civil Registry Law of 2002-2020, as amended, has modified the grounds on which citizenship can be revoked to provide clarity on the subject and fill any gaps that have appeared recently in the Law. They deal with the Applicants who are found, after the fact, to have engaged in behaviour that would have disqualified them from applying at the outset. It has now been made crystal clear, without any room for doubt, that citizenship can be revoked if any of the economic criteria or other requirements of the Programme are no longer met. Any legal technicalities that have in the past created an obstacle in the Government's effort to revoke the passports of some Investors have now been eliminated and any gaps in the relevant legislation have been dealt with.

Through the new amendments, not only are prospective Applicants strictly vetted prior to their application, but more importantly the Government is clearly given the authority to revoke the citizenship of naturalized foreign Investors and is able to re-evaluate whether they violate any of the provisions included in the legislation, after they have been granted citizenship.

The exclusion from eligibility from the Programme of high-risk individuals and the strengthening of the screening process for granting citizenship to Investors, together with the provision for revocation, reinforces in the best possible way the credibility of the Programme.

The Government introduced regulations for the further and continuous supervision of the registered Service Providers so as to ensure their compliance with the regulations of the CIP and Code of Conduct as well as sanctions for non-compliance. This regulation introduces a set of obligations on the part of the Service Providers in terms of the promotion of the Programme and their services towards the Applicants in order to maintain a high level of transparency in all the related transactions. Only registered Service Providers can provide services in relation to the CIP and they need to follow specific basic guiding principles. The special Committee that has been set up will continue to supervise and oversee the process of registration of the registered Service Providers. This is another positive step that will maintain a high level of service towards Applicants as well as a high level of transparency in all transactions and safeguard Applicants' interests by ensuring only those Service Providers who are qualified and approved may render services in relation to CIP.

It is emphasized that an Applicant/Investor can no longer set up a Development Company in order to channel his/her investment. It is also noted that if an Investor chooses to purchase, establish or participate in a Cypriot business or company formed and operating in the Republic of Cyprus, it must prove that such enterprises or companies have a physical presence in the Republic of Cyprus, with substantial activity and significant turnover, and that they employ at least 9 (nine) Cypriot or European Union citizens. This amendment ensures that only participation in already established companies in Cyprus will qualify.

A new category has been added for reasons of public interest: that of Honorary Naturalization. The significance of this amendment is that those persons deemed worthy due to their contribution to Cyprus in their respective fields may now be naturalized at the suggestion of the relevant Ministries, religious bodies or organizations.

The financial criteria remain the same. There has, however, been a change with regards to the mandatory donation which has been increased to €200.000 as opposed to €150.000. This increase aims at further enhancing the Programme's socially responsible character and to refute criticism that the benefits of the CIP are only reaped by the chosen few. The donation is made following the approval of the application for naturalization

At the same time, a Special Naturalization Control Unit has been established to examine each application, as well as to monitor whether successful applicants comply with the terms and conditions of their approval, and to report statistics on the approved and rejected applications. The intention behind the above change is to expedite the procedure of examining the Citizenship applications and to make the process more efficient and effective. This is a very positive step to ensure the faster examination of applications and the granting of citizenship within the initial time frame of six months as opposed to the longer period it is currently taking to receive approvals.

Another notable amendment is that all funds used for the investments must be funds derived from the bank account of the Investor or a company or companies of the Investor based abroad. All payments need to be made to Financial Institutions in Cyprus regulated by the Central Bank of Cyprus. This amendment, I believe, will pose a challenge for those Applicants that come from countries where capital controls are in place or for clients who wish to send funds to Cyprus through a client's account of their legal representatives abroad.

It has always been the case that family members of an Investor who successfully applies for Naturalization under the CIP may also be Naturalized, provided they fulfill all the criteria set out in the relevant legislation. So far, however, only the spouse of the Investor could file an application simultaneously with the Investor. Other family members could only apply after the approval of the Investor's application. A welcome change, however, is that the family members of the Investor are now able to submit their

citizenship application simultaneously with the main Applicant, or at a later stage if they so choose. This is expected to significantly reduce the overall time that it takes for the whole family to be naturalized and is considered as a major attraction to potential Investors who are considering their options, especially during this pandemic in order to plan for the future and safety of their family. Investors are not only looking to diversify risks and their portfolio. They are looking for countries with current and long-term economic and social stability and strong healthcare system which has become increasingly significant to them as they focus on maintaining their health and wealth. This amendment is well-regarded as it is expected to significantly reduce the total examination time-frame for the whole family and this is a great incentive to Investors who view Cyprus as a back-up plan and a safe haven to overcome global volatility.

