

An Analysis of the Pathway for Chinese Nationals to Acquire Permanent Residency in the EU Member State of Cyprus

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Abstract

This article analyses the pathway for Chinese nationals to acquire permanent residency in the EU member state of Cyprus (officially called the Republic of Cyprus). It also considers Cyprus's membership of the EU, the important Schengen visa territory (which membership is considered to be imminent) and explains the potential compliance issues involved for Chinese nationals who are interested to participate in such scheme. Although the article principally acts as a guide for Chinese nationals who are considering immigration into Cyprus, it is also of use to practitioners and policy makers active in this field.

Keywords

Permanent Residency, Immigration, Citizenship, Compliance, Schengen, Cyprus, European Union, China

1. Introduction

Residency by investment programs exists in several countries around the world and substantial research has been undertaken on the drivers for both the countries who offer such programs and the high net worth (HNW) individuals/families who wish to participate (Surak, 2020a; Kwilinski et al., 2022). Additionally, the schemes also play a role in the interdependencies between development and migration, which has been considered for several decades and thus potentially contribute to technology innovation and research and development in destination countries, particularly high-income countries (Fischer et al., 1997). On the other hand, migrants and diaspora groups are an important channel for transferring technology from destination countries back to origin countries (Gelb & Krishnan, 2018).

Several such schemes exist within the European Union (EU), which has seen a proliferation of “golden visa” programs that allow investors to gain residence in a country in exchange for a financial contribution (Surak, 2020b; Bocková & Rudolf Kucharčík, 2022). Whilst such schemes are frequently viewed as positive by the countries and the individuals/families concerned, since they allow an important access to migration that was hitherto not available, there were also some broader EU concerns regarding security, money laundering, and tax evasion associated with citizenship by investment programs (having meant that citizenship by investment is now off the table) (European Commission, 2019). For instance, on April 29, 2025, the European Court of Justice (CJEU) ruled that aspects of Malta’s citizenship by investment program were illegal under EU law, because they potentially represented the “commercialisation” of nationality and contradicted the fundamental concept of EU citizenship.¹

However, this ruling did not affect the residency by investment programs and one of the leading schemes is that available in Cyprus. In this regard, the significant news for Chinese nationals is that the minimum investment required to acquire permanent residency (PR) in Cyprus sits at just €300,000 (THREE HUNDRED THOUSAND EUROS).² The Cyprus Residency by Investment Program also enables successful applicants and their families to obtain a Cyprus immigration permit with unlimited duration within two months (from the date of submission of a complete application and the correct documentation) to approximately six-to-twelve months (where the documentation is deemed incomplete or further information is required). Furthermore, investors holding this permit can thereafter apply for Cyprus citizenship after eight years of residency in Cyprus.

It is also a crucial time as regards Sino-EU relations. Since 2023, it has been observed that both the EU and the UK have stepped up engagement and mutual visits with China (in stark contrast to the United States), clearly expressing the possibility of strengthening cooperation, trade, and investment partnerships, while seeking to strike a balance between national security and economic interests (Wang, 2025). This demonstrates that the independence of European diplomacy has become increasingly evident. Moreover, in 2025, China and the EU mark the 50th anniversary of the establishment of diplomatic relations (van der Linden & Łasak, 2024; Brinza et al., 2024).

The following Part II of this article explores the history of Cyprus and Cyprus’s membership of the EU. Part III of the article presents insights into the important Schengen visa territory (which membership by Cyprus is considered to be imminent) and Part IV of the article considers the benefits for Chinese nationals of the

¹See CURIA, Case C-181/23 (European Court of Justice, 2025) <<https://curia.europa.eu/juris/document/document.jsf?docid=298576&mode=lst&pageIndex=1&dir=&occ=first&part=1&text=&doclang=EN&cid=17929715>>.

