

Casamont Highlights the Appeals of Cyprus' Residence and Citizenship Programme for Vietnam's HNWIs

Ioannis Ioannikiou, Client Advisor for Casamont Cyprus, is a regular presenter at Hubbis events this year and has a fascinating proposition for the Asian wealth management market. He was in Vietnam for the Hubbis Vietnam Wealth Management Forum to highlight the attractions of the Cyprus Investment Programme for Asia's HNWIs. Not only does Cyprus offers a speedy and cost-effective route to European Union citizenship, but for residents Cyprus itself offers low taxes and an increasingly appealing real estate investment market.

FOR ANYONE IN ASIA CONSIDERING OVERSEAS RESIDENCE OR CITIZENSHIP OPTIONS, Cyprus is definitely a jurisdiction to consider. For Asia's HNWIs the investment required is modest and can mostly be in the form of real estate, with that sector in Cyprus increasingly propelled by robust growth in tourism and leisure - with a major new casino resort on the way. The island not only offers the benefit of full access to the EU but also exciting opportunities as a hub for income - the tax regime is very benign - and for capital gains.

Small but part of the EU

"Cyprus is a small Mediterranean island," Ioannikiou began, "and is part of the EU, located close to Greece, Israel, Turkey, the Lebanon and Egypt. We speak Greek as official language and Turkish, while the business language is English. Given our location, we are dynamically at the crossroads of Africa,



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Asia, and Europe, but we are very much a European country, with full membership of the European Union since 2004 and member of the Eurozone since 2008. The currency is the Euro, and the main sectors of Cypriot economy are tourism, shipping, financial services and, very fortunately in the years to come, oil and gas, which is likely to be the next big thing.”

Ioannikiou gave a brief introduction to Casamont, which he explained operates in Malta, Greece and Cyprus. He told delegates Casamont is a real estate agency that offers access to unique property in the market, as well as advising many of the big landlords in Cyprus how to structure their

investments and how to structure their products from planning to marketing strategies.

The key advantages

“My mission today,” he reported, “is to highlight some of the key advantages of the Cyprus citizenship investment programme and of tax residence in Cyprus as well as to highlight some of the attractive Cyprus investment and real estate opportunities. The Cyprus citizenship programme is one of the fastest routes for someone to obtain European citizenship and offers a passport giving visa-free access to 172 countries. We know how many of Asia’s HNWIs are these days seeking alternative citizenship and residence abroad, for their family and for asset

and estate planning, as well as for lifestyle. Cyprus recognised this some years ago and has an excellent offering in the form of the Cyprus Investment Programme.”

The requirements

Ioannikiou explained that to qualify for the citizenship programme, there are three main requirements. First of all, an investment of EUR2 million in the real estate sector or EUR2 million in a business which will employ five EU citizens or Cypriots. Or alternatively EUR2 million in alternative investment funds. All of the three criteria should be combined with a donation of EUR150,000 into a government fund.

“Investment in real estate is the fastest and most efficient route,” he reported. “If you proceed with alternative investment funds or the business investment, then a further investment of EURO.5 million is required in a residential property.”

The main applicant and his or her spouse or partner, and their dependents up to 28-years-old are eligible, along with the primary applicants’ parents. “Processing time,” Ioannikiou explained, “might take six to eight months through to the granting of the alternative citizenship, and up to 10 months maximum.”

Flexible

Importantly, the programme does not require the applicant and family to relocate. The applicant can become a non-domicile tax resident by staying there only 60 days, which is modest in comparison with other jurisdictions, which state at least 183 days as the minimum. The Cyprus Government has also reformed their taxation system so that it gives more

benefits for those HNWIs who do not really want to spend too much time into the country but achieve this non-domicile status.

Additionally, there is zero taxation of dividends, zero per cent tax on capital gains. There are also many double tax treaties, and the Cyprus tax system and legal systems are typically based on British law as Cyprus was once a British colony.

“We obtained independence from Britain in 1960 and has a robust legal and civil infrastructure, it is safe, it has a good education system and excellent healthcare,” he added.

Real estate opportunities

Ioannikiou commented that real estate is the simplest investment route. “The property must be held for five consecutive years, and the applicant can then liquidate afterwards, but a EUR500,000 investment in residential property should be retained for the rest of his/her life.

He then turned to the opportunities in the real estate sector, explaining that the real estate market in Cyprus has been well established for a long time, successfully connecting to tourism, second homes, and also people wanting to live and enjoy the simpler luxuries of life rather than spending time in crowded cities. “Cyprus is well known as a remarkably beautiful island,” he reported, “and is a wonderfully safe and pleasant place for retirement, or holiday homes by the sea.”

Progress apace

And he reported that Cyprus had recently granted a casino license to just one company and a monopoly for 30 years, for the Melco Group, which operates City of Dreams in Macau. Melco will build the biggest resort casino in Europe in what is a very large investment of EUR550 million and due to employ more than 2500 people.

Moreover, as this will be a mixed development of casino



hotels, conference centres and other leisure facilities, this will further drive tourism demand and of course, provide a very considerable boost for the Cyprus economy.

He added that investment in real estate in an overseas market should be approached professionally, with appropriate local advice and expertise, which Casamont offers. “The market is robust, prices are improving, but of course, one should be sensible as to where to invest and what to buy, as well as considering future liquidity for exit routes.”

He highlighted how the construction of the Melco-licensed resort has already started, and alongside that is an associated residential property investment, Citrine Estates, which will be attached to the casino and will benefit from rental or possibly purchase demand from some of those anticipated 2500 employees and of course later from visitors.

Alternatives on offer

Citrine Estates will offer a variety of investment options tailored to HNWIs, including the possibility of purchasing a complete block of apartments at a recent estimated price of EUR2.3 million, thereby satisfying the investment criteria for citizenship applications and providing an attractive real estate investment leveraging the casino development’s future impact on the market. There are also villas of two to four bedrooms available, as alternatives to the individual apartments, or blocks of apartments.

“Citrine is very wisely selected by our clients due to its quality, its location, the capital appreciation potential and the rental income of 3% to 5% on an investment,” he reported.

Ioannikiou also highlighted a second property opportunity in the form of beach-front villas in Ayia Napa, the island’s main tourist destination, with those tourists pouring in from the main

season start in March through to late November.

“An investment in prime location real estate should produce short-term rentals of 2% to 3% per annum while the capital appreciation could be plus 5% to 7%,” he reported. “The market is also expanding for both short- and long-term rentals.”

He closed the talk by relating Citrine with reference to Limassol, which is the business hub of Cyprus, an all-year destination which the last year faced huge development.

“If someone purchases in prime location in Limassol, per square meter could purchase an apartment or villa starting price EUR10,000 could lead to EUR35,000,” he explained. “If someone invests in Citrine Estates, prices start from EUR3000 per square meter. “In short there are great opportunities to connect lifestyle and financial investments with your citizenship and residence planning initiatives.” ■

