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Anastasiades announces easing of lockdown from May 4



On April 29, President Nicos Anastasiades announced the gradual easing of the lockdown in two stages starting from last Monday, May 4. Further relaxations will come into force on May 21.

These relaxations concern both sectors of the economy and movement of people who from May 4 have been allowed three movements from their house a day. Restrictions on movement will be scrapped altogether on May 21.

Saying he felt proud of what has been achieved so far, the president said that it was

important to adhere to the rules and warned against complacency.

In a televised address, Anastasiades said that the Council of Ministers had decided to end some of the restrictive measures which allows a gradual return to an acceptable way of life without endangering what we have achieved. (Read all the details in page 2)

UK: The coronavirus lockdown comes under review for the second time on May 7. Any change to the UK lockdown will involve modifying it rather than lifting it. It is expected to be lifted in stages amid Treasury fears that businesses won't survive past June.





Andreas Yiasemides:

CIFA remains focused on the operation of collective investments.

Opportunities may open in the industry despite the extreme adversity resulting from the pandemic



Michalis P. Michael:

Invest Cyprus is committed to maintaining the country's investment climate attractive for the existing and potential investors.

A high degree of satisfaction is recorded among foreign investors





CYPRUS SHIPPING CHAMBER
Navigates Cyprus Worldwide

Thomas Kazakos:

Cyprus Shipping Chamber has been assessing the negative effects of this pandemic on a national and through its participation at the European Community of Shipowners' **Associations** (ECSA) at a European level, in order to secure as much the necessary possible, support, which will allow the Shipping Industry to continue servicing society.

The economic impact of COVID-19 In UK and Cyprus

Q & A

Distinguished professionals and businesspeople from UK and Cyprus express their personal opinions regarding the economic impact of COVID-19 to various industries such as Real Estate, Tourism, funds and much more.

Cyprus have started to enjoy gradual easing of the lockdown

On April 29, President Nicos Anastasiades announced the gradual easing of the lockdown in two stages starting from last Monday, May 4 with further relaxations coming into force on May 21.

May 4

Economy

- 1. No restrictions on the construction sector and related businesses
- 2. Reopening of all retail shops except malls and department stores, subject to various rules regarding hygiene
- 3. Reopening of farmers markets, open bazaars, again under conditions relating to hygiene
- 4. Reopening of tourist and travel offices

Public sector

- 1. Full operation of public sector; return of all employees to work except for vulnerable groups as per the relevant list and those who have to look after children up to 15 years old. Both groups must carry out assignments given to them from home.
- 2. This allows courts to resume subject to instructions to be issued by the Supreme Court

Education

Last year of secondary school (public and private) will go back to class on May 11. The Education Minister
will make announcements for the other levels of education. Pending the full operation of schools, teleschooling will continue.

Public health

1. From May 4 restrictions end and Dental Services re-operate

Freedoms

- 1. Citizens will be allowed three SMS a day for movement
- 2. Curfew from 10 pm to 6 am

Religion

May 4

- 1. Pray at church and other places of worship allowed provided there are no more than 10 people at any one time
- 2. Decree for weddings, funerals and christenings remains

June 1

 From June 1 church-going and other forms of religious worship will be allowed given that all health protocols are followed as will be defined by the MoH. The same will apply for weddings, baptisms and funerals.

Personal fitness

- 1. Exercise (walking, swimming in the sea, cycling etc) allowed in open areas, paths and paths within parks, provided only two people each time. Underage children are not subject to this restriction.
- 2. Parks and children's areas remain closed

Sport

- 1. Opening of sport facilities for high performance athletes on May 4
- 2. Training of teams to be allowed from May 18

From May 21

- 1. All restrictions on movement to be lifted
- 2. Freedom to use parks, play areas in open areas, squares, marinas, provided gatherings are not more than 10 people
- 3. Catering establishments reopen only outside, based on strict protocols to be issued by the Labour Ministry
- 4. Hairdressers, barbers and beauticians

From June 1

- 1. Access to and operation of organized beaches
- 2. Ports to come into full operation with the exception of disembarkation of passengers from cruise ships
- 3. Reopening of libraries, museums, archaeological and historical sites
- 4. Reoperation of betting shops



Andreas Yiasemides:

CIFA remains focused on the operation of collective investments

Opportunities may open in the industry despite the extreme adversity resulting from the pandemic





The developments around the pandemic, as well as the possible side effects in the field of collective investments are monitored by the **Cyprus Investment Funds Organization (CIFA)**, while taking measures to deal with the situation.

CIFA is constantly discussing the situation, while maintaining an open line of communication with the competent authorities, presenting its own recommendations for addressing the challenges in the field of collective investment. In particular, the effort is focused on continuing business activities and providing the necessary resources to manage the situation created by the pandemic.

CIFA urges investment fund managers to maintain open channels of communication with investors so that investors can understand the measures taken to address the effects of the pandemic. Transparency, communication and regular submission of reports are expected to allow investors to make more rational decisions, in order to minimize the stability of the Investment Capital sector.

According to the first data, there is an unusually high outflow of capital, however, the effects on liquidity are declining, due to the coordinated measures by the central banks internationally to maintain liquidity. Investment fund managers are expected to begin looking at ways in the near future to assess the value of their portfolios from the pandemic, especially for funds related to high liquidity and non-negotiable assets. In addition, investment fund managers are expected to deal with the resulting acquisitions and capital conversions, as well as the additional difficulties that arise with the withdrawal of investors from certain investments.

However, according to CIFA's analysis, long-term investment opportunities are expected to emerge and investment funds and investment fund managers will need to take advantage of this period to reconsider possible changes in their business models regarding the extension of capital and term collection periods. concerning funds. Regarding the investment funds sector, Cyprus has developed a dynamic in recent years. Now, the funds under management exceed € 6.7 billion. In fact, CIFA President Andreas Yiasemides also talks about opportunities that may open up in this industry

Mr Andreas Yiasemides welcomed the efforts made by the European Motor Purchasing and Marketing Authority (ESMA) to reduce pressure on financial markets due to COVID-19, as well as the response of the Association for Capital Management and Capital Management. , to ensure the continuous and efficient operation of capital markets. He also focused on the efforts made by the Cyprus Capital Market Commission (CySEC), which has taken all necessary measures to facilitate the situation and is expected to show a similar understanding of how business is conducted in today's conditions.

CIFA President also assured that CIFA remains focused on the operation of collective investments. "We are proud of what the sector has achieved so far, as evidenced by the recent release of EFAMA statistics for 2019. In 2019, Cyprus had a significant growth of 30% on an annual basis, winning 4th place. This was the result of our coordinated efforts, which will undoubtedly continue, despite the extreme adversity resulting from the pandemic."

High degree of satisfaction among foreign investors in Cyprus for government's response plan

Finance Minister Constantinos Petrides appeared optimistic that Cyprus will emerge from the crisis very soon speaking in the online briefing organized by Invest Cyprus.

A high degree of satisfaction is recorded among foreign investors about the measures taken by the government as part of the efforts to tackle the pandemic. This was the result of a survey conducted among foreign investors, in the context of an online discussion organized by the Cyprus Investment Promotion Agency (Invest Cyprus) entitled "Cyprus - Covid -19 Response Plan: What lies ahead ».