²In 2025, applicants can gain permanent residency in Cyprus by investing a minimum of €300,000 in real estate, shares, or funds and demonstrating an annual income of €50,000. If investing in residential property, the income must be solely from abroad; for other investment options, part of the income can be from Cyprus.

current immigration scheme in Cyprus. Then, Part V of the article explains the requirements under the Residency by Investment Program in Cyprus (as of August 2025) and part VI of the article considers the application procedure. Part VII and Part VIII also provide details regarding the required documents and additional criteria respectively. Part IX completes the article by analysing the potential compliance issues involved for Chinese nationals who are interested to participate in such scheme to acquire PR in Cyprus. Finally, part X of the article provides a conclusion.

It is important to be aware that direct purchases of overseas property or securities by Chinese nationals who reside in mainland China are prohibited and can lead to penalties, including denial of future quotas (under China's strict foreign currency controls) or even prison sentences. Therefore, this article is not a recommendation to proceed and only presents the pathway.

2. History of Cyprus and Cyprus's Membership of the EU

Since the first settlers arrived on the island around 13,000 years ago, Cyprus has had an extremely rich and vibrant history. This is largely due to its strategic position at the crossroads of Europe, Africa, and Asia (and its rich natural resources), which have led to the island having been contested and occupied by several empires throughout history (including the Assyrians, Egyptians, Persians, Romans, Arab caliphates, the French Lusignans, Venetians, Ottomans and the British). Cyprus is also the third largest and third most populous island in the Mediterranean, after the two Italian islands of Sicily and Sardinia.

Cyprus gained its independence from British rule in 1960 and became an EU member on 1st January 2004 (*The Zurich-London Agreements, 1959*). Cyprus also joined the eurozone on 1st January 2008. Although the entire island joined the EU, it should be noted that the island has been divided since 1974, and the north-eastern part of the island is self-governed by Turkish Cypriots and EU law is suspended in areas where the Cypriot government does not exercise effective control.³

3. Considering the Importance of the Schengen Area (“Free Movement Zone”)

The Schengen Area is a group of European countries that have abolished passport and other types of border control at their mutual borders.⁴ This allows for the free movement of people, goods, and services between these countries. Essentially, it's a borderless area within Europe for travel and commerce (Schengen Area)

³See European Union, “Cyprus—member profile”

<https://european-union.europa.eu/principles-countries-history/eu-countries/cyprus_en>.

⁴The Schengen area includes 29 countries. The EU Members are Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. The non-EU Members are Iceland, Liechtenstein, Norway, and Switzerland. Note: Only Ireland and Cyprus are EU members but are not part of the Schengen Area.

(European Commission, 2025). It is called Schengen after the name of the town in Luxembourg where the original agreement was signed in 1985.

It should be noted that PR in Cyprus does not yet grant visa-free travel to any EU country or the Schengen Area because, as of May 2025, Cyprus has not joined the Schengen Area. However, this is considered to be due to change in the next few months since Cyprus has not only, applied to join the Schengen Area since 2019, but it has also already completed all technical preparation and the application to join the Schengen Area is currently being considered (Immigrant Invest, 2024). Whilst Cyprus has made significant progress, the timeline is not guaranteed however and subject to political approval from all other EU member states (although expected to join within 2026) (European Union, 2025).

4. Explaining the Specific Benefits of the Residency by Investment Program in Cyprus

The following is a short summary of some of the main reasons to choose to invest in Cyprus residency:

- » The Right to Permanently Reside in the EU (with any dependents)
- » Strategic Location in One of The World's Safest Countries
- » High Quality of Life/High Standard of Living
- » Attractive Tax System
- » Investment Opportunities

A) The Right to Permanently Reside in the EU (with any dependents).

Upon a successful application, a Chinese national will obtain a permanent right to reside in Cyprus, an EU member. This is because a permanent residence permit is granted indefinitely by means of a one-off application and does not require renewal. Additionally, the family members of the investor can also obtain the PR (married spouse, children under 18 years old, financially dependent children up to 25 years old). There is also no need for a continuous stay; just a visit every two years to retain residency status.