Moreover, on a positive note, the parents of the main Applicant's spouse or partner may now, under the new regulation, apply to obtain the Cyprus citizenship, which means that both the parents and the parents-in-law of the Investor can be granted citizenship. Just like the main Applicant's parents, the in-laws should have their own residence in Cyprus, valued at no less than €500,000. Again, this is a very welcome and important amendment that I believe will attract further investments into Cyprus as it enables the whole family to move to Cyprus together. This undoubtedly renders the CIP much more attractive.

It is emphasized that an Applicant/Investor can no longer set up a Development Company in order to channel his/her investment. Note must be made that investment in land in a no-building zone is not deemed a qualified investment.

It is also noted that, if an Investor chooses to purchase, establish or participate in a Cypriot business or company formed and operating in the Republic of Cyprus, at an investment cost of at least €2.0 m. (2 million euros), this investment must be channeled to finance the investment objectives of this undertaking and company solely in the Republic, on the basis of an Investment Plan. It must be proven that such enterprises or companies have a physical presence in the Republic of Cyprus, with substantial activity and significant turnover, and that they employ at least 9 (nine) Cypriot or European Union citizens. This amendment ensures that only participation in already established companies in Cyprus will qualify.

The recent amendments to the CIP are very crucial, especially during these critical times where key players in the industry and governments around the world are making an effort to attract foreign direct investments to their respective countries and to protect the reputation of Investment Migration. The amendments are aimed at bolstering the status and the integrity of the CIP whilst enhancing its transparency before, during and after the submission of the CIP application

As Nicos Nouris, Minister of the Interior, stated in a public address on 25th August 2020

"It is well known that the Republic of Cyprus has made successive changes to improve the citizenship-by-investment program, most importantly the recent vote by the House of Representatives, regulations which ensure transparency, credibility, and continuous control both before submitting an application and after obtaining Cypriot passport." "these regulations reinforce, in the best possible way, the credibility of the investment scheme. The candidates are carefully vetted when they apply, and the providers for the candidates are also vetted."

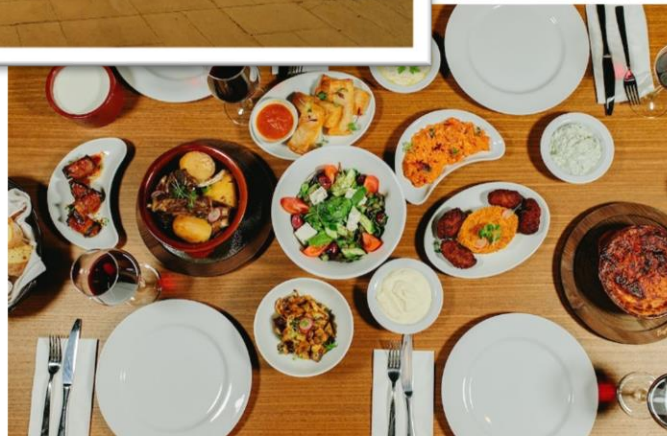
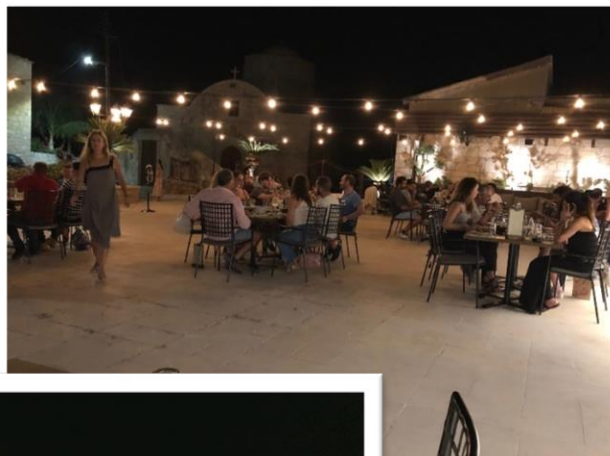
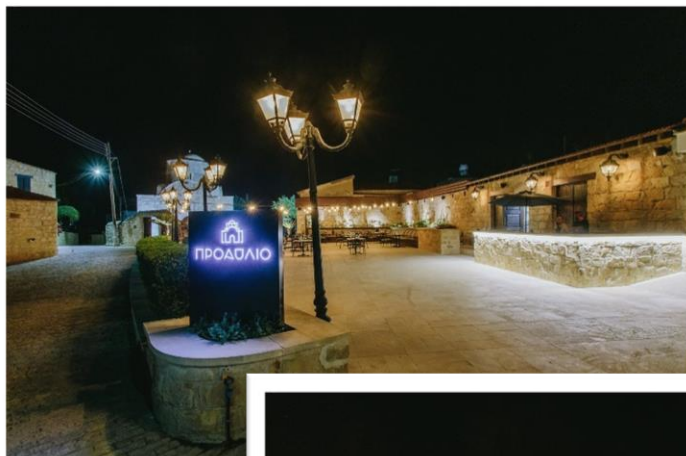
It is hoped that the criticism that the CIP has received in the past will now abate and the Programme will be seen as credible and above reproach. Investors will feel that their interests are being protected and are certain to welcome the expansion of the CIP to their in-laws. It is difficult to gauge the reaction of Investors towards the extra donation that they are required to make, but hopefully this will motivate them to feel that they are sharing in the growth and development of the country as a whole, in which they have now become a significant part of. It remains to be seen how Investors will react to these changes.