Constantinos Petrides

Speaking during the online discussion, the Finance Minister thanked investors for showing trust in Cyprus and sent a message of optimism that the country will fully recover, as it has done in the recent past. "We are optimistic that with the measures we put in place, we will overcome crisis," the Minister said, adding that the government is now preparing to gradually lift the restrictions given the decreased number of confirmed cases. As he explained, the government's response plan pillars were the timely control of the spread of the virus, the planning for a gradual reopening of the Cyprus economy and

the formation of a strategy for restarting the economy. He also pointed out that early enough, the government took economic measures to support businesses reaching 5.5% of GDP. Referring to the € 2 billion Government's Guarantee Scheme to boost liquidity, he appeared confident that this would be submitted for approval in the Parliament in the coming days.

The Minister of Finance also referred to the support towards tourism, emphasizing that Cyprus will emerge as a safe tourist destination as soon as conditions allow. He also mentioned a study currently conducted to support air transportation and travel agents.

Despite the climate of uncertainty prevailing internationally, he stressed that the forecasts for Cyprus are much better than for other EU countries, referring to the forecast of the Fitch International Assessment House suggesting a GDP loss between 5%-7%. He also referred to a potential revision of the initial forecasts, as Cyprus will leave the lockdown earlier than initially planned. Mr Petrides stressed that the economy in Cyprus is proved to be structurally sound, while the government adopted a flexible policy taking targeted measures to support businesses. In addition, he assured that the government is in close collaboration with the Cyprus Investment Promotion Agency, acknowledging the contribution and impact of foreign investments towards the recovery of the economy.

For his part, Invest Cyprus Chief Executive Officer, George Campanellas, analysed the role of the Agency and referred to its three-year strategic plan and objectives which include: the attraction of tech companies to move their headquarters to Cyprus, the promotion of Cyprus as a European centre for investment funds and fund managers, the strengthening of the higher education sector, the development of the filming and animation industry, but also the attraction of investments in renewable energy projects, as well as tourism and hospitality projects in line with the National Tourism Strategy 2030.



George Campanellas

Mr Campanellas appeared optimistic that Cyprus would emerge stronger from the crisis, while he took the opportunity to thank companies and foreign businessmen who had contributed financially to efforts to tackle the pandemic. Mr. Campanellas also referred to the measures suggested by Invest Cyprus to further improve the country's attractiveness as well as the Agency's actions to support existing foreign investors during crisis.

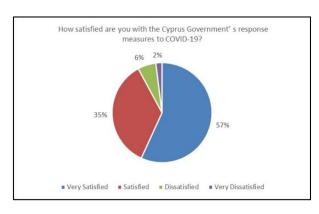


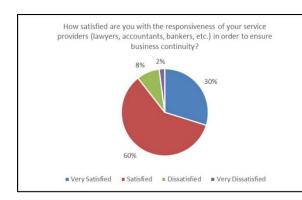
Michalis P. Michael

During the online discussion, the Chairman of the Board, Michalis P. Michael, stated that Invest Cyprus is committed to maintaining the country's investment climate attractive for the existing and potential investors. He also assured that Invest Cyprus is at the disposal of investors for any kind of help and support they need in these difficult times.

During the briefing, foreign investors had the opportunity to ask questions and to participate in a survey about the consequences of the pandemic and the government's handling of it.

According to the results, 56.9% of investors appeared very satisfied with the measures taken by the government to tackle the pandemic, 35.3% said they were satisfied, 5.9% said they were dissatisfied while 2% appeared very dissatisfied.

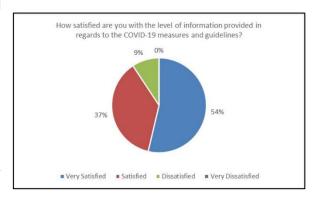




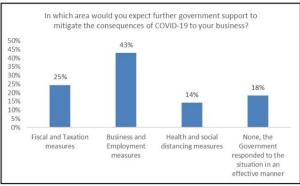
When asked about the degree of satisfaction by service providers (lawyers, accountants, bankers) and their response in ensuring business continuity, 29.8% said they were very satisfied, 59.6% satisfied, 8.5% said they were dissatisfied, while 2.1% were very dissatisfied.

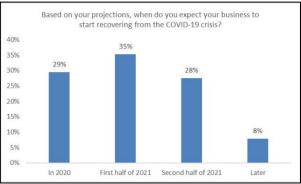
When asked about the degree of satisfaction by the level of information provided regarding the measures taken and instructions on how to deal with the pandemic, 53.7% said they were very satisfied, 37% satisfied, while 9.3% said they were dissatisfied.

Regarding the return to normalcy in terms of business operations, 29.4% estimated that their



business will fully recover within 2020 while 35.3% estimated that this will happen in the first half of 2021. Those thinking they will recover in the second half of 2021 reached 27.5% while 7.8% expect it to be later.



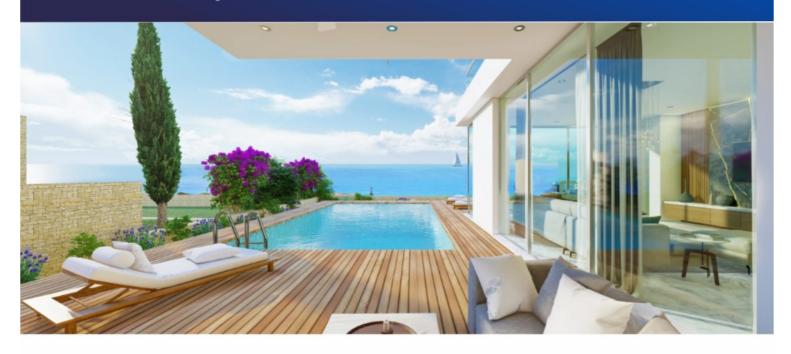








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Philippos Raptopoulos, Partner, Head of Tax and Legal Services, EY Cyprus

1. What is the impact of the COVID-19 for the economy in general and which sectors of the economy will affect mostly?

As this is a unique situation, no one can predict the full extent of the impact yet. However, it is evident that Government measures put in place to compact COVID-19 have led to an unprecedented disruption of supply chains and drop in demand, consequently many companies are remodelling their operations. In the same way, the pandemic has also affected the financial markets, destructing economic values.

Some of the main sectors that have already been impacted, with several seeing severe consequences are: Tourism & Hospitality, Aviation, Oil & Gas, Automotive Consumer Products, Consumer Electronics and Financials. Tourism & Hospitality is considered to be the most critically affected sector of the Cyprus economy.

2. How your office keeps your clients, associates and the public aware of the current government supportive measures and other useful decisions taken by other institutions or associations?

As EY, we have been there for our clients since day one of the crisis, sharing the knowledge and expertise of our local teams as well as the global network and helping them deal with the consequences of this crisis.

This is accomplished by constant communication with our clients and associates, updating them on all measures taken by the local Government that directly affect their line of business and other relevant information. In addition to that, we regularly update our website with all the latest information, send newsletters and create COVID-19 focussed webcasts and webinars.





Additionally, we conduct surveys on specific sectors of the economy, recording the problems they face due to the pandemic and the measures they take and then share the conclusions with the participants, so they can be better prepared to deal with the crisis.

3. What activities, promotions and measures your office will take in the near future aiming to return back to normal?

While this is first and foremost a humanitarian crisis and while executives are dealing with its immediate impact, we still need to consider when and how the economy is likely to recover and be prepared to rebound. The pandemic has caused an unprecedented scale of disruption across the board, with digital advances and tech-fuelled changes to consumer behaviour being the most important drivers of transformation.

The EY Business Continuity Program, which includes the EY Pandemic Preparedness Plan, refers to EY capabilities to continue to provide services to clients. This requires flexibility, resilience and recovery. Our priority is to invest in people, procedures, technology and services based on business risk and criticality in preparation for the new normal.