Further benefits include the right to healthcare under the General Healthcare System,⁵ the right to establish businesses in the EU, as Cyprus is an EU member, thereby expanding their opportunities, and what is more permanent residents do not pay tax on dividend income (along with other tax benefits), and finally, permanent residents have the possibility to acquire the Cypriot citizenship after 5 years of legal residency in Cyprus as a permanent residency holder.

B) Strategic Location in One of the World's Safest Countries

With its ideal geographical position at the crossroads of three continents—Europe, Africa and Asia—Cyprus plays a key stabilising role in the region of the

⁵The Cypriot General Health System (GHS), a universal, patient-centric, and publicly managed healthcare system designed to provide comprehensive and equitable healthcare services to all permanent residents in Cyprus. Funded by contributions from employees, employers, and the state, the GHS covers a wide range of services, including outpatient and inpatient care, pharmaceuticals, diagnostic tests, and specialist consultations, through a public-private partnership model managed by the Health Insurance Organisation (HIO).

Eastern Mediterranean. Moreover, Cyprus is situated at the crux of the busy shipping and air routes linking the three continents and is therefore an ideal investment gateway to the European Union, as well as a portal for investment outside the EU, particularly into the Middle East, India and China.

Safety is amongst the major advantages of Cyprus and the island has consistently been ranked as one of the safest countries in the world. For example, in 2023 the World Economic Forum/Global Institute for Peace ranked Cyprus as #13 of the safest countries (by comparison Germany was #20, China was #26 and UK was #38) (*World Economic Forum & Global Institute for Peace, 2024*).

Indeed, as a dynamic EU Member State, Member of the European Monetary Union and perhaps soon a Member of the Schengen Area (See section IV above), Cyprus offers a multicultural society committed to quality, efficiency and transparency.

C) High Quality of Life/High Standard of Living

Firstly, Cyprus has a relatively low population density (i.e., it has an area of 9251 km² and a population of only about 920,000 (2021)).⁶ For instance, the capital city of Nicosia (Lefkosia), has a population of approximately 350,000. The second largest city is Limassol (Lemesos) on the south coast with a population of approximately 250,000 and the island's major port. Larnaca and Paphos are the third and fourth largest cities, each with a new airport, situated on the south-east and south-west coasts respectively.⁷ These cities compare very favourably with say Shanghai (approximately 30 million) or Beijing (approximately 23 million).⁸

Secondly, Cyprus has a pleasant Mediterranean climate, enjoying year-round sunshine, with mild winters (mean daily temperatures minimum 5°C and maximum 13°C) and sunny, dry summers (mean daily temperatures minimum 21°C and maximum 36°C). This means Cyprus is enjoyable all year round and can provide both a secure investment and a primary/second family home. Indeed, Cyprus residents enjoy an enviable lifestyle in a safe, clean and healthy environment with high living standards. Low crime and stress levels, the 2nd best climate worldwide (*Travel Trade Cyprus, 2016*) with year-round sunshine, centuries of art and culture, and appealing gastronomy all contribute to a high quality of life, ideal for businesspeople and their families seeking the perfect balance between work and pleasure. Additionally, in terms of tourism, Cyprus is a popular Mediterranean island very much on the tourist map.

Thirdly, Cyprus boasts a world class level of infrastructure and services, whether in terms of travel, education, healthcare, banking etc. For instance, Cyprus benefits from an extensive telecommunications network, ideally suited for

⁶See Statistical Service of Cyprus, "Census of Population and Housing 2021: Final Results" <<https://www.gov.cy/en/economy-and-finance/census-of-population-and-housing-2021-final-results/>>. The statistics do not consider the approximately 200,000 people living in the non-government controlled areas.