The content of this article is intended to provide a general guide to the subject matter and does not constitute legal advice. For any further information, please contact Esme Palas ,partner of Michael Kyprianou and Co LLC by email at esme.palas@kyprianou.com or by phone at +357 26930800.



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Cyprus International Trust (C I T)

Andreas Kyriakou, Advocate & Legal Consultant at NIKOS NEOPHYTOU LAW PARTNERS



In Cyprus, Trusts are governed by a specific legal framework which constitutes a combination of English law, the Principles of Equity and the following Cyprus Statute Laws:

A. Law N. 4(III)/2017 relating to the Hague Convention on the law applicable on trusts and the recognition thereof (Ratifying) Law.

B. Cyprus International Trusts Law (Law 69(I)/1992)

C. The Trustees Law of Cyprus (Chpt. 193)

A definition of trust was given in the case **Azinas and another v Police 2 CLR** «*a trust is an equitable obligation, binding a person (who is called a trustee) to deal with property over which he has control (which is called the trust property), for the benefit of persons (who are called the beneficiaries) of whom he may himself be one, and anyone of whom may enforce the obligation*»

1. Conditions

The Cyprus International Trust Law provides that the following conditions must be met in order to establish a CIT:

A) The Settlor must not be a resident of the Republic of Cyprus during the calendar year preceding the year of creation of the trust.

B) At least one of the respective Trustees must be a resident of the Republic of Cyprus.

C) None of the beneficiaries, with the exception of a charitable institution, is a resident of the Republic during the calendar year preceding the year of creation of the trust Deed.

2. Features

To be considered as such, a Trust must have the following features:

A) The Trust property constitutes a separate capital and is not part of the property of the Trustee.

B) The title of the Trust property is in the name of the Trustee or in the name of another person on behalf of the Trustee.

C) The Trustee has the power and the obligation regarding which he is accountable to manage, use or dispose of the property of the Trust in accordance with the terms of the Trust deed and any special obligations imposed on it by law.

3. Certainties

In order to create a Trust, the following three certainties must be cumulative met:

A) Certainty about the intention to create a Trust - The intention to create a trust must be explicit and clear.

B) Certainty regarding the property of the Trust - must be clearly defined.

C) Certainty regarding the object, - beneficiaries of the Trust- The beneficiaries must be identifiable and can be verified.

4. Benefits of Cyprus International Trust Regime

4.1 Asset protection

Cyprus International Trusts can be used to protect assets against future claims in contract based on prior transactions entered into by the previous owner/settlor.

