

# Permanent Residence Permit in Cyprus



PKE Consultants Limited

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The Permanent Residence Permit – Regulation 6(2), is targeted to individuals who have fully and freely at their disposal a secured annual income, high enough to allow a decent living in Cyprus for them and dependents, without having to engage in any business, trade or profession in Cyprus – it is noted that this does not prevent them from being engaged in a business, trade or profession in any jurisdiction other than Cyprus.

## Key requirements

- Evidence of a steady income from abroad of at least €30,000, from sources other than employment in Cyprus (for example, certificates of dividends, certificates of fixed deposits, pension statements, rents or salary advice from abroad).
- Confirmation letter from a Cyprus Bank, showing deposits in a local bank account of a minimum capital of €30,000, and showing that these funds were transferred from sources other than employment in Cyprus. The capital should have been transferred from an International Bank to a local Cyprus Bank and it should be pledged for a period of three years.
- The required minimum income stated above is increased by €5,000 for the spouse and for each individual child and by €8,000 for each parent of the main applicant and/or the spouse of the main applicant.
- Title deed or purchase agreement of a residential property, issued on the name of the applicant. The minimum purchase price of the property should be €300,000 (excluding VAT) and a payment for at least €200,000 (excluding VAT) must have been made prior to the application. It should be noted that a reduced VAT rate of 5% (from 19%), is applied for first residences provided that certain conditions are met.
- The reduced rate of 5% VAT applies to the first 200 square meters of the residence's buildable area as determined by the building coefficient of the property and anything above 200 square meters is subject to the standard rate of VAT.
- The relevant funds of the investment in the immovable property should have been transferred from an overseas bank to a Cyprus bank.



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- Additional documentation that needs to be submitted to obtain Permanent Residence Permit includes the following:
  - A declaration regarding the income of the applicant;
  - confirmation that the applicant does not intend to work or to be engaged in any form of business in Cyprus;
  - apostilled clean criminal record from country of origin;
  - apostilled passport copy;
  - apostilled birth certificate;
  - medical insurance certificate;
  - CV
  - Other supporting documents

## Additional Useful Information

- Applicants should visit Cyprus at least once every two years;
- It takes approximately two to three months for the Permanent Residence Permit to be issued, from the date of submission of the required documentation and provided that no additional information or updated documents are requested from the Authorities.
- The acquisition of a Permanent Residence Permit does not in itself influence the tax treatment of an individual. Tax is levied based on the tax residency and domicile of an individual. In general, a Cyprus tax resident individual can benefit from a number of tax provisions as follows:
  1. No tax is paid on dividend and interest income assuming he / she is also non-domiciled in Cyprus
  2. No tax is paid on any profits earned from the disposal of securities including shares and bonds
  3. Tax exemption of 50% of gross employment income earned in Cyprus by an individual earning more than €100,000 of gross employment income per annum and who was resident outside of Cyprus before the commencement of his / her employment in Cyprus (available for 10 years)
  4. Tax exemption of 20% of gross employment income (up to a maximum of €8.550) earned in Cyprus by an individual earning less than €100,000 of gross employment income per annum and who was resident outside of Cyprus before the commencement of his / her employment in Cyprus (available up to 2020)
  5. No tax is paid on employment income earned for offering services to an overseas employer or to an overseas permanent establishment (PE) of a Cypriot employer for more than 90 days in a tax year.
  6. No tax is paid on total taxable income up to €19.500
  7. No tax is paid on any lump sum received as a retirement gratuity
  8. Only 5% tax is paid on pension received from abroad exceeding €3.420
  9. No estate duty, wealth, gift or inheritance tax is paid.

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