⁷*Ibid.*

⁸See World Population Review, "Largest Cities by Population 2025" <<https://worldpopulationreview.com/cities/>>.

businesspeople with demanding schedules. Additionally, thanks to its sophisticated road system, bustling port facilities (in Limassol and Larnaca) and two international airports (in Larnaca and Paphos), travel and transport in and beyond Cyprus is always fast, efficient and cost effective. As regards education, Cyprus ranks amongst the top countries in Europe for tertiary education per capita, recording an impressive 61.6% in higher education attainment, way above the EU average of 43.1.⁹

D) Attractive Tax System

Cyprus offers an attractive and transparent tax regime that is both, fully compliant with EU directives and fully compliant with the Organisation for Cooperation and Development in Europe (OECD) requirements as well as any other applicable international laws and regulations. The main features of the Cypriot tax regime include the following 1) One of the lowest corporate income tax rates in the EU at 12.5%; 2) Dividend participation exemption; 3) Exemption on disposal of “securities” (e.g. shares, bonds, debentures); 4) No succession taxes; 5) No withholding taxes; 6) Attractive Intellectual Property (IP) regime; 7) Tonnage tax for shipping companies; 8) Notional interest deduction; 9) Personal tax exemptions for new residents and non-domiciles.

E) Investment Opportunities

Based on all of the above factors, in terms of investment opportunities, Cyprus is considered second to none. EU membership ensures the safety and stability for investors, also offering market access to more than 500 million EU citizens. Cyprus also has its own, long-established and robust legal and regulatory framework that is based on English common law principles. Indeed, Cyprus’ comprehensive and robust legal and regulatory framework is widely recognised as a business-friendly and effective system that ensures transparency and reliability in business practices offering foreign businesses a familiar and reliable framework within which to operate. Moreover, Cyprus’ legal system is also fully compliant with the EU, the Financial Action Task Force on Money Laundering (FATF), the OECD, the US Foreign Account Tax Compliance Act (FATCA), the Financial Stability Forum (FSF) laws and regulations and EU Anti-money laundering (AML) directives.

On top of this, human talent probably constitutes Cyprus’ most compelling advantage for businesses, complemented by a broad range of high-quality professional services. As a dynamic business centre, Cyprus offers an abundance of highly educated and skilled individuals, multilingual in their majority, ready to serve the needs of any business. Moreover, Cyprus is widely recognised as a centre of excellence for the provision of professional services that support all business needs at competitive rates. For example, the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA) selected Cyprus as the first country in the world outside the UK to train

⁹See European Commission, “Education and Training Monitor 2024” <<https://op.europa.eu/webpub/eac/education-and-training-monitor/en/country-reports/cyprus.html#:~:text=Cyprus%20has%20one%20of%20the,increase%20over%20the%20last%20decade>>.

ICAEW and CIMA accountants.

5. Cyprus Residency by Investment Requirements

To qualify in 2025, an applicant must (A) invest at least €300,000 in options like new residential property, commercial real estate, or company shares AND, (B) maintain an annual income of at least €50,000 (which amount increases by €15,000 for a spouse, and by €10,000 for each child (under 18)). In this section, more details regarding investment types and the respective income sources are provided. It is important to note that the money for the investments must be transferred from abroad to Cyprus.¹⁰

A) Investment Type (The eligible investment categories are as follows):

1) Buy a residential, brand-new property. A house or apartment can be bought for at least €300,000 plus VAT.¹¹ The investor can also purchase two properties for the above amount from different development companies. Off-plan properties are also included, irrespective of the delivery date. If the applicant and spouse buy together, the above conditions apply to both. That is, the sum of the amount should be at least €300,000 plus VAT for one or two properties.

2) Purchase commercial properties. It may include offices, shops, hotels, related developments, or a combination.¹² It can also include resales or used properties.

3) Invest in the share capital of a Cypriot Company. To purchase shares or establish a Cypriot company and invest in its share capital, the company must be based and operating in the Republic of Cyprus, have a proven physical presence, and employ at least five (5) people.¹³

4) Invest in Units of the Cyprus Investment Organisation of Collective Investments (forms of AIF, AIFLNP, RAIF). To purchase units in any of these products.¹⁴

¹⁰The funds which shall be used for the investment must originate from abroad, from a bank account of the same applicant/investor or/and his/her spouse if he/she will be included as a dependent in his application. The amount of the investment shall be paid from the bank account of the applicant to the bank account of the seller in a financial institution in Cyprus. The funds which shall be used for the investment and must originate from abroad, can also be transferred from the bank account of a Company of which the applicant/investor or/and his/her spouse are the sole shareholders, provided that the shareholder(s) will be included in the application.