4.2 Tax benefits

- Revenues and profits from non-Cypriot sources are exempt from income tax, capital gains tax, extraordinary defense contribution or other type of taxation in Cyprus
- Beneficiaries who are not permanent residents of Cyprus are taxed only on income coming from Cyprus, in accordance with the Tax Laws in Cyprus
- Dividends, interest or royalties received by a person from the Cyprus International Trust from an international company in Cyprus are not taxed and are not subject to withholding tax.

- Trust funds introduced in Cyprus by foreign investors or Trusts removed in Cyprus from trusts not established in Cyprus (or retired in Cyprus from Trusts not resident in Cyprus), are not taxed to the detriment of the Trustee.
- There is no inheritance tax in Cyprus.
- The Cyprus International Trust can be used to distribute tax-free income in Cyprus to beneficiaries, ie family members.
- People intending to immigrate to a high tax jurisdiction can obtain tax benefits in this new country by protecting their assets through the Cyprus International Trust in Cyprus.

4.3 Difficult to void

- CIT is invalid or revocable only if it was established with the intention of defrauding the creditors of the Settlor at the time of transfer of the assets to the Trustee. Such claims must be brought within two years of the transfer.
- Notwithstanding any contrary provisions of the law of the Republic of Cyprus or of any other country, an international Trust shall not be null and void and no claim may be made in respect of assets which have been transferred to an international trust in the event of the bankruptcy or liquidation of the settlor's property or in the process of bringing an action for the credit of the earner and despite the fact that it has been set up voluntarily and without negligence or for the benefit of the Trustee, his / her spouse, their children or any of them except to the extent that it is proved in court that the international trust was established with the intention of defrauding the creditor of the settlor at the time of the transfer of the assets to the trust.
- The burden of proving this intention of the Trustee is borne by the above creditors.

4.4 Unlimited duration

There is no limit to the length of time that a CIT can continue to be valid and enforceable.

4.5 Confidentiality

Cyprus International Trusts are subject to strict confidentiality. Any information or documentation pertaining to a Trust may be disclosed only by order of the court. All trusts must be registered, although the relevant trust deed need not be submitted. In case of inspection, disclosures of settlors and beneficiaries will be seen only by the competent authorities. Further, Cyprus Trusts have no reporting requirements.

4.6 Reservation of powers

- Settlers have the power to revoke, vary or modify the terms of a trust Deed. They can also appoint or remove any Trustee or protector and give instructions to the Trustee on how to manage the trust. This can be settled through a letter of wishes
- Settlers can specifically set out their powers in the trust deed. Moreover, beneficiaries or settlors can become residents of Cyprus after they form a trust Deed, or a Cyprus International Trust can be redomiciled to another jurisdiction.

For further information and consultation contact Andreas Kyriakou, Advocate & Legal Consultant at NIKOS NEOPHYTOU LAW PARTNERS at litigation@nneolaw.com



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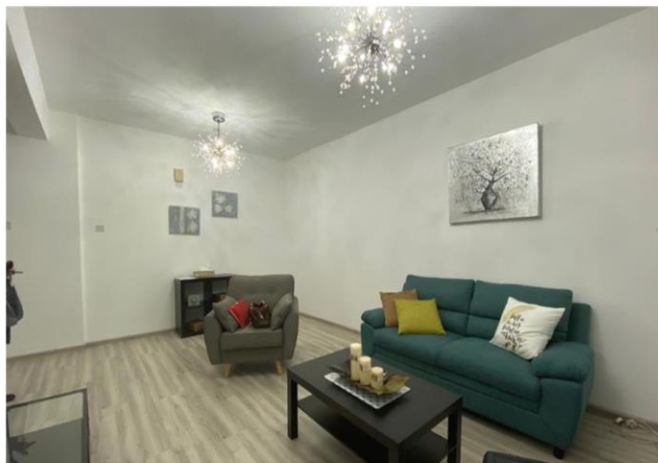
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Fitch rating provides cautious applause for government's handling of pandemic

By Linda Foulkes-Stokes FCCA, Content creator / Publications editor, ELIAS NEOCLEOUS & CO LLC



On 2nd October 2020, Fitch Ratings Agency announced that it was maintaining the long-term foreign currency issuer default rating ('IDR') for Cyprus at 'BBB-', with a 'Stable Outlook'. Fitch last revised the IDR rating for Cyprus 3 April 2020; before the full consequences of the Covid 19 pandemic on the economies of the world had become apparent. Seven months later, the devastation reeked by the pandemic has become only too obvious, with no clear end in sight. Against this background, and since Cyprus' vital tourist sector has been badly affected with little real recovery yet apparent, to be credit rated at pre pandemic levels is a significant accomplishment. Small wonder then that Finance Minister Constantinos Petrides chose to regard it both as a verification of the underlying strength of Cyprus' institutions and, a vote of confidence in the measures that the government has introduced in order to tackle the spread of the virus and to maintain domestic demand. In essence he is probably correct.