4. As consultants, what are your advices to the businesses in this current situation?

EY being an organization with global alignment and international standards on business continuity and recovery, as well as expertise in crisis and risk management, we have the foundations to encounter such major issues affecting businesses.

The rapid spread of the COVID-19 pandemic has had a negative disruption of business operations globally. Therefore, we emphasize the importance of setting up a Crisis Management structure and Task Force, covering all areas of impact on the business, as the first and most critical step. Starting with human resources management in the new remote working environment, and at the same time creating strategies for all lines of service, from customers, suppliers & supply chains; cash flow; to technology infrastructure & cybersecurity.

5. Your final statement

It is very important to keep in mind that during a crisis our most essential priority is preserving our health and wellbeing. While our primary focus is to manage the initial impact of the crisis brought upon the COVID-19 pandemic, we must prepare and be flexible to adapt to the possible new ways of operating in the future. Adaptability, agility, and resilience practiced today will bring endurance and success tomorrow.



Savvas Savvides (Director/Partner - Michael Kyprianou & Co. LLC



1. What is the impact of the COVID-19 for the economy in general and which sectors of the economy will it affect mostly?

The Covid-19 pandemic has affected every industry in one way or another. As to how long the pandemic will last and the effects of its economic impact this is extremely difficult to predict.

The Travel Industry has been severely affected with airlines cutting down on their flights and customers cancelling business trips and holidays. The travel restrictions that Governments around the world have introduced to contain the virus have definitely and significantly affected the Tourism Industry and especially Cyprus which is a county that relies heavily on the Tourism sector.

2. What measures should be taken to reverse the current status?



Leaders around the world must be in a position to work effectively and to create a ready-to-act authority structure. Considering that there is an uncertainty as to how long Covid-19 will last, there has to be some flexibility by businesses with the

awareness that the virus may unfortunately continue to linger indefinitely.

Physical barriers, face guards, physical distancing, health screening before entry into premises, including generous and flexible sick leave, are critical measures in protecting the public and in permitting companies to continue their normal activities in order for the economy to slowly return back to normal. We also need to learn to live with the knowledge that a pandemic may always exist. In addition, all businesses need to shift towards electronic technology, including most of the public services sector, where possible, such as what has happened with the trend towards online shopping.

There will be a reliance on video conference calls and e-mails to hold meetings or to complete tasks within the demands of this new era, and this new method of communicating needs to gradually be adopted as a new way of working, not only within private companies but also in the public sector. Today, we are all being confronted with the difficulties of being able to contact the public sector, such as the Land Registry Office, the Tax Department, the District Office, etc, which shows a lack of electronic allocation of applications and a topic which has concerned the Government for years, even before the occurrence of the pandemic. The lack of technology has proven to cause huge problems. The public authority sector needs to also be transferred into the new technological era. The same discussion is at present taking place with the lodging of applications with the Courts, where, as everyone is aware, Trials have been suspended due to the pandemic. Yet again, a lack of electronic technology is affecting even the most important aspect of any democratic country, which pertains to the delivery of justice.

It is imperative that essential measures are undertaken so that all private and public service sectors are able to work in a manner which is demanded by electronic technology.

3. How do you keep your clients, associates and the public aware of the current government supportive measures and other useful decisions taken by other institutions or associations?

Keeping clients, associates and the public in general aware of the Government's present supportive measures and their decisions, requires considerable planning, incident management and knowledge. I am proud to say that the Firm has managed to provide an undisrupted changeover experience for their clients.

We are trying our best to remain in touch with our clients by sending them instant messages and informing them that if they have any queries they can either speak to their usual contact at Michael Kyprianou & Co LLC or even send any enquiries that they may have to any members of our staff.

In keeping your clients well informed, it provides them with power of knowledge and creates a more comfortable setting for them.

On our website, we publish all the new measures announced by the Government. In addition, we have contacted practically all of our Corporate clients to explain to them how the new measures work and how these can be applied to their businesses.

We welcome any enquiries through any media, Facebook, LinkedIn or any other electronic process.

4. You had a webinar recently. Tell us the subject, the outcome and the interest shown.

Indeed, we recently held a webinar with the topic being 'The Impact of the Covid-19 pandemic in the Real Estate sector in Cyprus'. We had a very interesting discussion with Stefanos Fintiklis who a professional valuer in Cyprus and numerous questions is were answered for the attendees of the webinar.

Many people from various countries and sectors had joined the webinar and I have to say that the experiences shared with all of them was very informative.

With all of the uncertainty that currently exists in the property market, the conclusion and outcome of the discussion was that we should not panic and not

proceed with inappropriate steps, such as buying that is based on fear of missing out or of selling and losing everything. It is important to remain patient and make sound decisions and not decisions based on emotions. The manner in which events are currently changing is still variable, without any specific conclusions being reached. As seen during the webinar, everything at this time is changeable, even simple actions such as how we are styling our hair is different.

Consequently, it is a situation which can change at any time. What is certain, however, is the unpredictability in the property market. At present there have not been any reductions or increases and the market remains frozen with a wait-and-see approach as to what will happen in the near future.

I would dare to say that there is general optimism that soon everything will get better.

5. In what way do you and your company, Michael Kyprianou & Co. LLC, believe we can restart the economic recovery and how can we attract foreign investors again?

The naturalization of citizens is a manner of securing liquidity by the state. A regulation is expected to be submitted to the House of Parliament in which the terms and conditions of honorary naturalizations for reasons of public interest and the naturalization of foreign businesspeople and investors will be relaxed. It is also worth mentioning that the foreign investor regulations on pending applications will be evaluated. There are at present some 700 applications on hand and it is a Government priority to progress with these pending applications.

It is estimated that the naturalization programme will result in €1 billion in revenue for the state coffers and the naturalization programme will also contribute to the revenue of the construction sector, which is facing many problems due to the imposed restrictive measures. It is also a positive step forward, that the Cypriot banking system has undergone various changes and improvements. Upgrading was one of the National Bank's most important goals, which is the reason that it is now possible to begin the procedure of opening bank accounts online. Consequently, this means that foreign citizens and investors interested in setting up a business in Cyprus, can commence their bank account opening procedures, even before arriving in the country. This is an important advantage in comparison to many other European countries where the procedure is longer and foreign citizens need to be in the country during the entire process.

Overall, the Cypriot Government must consider all issues which are related to service providers and offer further flexibility in the manner that service providers can act, taking into consideration that there are at present preventive travel measures in force, with the result that the Tourism Industry remains frozen. Consequently, the public service sector will need to be opened up further in order to be able to bring in more revenue.

6. Your final statement

We need to stay positive and believe that the Covid-19 pandemic outbreak will run its course and end soon, but without anywhere near the extremely devastating effects that other pandemics have had in the past, for example, the Spanish Flu from 1918–1919, the Asian Flu in 1957 and 1958, and the Hong Kong flu in 1968, which each caused some 1-4 million deaths.

Governments around the world have taken strict restrictive measures to control the virus and the number of deaths is likely to be much, much lower than the three previous great pandemics mentioned above. This shows that we hopefully have learned from history and the situation today is helped by the considerable amount of international co-operation on all fronts. Resources are being allocated to treat the sick and our heartfelt thanks go to the emergency health workers and all the key personnel for their commitment and sacrifices made at this challenging time. In addition, both Governments and private companies are working together to find a cure and develop a vaccine. These are very positive steps and I am confidently optimistic that life will return to normal soon.

michaelkyprianou

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Vicky Nemitsas Xitas, Cyfield Group Business Development & Sales Director



1. What is the impact of the COVID-19 for the economy in general and for the real estate sector in particular?

As with all industries there is a temporary slowdown, however as this is a world-wide phenomenon the Cyprus economy will not be in a "worse" state than other economies. The property market is the least affected from most sectors, as the needs of the buyers / investors still exist, and we expect they will materialise once this situation is normalised.