¹¹Purchase of a house or apartment from a development company, which should concern a first sale of at least €300,000 (plus VAT).

¹²Purchase of other types of real estate such as offices, shops, hotels or related estate developments or a combination of these with a total value of €300,000. The purchase of interest can be the result of a resale.

¹³Investment worth €300,000 in the share capital of a company registered in the Republic of Cyprus, based and operating in the Republic of Cyprus and having a proven physical presence in Cyprus and employing at least five (5) people.

¹⁴Investment worth €300,000 in units of Cyprus Investment Organization Collective Investments. AIFs (Alternative Investment Funds) are privately pooled investment vehicles investing in alternative assets, and in Cyprus, they are categorized into two main regulated types: AIF (with unlimited investors), available to all types of investors, and AIFLNP (Alternative Investment Fund with Limited Number of Persons), targeting only well-informed and professional investors. A third option is the RAIF (Registered Alternative Investment Fund), which is not directly regulated by the CySEC but is indirectly regulated through its external fund manager.

B) Income requirement

The applicant must show an annual income of at least €50,000 (after tax), which amount (as mentioned above) increases by €15,000 in case of a spouse and €10,000 in case of each dependent. However, it should be noted that the spouse's income (if any) can be included in calculating income.

The income may include any of the following:

- salaries or wages,
- pensions, dividends, fixed deposits, rental income

If the applicant invests in the residential property option, their income must be entirely from abroad. When using the other investment options, i.e., investment in commercial property, company shares or investment units, the income can come from sources within Cyprus (and is subject to taxation in Cyprus).¹⁵

6. Application Procedure

In this section, the application procedure for Chinese nationals seeking residency in Cyprus by investment are considered.

1) The applications, accompanied with the **required documents**, are submitted to the Civil Registry and Migration Department and the Minister of Interior will grant the final approval.¹⁶

2) The residence application fee is €500 plus €70 for each accompanying person.¹⁷

3) The examination period of the application will be from two months (from the date of submission of a complete application and the correct documentation) to approximately six-to-twelve months (where the documentation is deemed incomplete or further information is required).

4) No personal interviews are required unless otherwise requested.

5) Once the application is approved the Civil Registry and Migration Department issues the PR permit card

As regards dependent persons, the PR applications may include the following:

- Spouses and children up to 18 years old.
- Children between 18 and 25 years old (provided they are unmarried and uni-

¹⁵Annual income confirmation of the applicant of at least €50,000. This income should derive from abroad, and may include salaries from employment, pensions, dividends from shares, fixed deposits, rents. The level of the annual income required is increased by €15,000 for the spouse and €10,000 for any dependent child (i.e. under the age of 25) of the applicant and his/her spouse. For the calculation of the total amount of the annual income, the spouse's income may be also taken into consideration on top of the €50,000. The applicant's income should solely derive from abroad and proof of income is necessary in the form of tax declarations from the country where the applicant is a tax resident, or through official certifications from an independent chartered accountant. It is noted that any alienation of the holder of the Immigration Permit from the investment he/she has made without its immediate replacement with another of the same or greater value which must meet the conditions set out in the present procedure, will result to the cancellation of the Immigration Permit based on the provisions of Regulation 6 of the Aliens and Immigration Regulations. In case where the applicant invests in options A(ii), A(iii) or A(iv) above, then the total income or part of it may also originate from sources within Cyprus, provided he/she is being taxed in Cyprus.

¹⁶The Minister of the Interior takes the final decision.

¹⁷At the time of writing.

versity students). If they wish to study at any university in Cyprus, they must initially apply for a student visa. After finishing their studies, they can submit their application for PR (this permit will not expire once they are 25 years old). The only requirement is that the parents show an extra annual income of €10,000 for every such child.