A closer reading of the October report compared with that of April, however, does reveal some differences in Fitch's forecasts for the future. Fitch is currently forecasting a total contraction of 6% of GDP for Cyprus in 2020 followed by a 4% rebound in 2021 and, 2.7% growth in 2022. This compares with an April forecast contraction for 2020 of just 2%. So why has this not had a negative impact on the IDR rating for Cyprus? The simple answer is that, despite the damage being worse than initially envisaged, Fitch still expects Cyprus to outperform most other European countries. It is forecasting a 9% reduction in GDP in 2020 for the Eurozone as a whole. The unaltered IDR rating is also an acknowledgement that before the Covid 19 pandemic hit, Cyprus had an extremely strong track record of growth. In the five years to 2019 average growth was 4.4% compared with a median rate of 3.6% for all countries ranked with it in the BBB-category. Fitch regards Cyprus, post its impressive rebound from the 2013 economic crisis, as having a flexible and a resilient economy. Consequently, despite the fall-out from the pandemic, its medium-term growth predictions for Cyprus have remained unaltered at 2% of GDP.

Fitch's report does, however, draw attention to the fact that the various fiscal measures which the Cyprus government introduced as a response to the pandemic will be a major factor in producing a budget deficit of approximately 5% of GDP by the end of 2020. Prior to this year, the country regularly recorded a fiscal surplus. The fiscal measures the government has implemented in response to the pandemic have focused on increased health expenditure and providing support to both households, and the corporate sector, in the form of wage subsidies and tax deferrals. This is against a backdrop of taking firm action on the restriction of movement for all in the initial weeks following the detection of the Covid 19 virus in Cyprus, the activation of an effective track and trace programme and, tighter border controls. Taken together the measures appear to have been significant in deterring its spread

Overall, however, rather than being critical of such 'largesse', Fitch appears to accept the government view that this has been money well spent. Relative to its peers, Cyprus has seen a comparatively mild deterioration in unemployment levels, from 6.3% at the end of 2019 to 6.8% in the second quarter of 2020. This



in part reflects the normal reliance on foreign workers during the peak tourist season but it is also due to the government support measures. In turn, low unemployment rates coupled with a (so far) relatively low Covid 19 infection spread have helped to maintain domestic consumer demand, and, to a limited degree, offset some of the loss of foreign tourist income. Other countries, it seems, have also spent widely but not necessarily with as much real benefit for their economies. Thus, although Fitch is now forecasting the 2020 level of Gross Government Debt to GDP ratio to reach 113% compared with 95% in 2019 it is not panicked by it. This, even though the ratio is far higher than the 2019 36% median rate for the BBB grouping. In truth, Cyprus has gained credit for the fact that until 2020, due to its record of economic growth, it had been steadily reducing the ratio from an all time 'high' of 109% of GDP in 2014. Fitch expects the country to return to this downward trajectory in 2021.

Despite the institutional strength of Cyprus, its record of economic growth and its sound fiscal policy no credit report on Cyprus is ever complete without reference to its non-performing exposures (NPE) in the banking sector. That of Fitch is no exception. Whilst the NPE stock had declined by €2.3 billion by 30 June 2020 due to asset sales and write offs the NPE ratio remains one of the highest in the EU at 20% of total loans and, it is likely to increase at the end of 2020 when the current moratorium on them expires. The poor NPE ratio has been factored into the Cyprus rating for many years and it is the single most important factor which debars Cyprus from joining the A ratings class. The government and the banking sector need to keep a tight rein on any increase whilst simultaneously seeking ways to build confidence that it will soon embark on a downwards path.