2. What measures should be taken to reverse the current status?

With safety measures for all concerned, to open the economy so that money begins to recirculate. Allow movement of people and business meetings. Lift the flight bans and allow prospective investors back into the country – always from safe countries and with appropriate testing upon arrival.



3. What actions the developers in general and your company in particular will take to attract foreign investors back to Cyprus again?

We have invested greatly in the introduction of electronic platforms for online meetings and for virtual reality presentations of our properties so that prospective clients can talk with us face-to-face and visit our properties as if they are in Cyprus. In addition, we have introduced two Alternative Investment Funds with specific returns for those investors who prefer this type of investment, which incidentally, does not

require any kind of travel. As these are regulated by CYSEC they are considered a very safe as well as liquid investment.

4. Are you in communication with government, Invest Cyprus and maybe with other developers for coordination to reach your targets?

We cooperate with all industry partners.

5. Tell us about your company's latest projects and a message to potential investors and buyers

Our company has never stopped creating new and innovative projects, focused on market needs and with emphasis on technology and energy conservation. The iconic 360 is now finished and started filling up with residents. We also have many new smaller apartment buildings and home complexes, in Nicosia, Limassol and Larnaca. The power station is also on track as well as a number of commercial buildings, adapted to today's needs for employee recreation and work-from-home facilities.

6. Your final statement

Cyfield Group has become 30 years old this year – during this lifetime it has amassed a wealth of experience, expertise, technical capability, financial strength and knowledge. The new generation of management and staff, taking guidance from the Group's 30-year experience, and amalgamating with it the contemporary management philosophies, is driving the Group forward into the 21st century. CYFIELD is an ever-renewing group, capitalizing on opportunities, adjusting rapidly to changes and challenges in the marketplace, and delivering enduring results for our clients, staff and community.

Farah Shammas, Managing Director at St Raphael Resort and Marina





1. What is the impact of the COVID-19 for the economy in general and which sectors of the economy will affect mostly?

The coronavirus is affecting absolutely every industry and every person in the world right now. It's a pandemic that people have not seen in their lifetime – world pandemics have happened before, but this is definitely the first for our lifetime. All businesses are been affected whatever sector of the economy they are in.

2. The tourism industry and the hospitality sector have a mountain to climb. Harris Loizidis, during an interview recently, mention the 'Solution of domestic tourism packages and vouchers.' Your comments

The tourism sector globally has been very badly hit by the novel coronavirus and this is something that we have not seen before to this degree. We all need to work towards a new initiative in this industry. We have to think outside the box, be creative and wait to see how the pandemic and the ease of the lockdown restrictions all around the world will be developed.

The solution of domestic tourism is one that is very important for each country affected by the coronavirus. If Europe itself is in lockdown, then each countries' citizens must support each other.

In regard to Cyprus, we already value domestic tourism very highly. We hope that when the lockdown restrictions are lifted and we are a virus-free and healthy country, people will be able to move around and enjoy hotels, public beaches and restaurants as they used to do before this situation. We also need to hope that that people will be in the financial position as well to do a holiday in their own country.

Whether we have enough people to sustain the number of hotels that will re-open is something that we have to see. It's definitely an important market but a market alone in itself is not big enough to sustain all the hotels on the island.

3. Will many hotels remain closed during the whole season? How the hotels in general will face the inevitable fall of tourism?

This is something that we cannot predict. Some hotels have already indicated that may remain closed for the whole season. Each hotel has to judge for itself according to their own payroll, expenses and operations how they will plan for their re-opening and when that will be.

The hotels are currently waiting to see what the government plan is, how quarantine is eventually lifted, how the pandemic is limited and what governmental assistance the hotels will have to support our staff and other aspects of the sector.

This is something that we will all have to see within the coming weeks and months.

4. Your final statement

Although we are going through an unprecedented situation that no one could have planned for, the safety of our staff and customers are everyone's priory.

The best way to handle this is for now is to stay home, stay safe and stay positive. Better days are coming, and we will all be able to enjoy a new and better 'normal' in the future.

Maria Clappa, Partner - Tassos papadopoulos & associates LLC



1. What is the impact of the COVID-19 for the economy in general and which sectors of the economy will affect mostly?

I expect the impact will be widespread and even the sectors that are less affected directly will suffer from the domino effect.

Clearly the tourism and hospitality industry will be heavily affected as will construction and development, and it goes without saying that there will be a negative impact on their ancillary industries and support services as well.

2. What other measures should be taken by government or decision makers to reverse the current status?

Assistance with the payment of salaries will not be enough as businesses have many more overheads than just their payroll. Reducing the VAT, a delay in meeting certain tax payments are some measures that could help ease the immediate burdens.

tassos papadopoulos & associates IIc advocates I legal consultants

It is also imperative that action be taken to facilitate operating remotely and/or electronically with a number of governmental departments. This is not only necessary now under the current conditions but also to render business more efficient and cost-effective. This

could also result in savings for businesses, something which will be especially important going forward. In this day and age many procedures and processes should have been available online anyway.

3. How you keep your clients, associates and the public aware of the current government supportive measures and other useful decisions taken by other institutions or associations? Information is shared and explained as necessary or required in each case.

4. What activities, promotions and measures your office will take in the near future aiming to return back to normal?

I think we'll firstly have to determine whether we will be returning "to normal" or if there will be a "new normal" in place. I have a feeling that there will be a new normal, at least at first and work, policies and measures will have to be adjusted to that. It's a still a bit premature to carve our new policies and measures as we are not in a position to know what the situation, possibilities, opportunities and obstacles will be in a month's time, let alone any farther down the line.

For the time being the aim is to continue to work and remain functional to the extent possible and be ready to face and overcome the challenges that we are constantly being met with.