7. Required Documents

To obtain a PR permit card, the Chinese national needs to apply with the following required documents:

- Copy of the passport of the applicant(s).
- CV of the applicant(s).
- Marriage Certificate (official and certified translation).¹⁸
- Children's Birth Certificates (official and certified translation).¹⁹
- Criminal Record Certificate for the applicants from the country of residence (official and certified translation).²⁰
- A statement that the applicant and his/her spouse will not engage in paid work in Cyprus (with the exception of their employment as Directors in a Company in which they have chosen to invest under the policy).
- Tax statements or confirmation from an auditor from the country where the applicant is a tax resident to prove the income amount. The tax statements must be originals and be accompanied by a sworn statement (affidavit).
- Documents proving that the amount used for the investment was transferred to Cyprus from abroad (e.g., by bank transfer).
- Health Insurance Certificate for the applicant and spouse/children under 18 (covering inpatient and outpatient care).
- Representative's authorisation, signed and certified (if applicable).
- If children are between the ages of 18 and 25, they will need a University Confirmation and certain other documents.²¹
- the documents required as evidence of the investment will depend on the investment route selected, i.e., as regards A(i) or A(ii) (an investment in a house/apartment or commercial properties) the contract of sale and proof of payment for at least €300,000 is required; as regards A(iii) (an investment in the share capital of a Cypriot company), the Share Purchase Agreement, Certificate of Shareholders and Incorporation, Business profile, and Social Insur-

¹⁸The documents must be translated into English and bear the «APOSTILLE» Stamp OR be certified by the Ministry of Foreign Affairs of the country that will issue them and also by the Cyprus Embassy of that Country.

¹⁹The documents must be translated into English and bear the «APOSTILLE» Stamp OR be certified by the Ministry of Foreign Affairs of the country that will issue them and also by the Cyprus Embassy of that Country.

²⁰The documents (which can be upto 6 months old) must be translated into English and bear the «APOSTILLE» Stamp OR be certified by the Ministry of Foreign Affairs of the country that will issue them and also by the Cyprus Embassy of that Country.

²¹For an UpToDate list of other documents please see moi.gov.cy <<https://www.mip.gov.cy/dmmip/md.nsf/all/AE949316731202F3C225877D003B1D70?opendocument>>.

ance documents (to show personnel employed by the company) are required; as regards A (iv) (investment in units of a Cyprus Investment Organisation, i.e., AIF, AIFLNP, RAIF) the titles or other proof of the purchased units, confirmation from the Cyprus Securities and Exchange Commission, (CySec) concerning the fund, and the memorandum for the fund or investment plan is required.²²

8. Additional Criteria

- In cases where the applicant decides to make an investment as prescribed in A(ii), A(iii) or A(iv) above, he/she must submit evidence in relation to his/her place of residence and of the members of his/her family within Cyprus (e.g., title deed, sale and purchase agreement, rental agreement).
- In cases where the applicant decides to invest in a house/apartment as prescribed in A(i), but the number of the bedrooms do not satisfy the needs of his dependent family members, the applicant should indicate another property or properties which shall constitute the place of residence of the family and submit the relevant evidence. (e.g., title deed, sale and purchase agreement, rental agreement).
- Investment of a Higher Value for Including Adult Children who are NOT financially dependent:
 - o PR permit card may also be granted to children of the applicant over the age of 18, who are not financially dependent on the applicant, on a higher value investment.
 - o The market value of the € 300.000 investment should be multiplied by the number of adult children, who will invoke the same investment for the purpose of obtaining the PR permit card. For example, in case the applicant has an adult child he/she should make an investment worth €600.000, if he/she has two adult children the value of the investment should amount to € 900,000 etc.
- In case the investment will concern the purchase of real estate, i.e., where the applicant chooses to invest A(i) and A(ii), a proof of payment of at least 66% of the market value of the real estate must be submitted upon application.

In such a case, each adult child will be able to prove that they have at their disposal a secured annual income of at least €50,000, which will increase by €15,000 and/or €10,000 for each dependent person. In addition, it is noted that the investment can be made jointly in the name of the applicant and the adult child or exclusively in the name of the applicant.