Overall, however, the Fitch assessment could reasonably be viewed as a welcome pat on the back for the actions that the Cyprus government has taken. This is not just in response to the Covid 19 crisis but, in general, throughout the years following the 2013 economic crash. Nor is Fitch alone in its assessment. Other ratings agencies including Moody's, S&P and DBRS Morning Star all issued similar assessments to Fitch early in the Covid crisis and awarded comparable ratings. In July Moody's also completed a periodic review of several issuers which included Cyprus. Its summary also included a medium to long term growth prediction and a positive assessment of the country's domestic institutions. In the short term, however, Cyprus remains reliant on the tourist sector to help reverse its fortunes and any initiatives that will assist with this, such as the recent one of the EU Council to work towards improving cross-border travel harmonization within the EU, are to be welcomed.



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- What if I become disabled?** This is about providing proper coverage in the case of sickness or accident. The quality of care you are entitled of in order to keep your dignity.
- What if I leave?** This is about the quality of life you dream of your loved ones. Will you be able to provide for them even when you are gone?
- What is my legacy?** We all leave one, whether we build one or not. How would you like to leave yours? Will you leave money to your children to be able to chase their dreams? Or will you leave them debts that they have to struggle for the rest of the youths to pay off?

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Constantinos Palmiris
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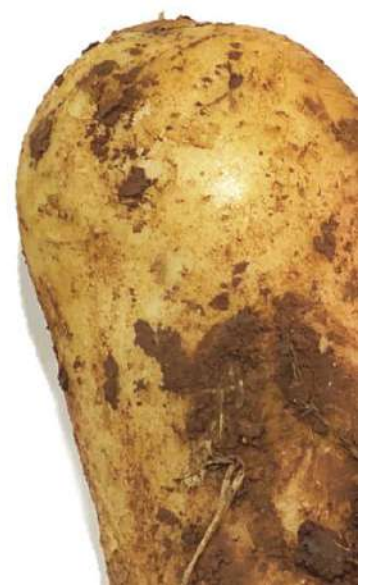



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DO YOU HAVE THE CYPRIOT ORIGIN BUT NOT THE PASSPORT? TIME TO RECONCILE!

By Pinelopi Charalampous – Immigration and Real Estate Lawyer of Andreas Demetriades & Co LLC



With Brexit fast approaching, taking the opportunity to obtain a Cyprus passport through your origin sounds like the way forward.

Regardless of when was your British passport issued and whether it does or does not expire after Brexit, as a British national **you will still be considered a non-EU national**. Hence all the **rights** that you have been enjoying when traveling in EU member states as well as the right to live and work in all Member states, will **be lost by the end of 2020**.

Acquiring a Cypriot Passport via your origin not only allows you to further enjoy these fundamental rights, but also allows you to keep your British citizenship since the Republic of Cyprus allows dual citizenship.

WHAT DO YOU NEED TO DO?

The first stage of the procedure is to simply categorize yourself depending on your circumstances:

1. Born prior to the 16th of August 1960 and be a citizen of the United Kingdom or any of its former colonies and originate from Cyprus by your father's side and reside permanently abroad. (M71)
2. Born prior to the 16th of August 1960 and you are not a citizen of the United Kingdom or any of its former colonies and originate from Cyprus by your father's side. (M72)
3. Born prior to the 16th of August 1960 and be a citizen of the United Kingdom or any State of the Commonwealth and have completed one year of legal residence in the Republic of Cyprus. (M124)
4. Born after the 16th of August 1960 and originate from a person who became a British citizen based on the Annexation of Cyprus Orders in Council 1914 to 1943 or a person born in Cyprus after the 5th of November 1914 and prior to the 16th of August 1960. (M123)
5. Born abroad (adult or minor) after the 16th of August 1960 and your father at the time of birth was a Cypriot citizen or born after the 11th of June 1999 and your mother at the time of birth was a Cypriot citizen. (M121)
6. Be a minor and your mother was a Cypriot citizen at the time of your birth and your father was a foreigner or a minor whose father or mother acquired the Cypriot citizenship after your birth by naturalization or registration. (M126)



WHAT DOCUMENTS DO YOU NEED TO PREPARE?