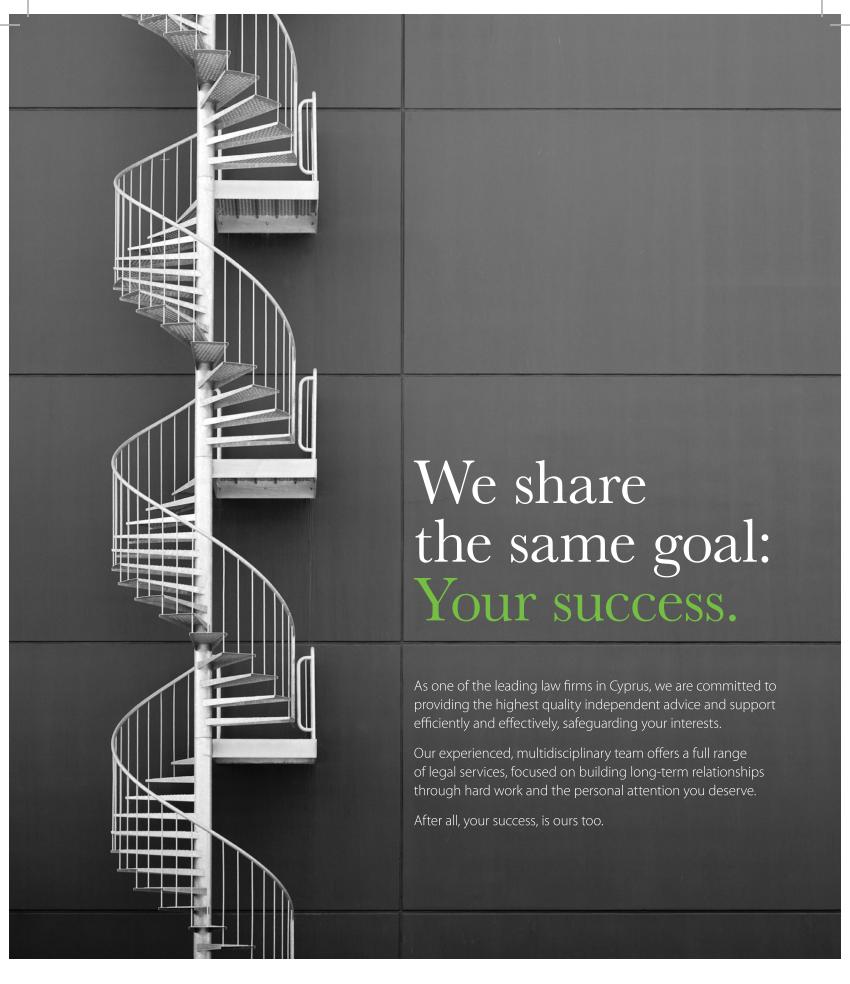
5. How you believe we can restart the economic recovery and how we can attract foreign investors again?

The characteristics and opportunities that make Cyprus attractive to foreign investors have not been affected by the pandemic. Cyprus is still an attractive jurisdiction for investments, be it in the form of a company moving its headquarters here or even a regional headquarter, the shipping industry, the funds industry or the film industry.

What we will need to look out for is the connectivity to Cyprus in case the aftermath of the pandemic finds us with less flights in and out of Cyprus.

6. Your final statement

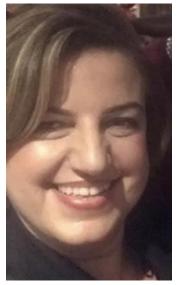
It's important to remain calm, patient and flexible in these trying times. To be ready to face challenges, make adjustments to policies, practices and even our mentality when we need to, otherwise we'll remain stuck. We must remember that in every crisis there is opportunity so if we look for it, we will find it, or, better yet, create it.



tassos papadopoulos & associates Ilc

advocates | legal consultants

Stella Zenios, Executive Director – Exsus International



1. What is the impact of the COVID-19 for the economy in general and which sectors of the economy will affect mostly?

There is no clear geography to the potential economic impacts of COVID-19. In the short to medium term, around a third of the jobs in cities and large towns are in industries that are expected to be severely affected.

Firstly, every city has at least one in five jobs classified as either vulnerable or very vulnerable. This is because of the impact of the Government's lockdown restrictions on local services businesses, such as retailers, restaurants and hairdressers. These businesses can be found across cities, whether they are greasy spoons or a restaurant in the Ritz, and the impact is uniform — many have had to temporarily close. Jobs in these local services businesses make up two thirds of all jobs estimated to be vulnerable or very vulnerable.

Secondly, there is no particular geography to the most or least affected cities. The distinction across cities results from the exposure of their 'exporting' industries — that is those that serve regional, national or international markets, in contrast to local services businesses — to the crisis.

2. How your office keeps your clients, associates and the public aware of the current government supportive measures and other useful decisions taken by other institutions or associations?

EXSUS INTERNATIONALGLOBAL BUSINESS SOLUTIONS

All by e mail, Social Media and word of mouth to all our clients:

- ICO employment Practices GDPR
- HMRC Data Protection
- ICO Employment Practices Code Supplement Guidance
- Care Act Statutory Guidance
- Care & Support Statutory Guidance
- NMC Code of Conduct
- 3. What activities, promotions and measures your office will take in the near future aiming to return back to normal?

It's actually time to plan again. After the crucial early stages, you should regularly review your progress, identify how you can make the most of the market position you've established and decide where to take your business next. You will need to revisit and update your business plan with your new strategy in mind and make sure you introduce the developments you've noted.

Setting the direction

A clear business strategy will help to answer any concerns and show practical ways forward. Questions you might want to ask include:

- What's my direction? To answer this, you need to look at where you are now, where you want to go over the next three to five years and how you intend to get there.
- What are my markets now and in the future? Which markets should I compete in, how will they change and what does the business need in order to be involved in these sectors?
- How do I gain market advantage? How can the business perform better than the competition in my chosen markets?
- What resources do I require to succeed? What skills, assets, finance, relationships, technical competence and facilities do I need to compete? Have these changed since I started?
- What business environment am I competing in? What external factors may affect the business' ability to compete?
- 4. As consultants, what are your advices to the businesses in this current situation?

This statement is very generic and not easy to answer. Each business has different needs, some are good, and some are bad and not well programmed. All I can say is that it is time to assess what you have overall as indicated in point number 3 as above, review with careful planning for the future.

5. Your final statement

Basically, good luck to everyone out there. It is not an easy business climate and and on a personal family level too. Keep safe, keep organised, keep motivated and save your money for the future that lies ahead for us all.

Andrea loakim (Senior Associate Lawyer – Kinanis LLC)





1. What is the impact of the COVID-19 for the economy in general and which sectors of the economy will affect mostly?

Covid-19 has unquestionably had a huge negative impact on the global economy. The worldwide outbreak of COVID-19 has brought the world to a standstill. Although governments have taken measures to help businesses survive, yet again some sectors have suffered greater attack than others.

Small-medium businesses such as retail shops, clothing shops, shops selling items of non-primary needs, restaurants, coffee shops and other businesses of similar nature have taken a great hit. Even if such businesses can somehow continue their operations by offering delivery/take away services, they have still been majorly affected due to the reluctancy of people to shop anything more than what is absolutely necessary.

The tourist sector has also severely been affected and is expected to have one of the worse years in history, considering mainly the travel restrictions. Even if such restrictions are lifted to some extent, people are not expected to make any travel arrangements abroad firstly due to the immediate thread of the virus and secondly due to the uncertainty surrounding the employment sector affecting their financial ability to travel. Cyprus will be severely affected by this, as tourism is one of its

major economy drivers. The outbreak will have a domino effect, as many people employed in the tourist sector (seasonal or full-time) are expected to lose their jobs and source of income.

The pandemic has had a severe impact on the real estate sector. Many transactions have been put on hold, postponed or even cancelled. Taking into account the restrictions on construction sites and suppliers, projects remain unfinished. At the same time, foreign investors will be hesitant to invest in Cyprus due to the general insecurity and liquidity problems and local buyers/investors will be limited due to potential unemployment and negative effect on their financial position.

The real effect on these sectors and its severity cannot be determined at this stage but will be evident by the year-end.

2. What other measures should be taken by government or decision makers to reverse the current status?

The Cyprus Government has already taken measures and offered a number of financial relief packages to businesses so as to enable them to survive, measures which may be over and above the financial capability of the Government. The European Union should also financially support its Member States. It is expected that Governments will schedule a slow and steady lifting of the restrictions so that businesses will resume their operations. It is critical than any additional measures help businesses to both survive during the pandemic, as well as assist them to go back on track after the pandemic is over. It is important not to overwhelm businesses upon resuming their operations with obligations that will arise due to the reliefs granted during the pandemic so as to not worsen the financial position and operation of businesses.