- In cases where the investment does not concern the share capital of a Cypriot company (i.e., not A(iii) above), the applicant and/or his spouse are allowed to

²²CySEC is the independent public authority in Cyprus that supervises the investment services market, asset management, and crypto-asset activities, aiming to protect investors and promote a healthy financial market in line with European regulations. It grants licenses to Cyprus Investment Firms (CIFs) after they meet strict criteria and oversees their compliance to ensure the market's efficiency, fairness, and transparency.

be shareholders in companies registered in Cyprus and the income from the dividends derived from such companies may not be considered as an obstacle for the purposes of obtaining the PR permit card. In such companies, they may also hold the position of an unpaid Director.

- In relation to the investment in a house/apartment or other properties it is noted that the purchase of a property shall be acceptable for the purposes of the said scheme, even if it is made from a legal entity where the applicant or/and his/her spouse are the sole shareholders or ultimate beneficial owners and such legal entity is situated legally in Cyprus or in any other member state of the European Union or the European Economic Area.

9. Investigating the Compliance Issues Involved for Chinese Nationals

A) Dual-citizenship is not Recognized

China officially does not recognize dual citizenship, a rule enshrined in Article 3 of its Nationality Law. If a Chinese national acquires another citizenship, they are generally considered to have automatically renounced their Chinese nationality.

However, whilst it is a step towards applying for Cypriot citizenship, PR in Cyprus is not the equivalent to citizenship and therefore there are no issues relating to dual citizenship arising.

B) Strict foreign exchange controls

China has strict foreign exchange controls, and often when Chinese nationals need to execute a transfer, it is difficult to do so, as there's a limit on the amount. China's foreign exchange control is a strict capital control system that limits the free flow of money into and out of the country, regulated by the State Administration of Foreign Exchange (SAFE) and the People's Bank of China (PBOC). While the system has seen some gradual relaxation since the 2000s, individuals and companies must still comply with stringent rules, including annual purchase limits for foreign exchange and extensive documentation for cross-border transactions, which are seen as essential in China for maintaining macroeconomic stability.

The key aspects of China's foreign exchange control are the following:

- **Closed Capital Account:**

China maintains a "closed" capital account, meaning money cannot move freely in or out of the country without adhering to strict regulations.

- **Regulatory Authorities:**

PBOC and SAFE are the primary bodies responsible for regulating foreign exchange in China.

- **Managed Floating Exchange Rate:**

The PBOC manages the Renminbi (RMB) exchange rate through a managed float system, intervening in the foreign exchange market to ensure stability.

- **Current vs. Capital Accounts:**

The system distinguishes between current account transactions (e.g., for trade)

and capital account transactions (e.g., for investments), requiring separate bank accounts and specific approvals.

- **Individual Limits:**

Individuals are subject to an annual limit on foreign exchange purchases, which is currently USD 50,000.

- **Corporate Requirements:**

Companies must provide detailed documentation, such as invoices, contracts, and purchase orders, to justify foreign exchange transactions and require SAFE approval for many overseas payments and investments.

- **Reporting Requirements:**

Large foreign exchange transactions must be reported to SAFE, with corresponding proof documents to ensure compliance.

- **Cross-Border Transactions:**

Regulations dictate the process for various cross-border transactions, including overseas payments, pre-payments for imports, and the use of external guarantees.

Purpose and Evolution

- **Macroeconomic Stability:**

The primary goal of China's foreign exchange controls is to mitigate risks and maintain macroeconomic stability by limiting large cross-border capital flows and absorbing external shocks.

- **Gradual Liberalization:**

While controls remain strict, China has been gradually liberalizing its foreign exchange market since the late 2000s, allowing for more discretion in managing foreign exchange income and exploring full currency convertibility through pilot free trade zones.

- **Long-Term Vision:**

The aim is to eventually expand these liberalizations nationally if pilot programs prove successful, but the process is designed to be gradual and controlled.

