

Malta & Cyprus Citizenship Programmes head to head



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The Mediterranean islands of Malta and Cyprus have received over 400 and 700 applications under their respective citizenship by investment programmes. It's clearly not a numbers game but the numbers are nonetheless telling in their own right. Both programmes pitch to the ultra-high net worth individual. Cyprus has an entry level of €5m, reduced to €2.5m for members of investor groups while Malta requires a mixed contribution-investment ranging from €880k to €1.1m.

Comparing the two programmes, colleagues have jumped to conclusions and have been quick to side with one or the other. I quite disagree that there is a straight winner if this is a race. My more restrained opinion is that no one size fits all and each programme has its merits, addressing different aspirations of different investor profiles.

The Malta Citizenship experience

The Malta Citizenship by Investment programme or *Individual Investor Programme* offers citizenship within the European island of Malta after one year of sustained connections with Malta, concurrently with the maximum of 4 months' processing time.

Residency

This 'residency' test is less uncertain than one might think. The '**genuine link**' test finds its origins in case law of the European Court of Justice and expects an applicant to demonstrate a real connection with the jurisdiction over a period of at least one year falling short of specifying a minimum requisite day count.

EU-approved

Malta has long pursued a policy of running a financial centre that is respected for its rule of law and recognised for its marked compliance with its European and international treaty obligations. It is in this light that Malta can boast of the only public approval of any citizenship programme by the European Commission after thorough scrutiny at domestic and European parliamentary levels.

Risk-free

In my experience handling applications from beginning to approval, the Identity Malta Agency grants prior approval of proposals submitted by approved citizenship agents laying down the various connections that the applicant proposes to put in place to demonstrate his/her genuine connection with Malta. This entirely eliminates the risk of an applicant discovering he has failed to comply after the year has passed, losing more time. And this in line with Malta's tradition of legal certainty and reliability.

In Principle Approval

November 2014 saw the first applicants (clients of **Chetcuti Cauchi**) emerge from the first cycle of applications as approved applicants. It is only at this stage that the significant investment needs to be made and not before. This further eliminates the perceived risk and allows the applicant to invest with the comfort of a final 'in principle' approval in hand.

On making the contribution to the Malta Social & Economic Development Fund (€650k) and investments in Government bonds (€150k) and renting / buying property in Malta (€16k p.a. / €350k), applicants are entitled to receive their Maltese passport within their entitlement period. This period is of 6 months from citizenship application date for applicants who have been resident in Malta already a year to date. Others need to wait for the passing of this one year in compliance with their pre-approved residence criteria.

The benefits of Maltese Citizenship

At the end, applicants emerge as citizens of an economically sustainable, politically stable Island of Malta, enjoying the full effects of European Union citizenship and the identity of a culturally rich and diverse nation. The Maltese passport is dubbed 'one of the most powerful passports in the world', enjoying over 160 visa-free destinations for Maltese nationals, including the UK, US and Canada.

The Cyprus Citizenship experience

Cyprus' Citizenship by Investment programme, or *Scheme for Naturalisation of Investors in Cyprus by Exception*, has proved a valid alternative to the Maltese programme.

True, Cyprus is not part of the Schengen Area and the Cypriot passport offers slightly less visa-free destinations (157 compared to Malta 166), with the notable absence of the US from the list. In addition to the Turkish occupation, Cyprus' economy has been going through rough times lately, but Cypriots are resilient people and through initiatives like this and thanks to new-found oil and gas reserves, won't take long to restore their economy.

Investment only

This notwithstanding, the Cypriot programme does not require the outright and non-refundable contribution of funds to the state. Instead it allows an investment of €5m held in either one or a combination of: bank deposits held by local banks and banking subsidiaries, Cypriot Government Bonds (min. maturity of 3 years), bonds or debentures issued by Cypriot businesses (min. maturity of 3 years), real estate developments in Cyprus or capital in Cypriot businesses (including banks) having a physical presence and employing at least 4 Cypriots. The minimum direct investment is reduced to €2.5m if 5 investors make a combined investment in the above direct investment methods.

Inspired by Malta's mixed contribution and investment method, Cyprus has recently introduced a citizenship route consisting in €2m investment in the National Investment Company of Cyprus and a donation of €500k to the Research & Technology Fund.

Minimal Presence & Fast Track

Cyprus does not impose any presence requirement except for a single visit to make a declaration on oath and pick up the passport. One may be concerned about Cyprus' non-conformity with the European Commission's stated minimum of one year residence. The EC conversely endorsed the Malta Citizenship programme for upholding a one year minimum connection. However, under European law, nationality ultimately falls exclusively within the competence of the member-state and Cyprus may only suffer politically from criticism of its lax citizenship criteria. The upside of this is that Cyprus offers economic citizenship in between three to six months.



Citizenship by Investment Race

Having witnessed both programmes perform from application to approval, I remain impressed by the seriousness of both governments in administering their citizenship programmes. Malta's Identity Malta Agency, its one stop expatriates shop, can be commended for setting a precedent in VIP investor care. Similarly, Cyprus has managed to deliver on its promise of a speedy process.

At the end, the HNW individuals and families that we serve continue to enjoy the benefit of choice and the fruits of their new found identity as Euro-Mediterraneans...

...as Maltese or Cypriot.

The Author



Interview of Identity Malta CEO, Justice Minister & immigration attorney Dr Jean-Philippe Chetcuti by Radio Télévision Suisse

Dr Jean-Philippe Chetcuti is one of the founding partners of Chetcuti Cauchi Advocates. Dr Chetcuti heads the firm's Private Client practice, specialising in private client tax planning, wealth structuring and citizenship and residency planning.

Dr Chetcuti is a key advisor on the Malta Citizenship by Investment, the Cyprus Citizenship by Investment, the Malta Global Residence Programme and buying property in Malta and, holding licence IIP 001, he was the first to be licenced by the Identity Malta Agency and to directly file citizenship by investment applications under the Malta Individual Investor Programme.

Within his tax planning and wealth structuring function, he specialises in the use of Malta holding companies and Malta's Participation Exemption, Malta royalty companies, Malta trusts and Malta foundations and Malta Professional Investor Funds.

- Member, American Immigration Lawyers Association (International Chapter)
- Member, IBA International Bar Association (Immigration & Nationality Law Committee)
- Member, Malta Chamber of Advocates, International Tax Planning Association, International Fiscal Association.
- Chairman, Society of Trust & Estate Practitioners, Malta Branch
- Executive Committee Member, Institute of Financial Services Practitioners
- Co-founder, Secretary, Malta Association of Family Enterprises.

Chetcuti Cauchi Advocates

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Chetcuti Cauchi's master factsheets:

- [Malta Citizenship by Investment Programme](#)
- [Cyprus Citizenship by Investment Programme](#)

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