It is being extensively discussed that Greece and Cyprus are pushing for the creation of a single Cyprus-Greece tourist front with the aim of securing tourists from one country to another. The aim is for both countries to present attractive and heavily discounted holiday packages to travellers so as to boost the tourist sector. It will definitely be a positive development if such agreement is indeed reached and even greater if such an agreement is reached with other countries as well. Therefore, the Ministry of Tourism of Cyprus should urge discussions, support and promote such plans. Such encouragement, however, shall not come at the expense of the public's health and safety.

3. How you keep your clients, associates and the public aware of the current government supportive measures and other useful decisions taken by other institutions or associations?

We issue regular publications updating both our clients and interested parties with regards to the various governmental measures and other useful information offering also a critical approach on such measures and how business may respond to the challenges they face due to the pandemic. Such publications are sent to

people who have subscribed to our newsletter and are posted on social media (Facebook, Twitter, LinkedIn). We have also scheduled webinars on various hot topics related to the covid-outbreak, which are free to join. Participants will be informed of any legislative and other updates and see how their business could be benefited or what steps a business should take.

4. What activities, promotions and measures your office will take in the near future aiming to return back to normal?

We are actively adopting into the current new reality of things. Our business continuity plan allows us to continue servicing our clients with minimum interruptions. We hope that governmental authorities and courts will resume their operations soon as this has also had an impact on our services. Once the scene becomes clearer, we hope that our clients will be in a position to resume their business and transactions.

5. How you believe we can restart the economic recovery and how we can attract foreign investors again?

It is hard to predict what will be the final effect of the pandemic. It is important that we first enter into a more stable phase and assess how to attract investments under the scope of a more stabilized economy.

Considering the need for inventing new vaccines and medicines combating the virus, the patent and trademarks system in Cyprus could be beneficial for registering a patent/trademark in relation to innovative medicines in combination with the already established IP Box Regime.

In addition, the Cyprus Government should urge negotiations with the Russian Federation in relation to the Double Tax Treaty between the two countries. As it is already known, the Russian Federation has officially notified the Republic of Cyprus asking for the renegotiation of the Double Tax Treaty and particularly the increase of withholding tax rates on dividend income and interest income. The Republic of Cyprus, through the Ministry of Finance should consider very carefully this request and put forward suggestions as well as implement changes in our national legislation so as to ensure that Cyprus maintains a competitive advantage over other jurisdictions for investors.

6. Your final statement

Cyprus has taken immediate and rather rigid measures in terms of combating the virus and supporting businesses. We hope to see the same responsible stand when gradually lifting the existing measures and enforcing new ones so as to ensure a slow but stable return to the new reality.



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- INTERNATIONAL TAX STRUCTURING
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We are a leading authorized administrative service provider, regulated by the Cyprus Securities and Exchange Commission.

Even though our Firm was established in 2002, it has been operating since the early 1990's under a different umbrella of companies, completing three successful decades in the fiduciary services sector.

We maintain an immaculate record with our esteemed clientele, local authorities as well as our global network of financial institutions and associates.

Our team consists of professionals with over 20 years experience in servicing international corporate and individual clients. We are able to operate in any business environment, give bespoke solutions to any inquiry, thereby creating value for our clients in their business undertakings.



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Panicos Loizides, Director – Quest Property Consultants Ltd, UK





1. What is the impact of the COVID-19 for the economy in general and for the real estate sector in particular?

We are experiencing unprecedented conditions for the economy and the real estate sector, which makes it very difficult to predict its impact further than the short-term. Due to the unique current situation, which has ultimately led to a virtually complete economic stop and the country being in lockdown, we cannot fully rely on previous experiences, such as the 2008 financial crisis. But in the short-term we are unfortunately expecting a severe economic shock. Various research reports indicate that the sudden and complete shutdown of the property market resulting from the lockdown, could affect UK house prices up to 10% this year, while forecasts predict the residential market will recover by 2022. In contrast to the 2008 downturn, supply and demand remain balanced for now, which is preventing a sharp fall in house prices.

The commercial property market near-term rental and capital values have also turned negative, while sentiment appears to have deteriorated across all sectors. The already struggling retail sector appears to be the worst hit once more, alongside the leisure and hospitality sectors, while the industrial sector is showing signs of

continued resilience, being the least affected.

Commercial tenants are facing increased issues with liquidity as they are suffering significant drops in turnover creating a chain effect where landlords are forced to consider rent holidays and finding themselves unable to pursue rent reviews.

As a result, investor confidence appears to have slipped, coupled by the uncertainty created due to the indefinite end to the lockdown restrictions. At the same time, overseas investor demand has declined in each sector of the commercial market over Q1 2020.

2. What measures should be taken to reverse the current status?

To reverse the current market status, it will require a collective effort from everyone involved starting from the government, lenders, associations, professional bodies, companies and individuals.

There has been a call by the RICS and the National Federation of Builders (NFB) for the government to remove stamp duty once lockdown is lifted in order to improve the housing market.

It has already been reported by lenders that they would offer mortgage payment holidays to those whose income has been affected by the crisis. According to lenders' figures, over 1.2 million mortgage holidays were granted by the end of March 2020.

3. What actions the real estate industry in general and your company in particular will take to restart the economy as regards real estate?

We expect commercial landlords in the short to medium term to be willing to grant greater incentives, achieve reduced rents and where applicable, possibly avoid pursuing rent reviews. Similarly, residential landlords would likely avoid pursuing increases in rents and find themselves more willing to accept reductions in new rents. Again, it all evolves around the duration of the lockdown. As we have seen before, once the downward curve has flattened, opportunities tend to arise and together with restored sentiment, investor appetite returns, with hopefully positive figures being reported in the medium-term.

The main factor affecting the market is confidence. Only when confidence has been restored, the market will be able rebound.

As a company, we will continue providing strategic advice to clients that reflect the current market and continue looking to protect their best interest using our experience and technical expertise. At the moment, we remain fully operational and continue to provide services to our clients while adapting to the current situation and government guidelines.

4. Are you in communication with government, other chartered surveyors and other interested parties for coordination to reach your targets?

We are in continuous communication with other firms of chartered surveyors and currently exchanging ideas on actions to improve the current conditions. We are hoping to have firm suggestions available by the time the lockdown restrictions are lifted. We are closely monitoring suggestions and guidelines by professional bodies such as the RICS and ALEP and contribute where possible.

5. Tell us about your company's latest news

As a company we continue to operate as previously, as we have recently invested heavily in new systems which have enabled us to work remotely in a seamless manner.

We continue to deal with instructions as efficiently as always. In general, enquiries and instructions are coming through, albeit at a reduced level. The Leasehold Enfranchisement sector in particular, has seen an increased number of enquiries during the lockdown.

6. Your final statement

We remain hopeful that the pandemic will leave us very soon and that its impact on our daily lives, businesses and loved ones will be restored. We feel it is our duty to thank the frontline key workers, all NHS staff, emergency services, transport, supermarket workers and everyone behind the scenes who are risking their lives to keep the public safe.

George Ayiomamitis, Managing Director - Sovereign Trust (Cyprus) Limited





1. What is the impact of the COVID-19 for the economy in general and which sectors of the economy will affect mostly?

As with most other countries, all non-essential businesses in Cyprus were closed in mid-March to combat the COVID-19 pandemic. The Cyprus government has approved a strategic plan for slowly lifting restrictive measures for some businesses in May, but the economy is not expected to be back in full swing until 2021.