Depending on the category you belong to, different documents must be submitted, however, the ones most often requested are the following:

1. Original Birth Certificate duly legalized and translated (for documents which are not originally issued in either Greek or English)
2. Photocopy of your passport
3. Photocopy of your parent's Cypriot passport
4. Original Certificate of naturalization or registration of your parent
5. Two passport size photographs

HOW CAN WE HELP?

Here at Andreas Demetriades&Co LLC, we are **qualified Cypriot Lawyers** with in depth knowledge of the law and the procedures pertaining to the Cyprus Immigration Laws. Having our **base in Cyprus** allows us to speedily solve problems so as to avoid unnecessary delays. The Firm's wealth of experience, knowledge and resources, offers clients the best possible legal support.

We can provide step by step guidance through the whole process of submitting your application for Naturalisation. The content of this article is intended to provide a general guide to the subject matter and does not constitute legal advice.

For any further information, please contact Pinelopi Charalampous, Lawyer of Andreas Demetriades&Co LLC by email at demetris@demetriadeslaw.com or by phone at +357 26811668.



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- Dedicated relationship manager
- Hedging and strategy planning

You can find out more about our market leading FX payments platform and register for an account at <https://www.synergyexchange.co.uk/payment-facility-request>

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Synergy believe in empowering our clients to help them grow by removing the boundaries and obstacles involved in obtaining funding. As part of our flexible approach we are able to pull out all the stops when it comes to supporting our clients. Our wide range of finance options come with flexible features and we have an extremely high success rate in offering funding to companies that have been turned away by the banks. Decisions are usually within 24 hours and payments within 5 working days.

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Cypriot citizenship by British citizens of Cypriot descent

By Sotiris Poullas, Associate at Michael Kyprianou & Co. LLC



michaelkyprianou
Advocates • Legal Consultants

We are only a few months away from the officially announced completion date of the transition period before the Brexit.

Understandably, UK passport holders are worried about losing their right of freedom of movement within the European Union (EU).

Cyprus, as a member state of the EU, provides the right to Cypriot citizens of both, freedom of movement and residence without restrictions in any of the member states of the EU.

Therefore, obtaining Cypriot citizenship can be quite an attractive option for the UK passport holders.

At present, there are four legal grounds on which a foreigner can rely upon so as to apply for Cypriot citizenship.

- 1) Naturalization based on years of residence
- 2) The Cyprus Investment Programme
- 3) Reliance on one's Cypriot origins or
- 4) Marriage to a Cypriot citizen

Thus, in the current article we also consider the right to apply for Cypriot citizenship as a British citizen of Cypriot descent.

It should be mentioned that the right to apply for Cypriot citizenship has been proven to be a fundamental right as set by the constitution of the Republic of Cyprus and the EU Charter on fundamental citizenship rights, if the criteria are fulfilled accordingly.

Also, worth mentioning is the fact that the Republic of Cyprus allows its citizens to have double citizenship. This is quite an advantage since British-born Cypriots might apply for a Cyprus citizenship and retain their UK citizenship as well.

Any British citizen whether minor or an adult can apply and obtain Cypriot citizenship under the following categories:

Minor (under the age of 18)

- a) An application can be submitted for a minor born after the 16th of August 1960 whose father at the time of birth was a Cypriot citizen, as well as for minors born abroad after the 11th of June 1999 whose mother at the time of birth was a Cypriot citizen.
- b) In addition, an application can be submitted for the registration of a minor born in Cyprus or abroad after the 16th of August 1960, whose father or mother acquired Cypriot citizenship after the birth of the said minor, or who was born before the 11th of June 1999 to a Cypriot citizen.

Adult

- a) Any adult born before the 16th of August 1960 and who is a citizen of the UK and its former colonies, coming from Cyprus, specifically, being a direct descent from a male ancestor originating from Cyprus, is fulfilling the criteria to apply.
- b) A person of Cypriot origins born after the 16th of August 1960 and whose father is a foreigner and the mother a Cypriot citizen is also entitled to apply for citizenship.

The content of this article is valid as at the date of its first publication. It is intended to provide a general guide to the subject matter and does not constitute legal advice. We recommend that you seek professional advice on a specific matter before acting on any information provided. For further information, please contact Sotiris Poullas at Tel: 26930800 or via email: sotiris.poullas@kyprianou.com



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