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Council of Ministers announcement with new benefits for foreign interest companies coming in Cyprus

On 30/11/2022, the Council of Ministers approved the Amendment of the Policy for the Registration of Companies in the Register of Foreign Interest Companies.

The Decision modifies the eligibility criteria of foreign interest companies and specifically includes the criterion of a company's obligation to prove an initial investment in the Republic of at least €200,000, which should be proven by presenting the appropriate certificates.

The Decision enters into force on December 12, 2022.

Eligible businesses must meet the following criteria:

- ▶ The majority of the company's shares are owned by third-country nationals.
- ▶ If the majority of the company's shares are not owned by third-country nationals (i.e equal to or less than 50%) then the company is eligible if the foreign participation represents an amount of at least €200.000.

In both cases above (1&2), the ultimate beneficial owner (UBO) must deposit an amount of €200,000 in an account held by the company in a credit institution licensed by the Central Bank (payment institutions are not included). Alternatively, the company can submit evidence of an investment amounting to €200,000, for the purposes of operating its business in Cyprus (e.g. office purchase, office equipment purchase, etc.).

If more UBOs exist, then this amount can be deposited or invested by a single UBO or collectively.

Public companies registered on any recognised stock exchange.

- ▶ Companies of international activities (formerly off-shore), which operated before the change of regime, whose data are held by the Central Bank.
- ▶ Cypriot shipping companies.
- ▶ Cypriot high-tech/innovation companies*
- ▶ Cypriot pharmaceutical companies or Cypriot companies active in the fields of biogenetics and biotechnology.
- ▶ Companies of whom the majority of the total share capital is owned by persons who have acquired Cypriot citizenship by naturalization based on economic criteria, provided that they prove that the conditions under which they were naturalized continue to be met.

For cases 3-8, the investment criterion is also applicable and the company's initial investment in the Republic of at least €200,000, must be proven by presenting the appropriate certificates (e.g. bank statement at the time of deposit of the amount or proof of investment (purchase of office space and/or office equipment)).

** An enterprise qualifies as 'High Technology Company' if:*

(a) it is already established and has a presence in the market, and

(b) it has a high level or experimental R&D intensity, and

(c) it developed product/s that fall into one of the following categories: products related to aviation and space industry, computers, information and telecommunication technology (ICT), pharmaceuticals, biomedical, research and development equipment, electrical machinery, chemicals, non-electrical machinery.

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