These will broadly follow the guidelines issued by the European Commission for a gradual exit from a general lockdown, so that member states can coordinate to avoid a negative impact between them and in order for the single market to operate smoothly.

The 'lockdown' has entailed a major reduction of economic activity in Cyprus. The main sectors that drive the Cyprus economy – tourism, construction, shipping – have been badly hit, while the impact on the services industry has probably been less severe.

While we were not expecting GDP growth similar to the 3.2% posted in 2019, the government had been anticipating a growth rate of 2.6% and a budget surplus of €600 million in 2020. That obviously is not going to happen. As

things stand, 2020 is expected to close with a €1 billion budget deficit at best.

The government's response measures will be important so that when the economy starts functioning again, the recovery will come faster and stronger. The coronavirus crisis may also push Cyprus to diversify its economic model to reduce its dependence on one or two sectors.

This might present a good opportunity to start planning and developing further other promising industries such as education or research and innovation, and to make Cyprus more digitally driven in order to compete in the global economy.

2. How your office keeps your clients, associates and the public aware of the current government supportive measures and other useful decisions taken by other institutions or associations?

Sovereign's offices in Asia have been dealing with the consequences of the outbreak since it was first identified last year, so we were well equipped as a group with the know-how and technological resources needed for our teams to be able to continue to deliver the service that our clients expect.

The Sovereign team globally has been helping to navigate these obstacles by developing practical continuity plans and comprehensive solutions to protect clients and their businesses. The health and safety of our employees is also essential, and our remote working policies have proved robust and effective.

We have also been keeping our clients informed through e-shots and other contacts about the Cyprus government's €700 million Emergency Financial Support Programme for employees, small and medium-sized enterprises and Cypriot companies, as well as about any extensions to deadlines for filing returns, making payments or other obligations. All our offices have been doing the same around the world.

3. What activities, promotions and measures your office will take in the near future aiming to return back to normal?

As the timing and nature of any relaxation of restrictions is uncertain, it would be sensible for businesses to consider all the options and have the capability to move quickly from one scenario to another. Employers need to plan now for what is likely to be staged return to the workplace over what could be prolonged periods. The guiding principle should be to take care of staff and safeguard their health and well-being. We will continually monitor the situation and make any changes to our policies as the situation allows.

Times like these call for us to adapt and be flexible and our approach is to work closely with clients to identify how best to deal with the situation and arrive at the most favourable solution for their particular case.

4. What is the best investment decision in situations like the current one?

Sovereign does not give investment advice, but the Covid-19 pandemic is a stark reminder to businesses and individuals that market volatility is never far away. Investor concerns have centred on the impact that the Covid-19 outbreak is having on global supply chains and consumer spending and ultimately the effect on the global economy. Although it is uncomfortable at times like this, provided that investments are constructed around a risk-based and asset allocated framework, they should prove robust in the longer term.

5. What are your advices to the businesses?

Form an emergency response committee – this will give you the ability to react swiftly to changes in circumstances, new information and guidance.

Know your cashflow – maintain short-term weekly cashflow forecasts so you can identify and prioritise your outgoings and be in the strongest possible financial position.

Open dialogue with suppliers or creditors – an upfront conversation with suppliers and creditors will give you a clear picture of what and when you need to pay and may also enable you to renegotiate payment terms or amounts.

Check eligibility for support – most governments and a number of banks have announced an unprecedented range of support measures for businesses. Research what's available and understand how you can access it and what timescales are likely to be involved.

Keep on top of employment contracts – if you've been forced to change the way you do business, make sure your employees' contracts reflect this and that any changes have been discussed with them before they're introduced.

Keep communicating – open communication is vital in maintaining key relationships for your business – staff, customers and suppliers – and ensuring that you can make decisions based on the best possible information. Seek reputable advice – any directors or business owners whose businesses may struggle should seek professional advice as early as possible. Early advice gives you a greater range of options to find and implement solutions to the challenges you face and will enable you to make a considered decision, rather than a rushed one.

6. Your final statement

The stringent containment measures adopted worldwide do appear to be working, but containment will come at a considerable economic cost. We hope that with billions now being injected into the global financial system by central banks and governments, some sense of market stability will emerge before too long. As COVID-19 continues to evolve, it reinforces the need for us to act together to keep not only our families, employees and communities healthy, but also our businesses and the economy. The Sovereign team globally is helping to navigate these obstacles by developing practical continuity plans and comprehensive solutions to protect clients and their businesses.

Alex Chrysaphiades (Partner - ADLER SHINE LLP)



AS ADLER SHINE

1. What is the impact of the COVID-19 for the economy in general and which sectors of the economy will affect mostly?

The impact is wide ranging: the travel/leisure and hospitality sectors have been severely affected as have been the businesses which cannot adhere to the social distancing to carry on their trade (e.g. barbers/beauticians etc). At the other end of the spectrum, supermarkets have potentially faired quite well due to the high demand and 'panic buying' that has ensued whilst the tech sector will also have seen an increase in demand for infrastructure, hardware and software.

Some businesses have adapted their business models to suit the circumstances and we have seen others embrace the entrepreneurial spirit. Unfortunately, this isn't for everyone and the majority of businesses will have been directly impacted in one way or another and this will have a knock-on effect to the individuals involved in these businesses.

A lack of income generating taxes with the support packages and grants announced by the government will leave the government in a difficult position. It is therefore likely that tax rates will be higher in the future to recover the current loss. It has also been suggested that we may be looking at another financial recession.

2. How your office keeps your clients, associates and the public aware of the current government supportive measures and other useful decisions taken by other institutions or associations?

We are embracing technology. Whilst emails and social media are the main platforms, a lot can be said for a phone call! As well as having that personal touch, it keeps people connected and when most people are self-isolating, a voice at the end of the phone is quite welcome. We are also seeing an increase in video conferences – all the benefits of a phone call but you get to see the other person as well!

3. What activities, promotions and measures your office will take in the near future aiming to return back to normal?

Normal seems a long way away still so we are monitoring government guidance and we are keeping our plans under review. We are thinking of our staff's welfare (and that of anyone visiting our offices) so we want to ensure we have a safe environment for people to be in.

- 4. As consultants, what are your advices to the businesses in this current situation?
- There are actions we are implementing ourselves and we are advising clients and other businesses to take. Simply put... have 'FAITH'!
- 1. FORECAST your cashflow requirements, your estimated sales and costs, especially over the next 3 months!
- 2. APPLY for the support available from Government and the Banks.
- 3. INVOICE get bills out promptly to keep cash flowing. Chase outstanding debts. Consider raising interim fees on account you'll not just help your cash flow but your customer's also!
- 4. TALK to your bank, customers, suppliers, staff... and your accountant! Keep those all-important relationships alive!
- 5. HOLD ON to your staff! The furlough option is designed as a measure to mitigate redundancy and will help to keep staff financially secure, with the promise of a job to come back to. However, most businesses need their staff to generate work and income so consider other options, e.g. many businesses are asking staff to take pay cuts and/or reduce their working hours (and pay accordingly), at least to get through this difficult period!
- 5. Your final statement

Keep safe during this time. Whilst everyone is keen to get back to normal in both their personal and business lives, we need to move forward with caution. It is better to take a little extra time now to avoid a second round which may reset this entire process back to the beginning.

This situation will likely go down in history and future generations will study this unprecedented time. When you're asked, "what did you do during the lockdown?", will you have an answer that you will be proud of? With that in mind, remember to look for the silver linings, enjoy your time with your family and make the most of the one thing some of us are don't usually seem to have: time; and think/pray of those who unfortunately time was not on their side. If we learn anything, it is that life can be short so make the most of it.