The practical enforcement of China's forex controls is a highly sophisticated, technology-driven system that relies on banks as its frontline.²³ While it effectively maintains stability for the state, it creates a challenging environment characterized by bureaucratic hurdles, operational delays, and significant limitations on capital mobility.²⁴ Success requires careful planning, expert legal and financial

²³China's foreign exchange controls are enforced by SAFE through a strict, multi-layered system. The core principle is that routine trade (current account) transactions are relatively free, while investment and capital flows (capital account) are tightly restricted and require approval. Key enforcement mechanisms include using banks as gatekeepers to verify transactions and enforce rules (like the \$50,000 annual individual quota), a centralized technology system to monitor all flows in real-time, and mandatory repatriation of foreign earnings. Enforcement is unpredictable, often tightening through informal "window guidance" during economic stress, creating a significant compliance burden.

²⁴The \$50,000 limit is the most direct challenge. It is virtually impossible to legally transfer large sums abroad for purposes like buying real estate, investing in foreign stocks, or paying for a child's full international tuition. There is also difficulty proving "legitimate use" Even within the quota, individuals often face intense questioning from bank tellers about the purpose of the remittance and must provide supporting documents (e.g., tuition invoice, rental contract).

advice, and a high tolerance for administrative complexity.²⁵ The system's rigidity also fluctuates with China's economic health, becoming significantly tighter whenever the RMB comes under pressure.

It is important to be aware that these restrictions exist and to work with trusted advisors and partners to navigate through these controls. It is therefore preferable that the Chinese national can access foreign currency held outside of China.

10. Conclusion

This article has provided a brief overview of the considerations for Chinese nationals seeking to acquire PR in Cyprus.

Part I of the article presented an introduction and highlighted that the investment amount required has massively been reduced by the Cypriot Government in recent years and now sits at just €300,000 (THREE HUNDRED THOUSAND EUROS). Part II of the article presented the history of Cyprus and Cyprus's membership of the EU, whilst part III presented insights into the Schengen visa territory and Part IV outlined the benefits for Chinese nationals of Residency by Investment Program in Cyprus. Part V, part VI, part VII and part VIII explained the current requirements under said program (as of August 2025), considered the application procedure and provided details regarding the required documents and additional criteria respectively. Part IX completed the article by analysing the potential compliance issues involved for Chinese nationals who are interested to participate in such scheme to acquire PR in Cyprus.

This part X concludes as follows:

- Of the different investment options, the first option i.e., A(i) is generally considered a safer and more secure investment method for obtaining Cyprus residency.
- Although China doesn't recognise dual citizenship, PR in Cyprus is not the equivalent to citizenship and therefore there are no issues relating to dual citizenship arising.
- Whilst China has strict foreign exchange controls, meaning that it is difficult for Chinese nationals to execute a transfer out of mainland China, there may also be Chinese nationals who already hold or control foreign capital overseas.
- It is important to be aware that direct purchases of overseas property or securities by Chinese nationals who reside in mainland China are prohibited and can lead to penalties, including denial of future quotas (under China's strict foreign currency controls) or even prison sentences. Therefore, this article is not a recommendation to proceed and only presents the pathway.

²⁵Note that there are some creative (and risky) workarounds since the strict limitations have led people to use illegal and risky methods. These include: Underground Banking: Using informal value transfer systems (like *fei qian*/flying money), which are illegal and carry the risk of fraud, money laundering charges, and account seizure; Using Multiple Family Members' Quotas: "Smurfing" by pooling the quotas of friends and family. SAFE's big data systems are increasingly effective at detecting and punishing this; Cryptocurrency: Using crypto as a bypass method, which is itself illegal for forex conversion in China and extremely volatile.

For further information (and to check the up-to-date requirements) and getting assistance with your residency strategy, it is recommended to work with local experts, such as Y. Vasiliou & Co LLC, who can advise in both English and Chinese.²⁶

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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²⁶Their website dedicated to the Residency by Investment Program in Cyprus is <<https://www.vasilioulaw.eu>> and their local website is <<https://www.vasiliou.law/>>. You can also contact them on email: info@vasiliou.law.

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