PRO-ACTIVE AND COMMERCIALLY INNOVATIVE....

About Adler Shine:

Adler Shine is a national award winning, full service, boutique, commercial accounting firm which maintains offices in North London.

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The firm acts for a large cross section of clients – from sole traders and family-owned businesses, medium & large UK & overseas companies to ultra-high net worth individuals and public companies.

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For further information on Adler Shine LLP and its Partners, please go to

www.adlershine.com

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Cyprus Shipping at the front line supporting the battle against Covid-19

The Cyprus Shipping Chamber, within the framework of its Corporate Social Responsibility and significant charitable work done by the Cyprus Shipping Industry in general, appealed to its Member-Companies to join forces, to support the Cyprus Government in the difficult battle against the Covid-19 pandemic.



Following the immediate response of its Member-Companies and in full coordination and cooperation with the Ministry of Health and the State Health Services Organisation, in order to contribute to the current and immediate needs of the Cyprus General Health CYPRUS SHIPPING CHAMBER System and Hospital Units fighting against the pandemic, the Shipping Chamber

undertaken to purchase a specialised complete medical respiratory system (Nitric Oxide Treatment Machine with Gas Cylinder Support).

In addition, the valuable contribution of the Shipping Industry to the Cyprus society, is strengthened even more through the commendable private initiatives and multifaceted actions of the Shipping Chamber's Member-Companies, which include the donation of specialised ventilators, medical equipment and consumables (surgical masks, gloves, protective suits), offering merchant ships for the transport of specialised disinfectants to Cyprus, but also with social actions such as the food catering of hospital units, reduced calls prices for seafarers on board in order to have regular contact with their families, free online shipping training licenses and offering practical support to vulnerable groups.

This substantial contribution which supports the fight against the pandemic, once again presents the Cyprus Shipping Industry's tireless drive to contribute to the Cyprus Society, sending the message that, "Shipping, does not only carry Cargo and Passengers, but also carries Messages of Social Solidarity and Support".

Thomas Kazakos: The Chamber has been assessing the negative effects of this pandemic on a national and through its participation at the European Community of Shipowners' Associations (ECSA) at a European level, in order to secure as much possible, the necessary support, which will allow the Shipping Industry to continue servicing the society.

Aiming to get the feedback of the impact of COVID-19 to the Cyprus Shipping industry as well as the actions taken or planned to be taken to face successfully all the problems, we had an interview with Mr Thomas Kazakos, Director General at Cyprus Shipping Chamber.

Here are his answers to our questions:

1. How does COVID-19 affect your industry?

The results of COVID-19 are not only affecting Cyprus but the international shipping trade, on multiple levels. Whilst the shipping industry has seen a widespread impact, it follows



necessary health protocols ensuring the safety of seafarers and continues to transfer 90% of world trade, which include goods such as food, medicine and energy fuels, which are essential for our modern society. However, in addition to the health challenge, the shipping industry is facing a major economic challenge. To that end, the maritime sector needs urgently the adoption of a targeted recovery plan from Financial Institutions, which shall enable its sustainability through this crisis.

2. How long do you think it will take to return to normal?

We are facing an unprecedented global health crisis which is difficult to predict its end. It is thus vital to follow a strategic approach with the cooperation of all stakeholders to address the challenges that are emerging in a proactive manner. Businesses and individuals should support the government's efforts and apply all necessary guidelines given, to avoid further spreading the virus. In this respect, the Chamber has been following a proactive approach, monitoring closely the situation, in order to advise its Members and ensure that public health is a priority. Drastic measures by the government and society compliance, is a key that will bring this pandemic to an end earliest possible.

3. What additional measures you expect from the government to support businesses?

As mentioned above we depend on seaborn trade and the unseen heroes of our industry, the seafarers, that play this important role. The government's support is needed to recognise seafarers and any other maritime related personnel as key workers, facilitating the continuation of world trade and crew changes. The Cyprus Government is also finalising a plan to provide state guarantees to banks to cover the credit risk encouraging the banks to provide cheap new loans, as well as to cover the credit risk of current loans of self-employed persons, SMEs and large corporations which have been hit by the coronavirus epidemic.

4. Will you try to implement any strategic plan to face the financial consequences of this pandemic?

The Chamber has been assessing the negative effects of this pandemic on a national and through its participation at the European Community of Shipowners' Associations (ECSA) at a European level, in order to secure as much possible, the necessary support, which will allow the Shipping Industry to continue servicing the society.

Europe is now the epicentre of the pandemic. In this respect, financing really needs to be kept open for shipping companies in order for them to cope with immediate liquidity problems to avoid redundancies, to help refinance their loans, or have the possibility to suspend their loan instalments and interest, and in parallel extend the term of their loans. Without the authorities and banks stepping in on this, many companies will not survive the crisis and Europe's share of global shipping is going to plunge.

Michael Kyprianou & Co LLC is internationally recognized as a leading law firm by Legal 500

The Legal 500 also recognized the services offered by the company's judicial department in Greece



Michael Kyprianou & Co LLC had the honour of being recognized in relation to all the service areas it offers.

Menelaos Kyprianou

Also, a total of 11 lawyers of the company have

received nominal recognition for the services they offer. **Menelaos Kyprianou, Savvas Savvides** and **Marina Hadjisoteriou** have been recognized as 'Leading

Lawyers' in their fields. Lambros Soteriou and Tonia Antoniou received special recognition for the excellent services they offer to their customers in the field of Corporate Law and in the field of Banking Law and Finance (Banking and Finance Law) respectively. Ioanna Solomou, Esme Palas, Lorena Charalambous and Constantina Zantira were classified in the highly honourable category of 'Rising Stars' while special mention was made of the prospects of the youngest lawyers of the company Kyriakos Constantinou and Agis Charalambous.



Tonia Antoniou

Savvas Savvides

Ioanna Solomou

Lambros Soteriou

Marina Hadjisoteriou

The Legal 500 also recognized the services offered by the judicial department of the company in Greece (with offices in Athens and Thessaloniki). This makes Michael Kyprianou and Co LLC the only Cypriot company to be recognized by the Legal 500 for services it offers abroad.

The Management would like to thank the lawyers for their success and reiterate company's commitment to local and foreign customers that the company will continue to provide quality services to them.



Lorena Charalambous

Agis Charalambous

Esme Palas

Kyriakos Constantinou

Constantina Zantira

This is not the first time that Michael Kyprianou & Co has been awarded an honourary distinction. Last year the president of the Republic of Cyprus, Mr Nikos Anastasiades, invited Mr Savvas Savvides, partner of the office of Michael Kyprianou & Co LLC Law Firm and the Managing partner of the Paphos Office, in Nicosia at the Presidential Palace, for a special award ceremony regarding the firm's achievements.



That was the second time that the firm has been awarded this honourary distinction. Michael Kyprianou & Co. LLC has earned the Cypriot Export Award for Legal Services 2017, which is awarded by the Ministry of Energy, Commerce and Industry of the Republic of Cyprus.

The Award was received on Thursday, 07 March 2019 and presented by His Excellency the President of the Republic of Cyprus, Mr. Nicos Anastasiades, at a special Ceremony held at the Presidential Palace in Nicosia.

In brief, the Cyprus Export Award was established in 1982 in order to identify and reward special efforts in increasing the export of services. Focusing specifically on Services, this Award is given to companies for their excellent performance, in the export of a new service, either in cases of extraordinary export efforts, or for new markets or a combination of the above, recognizing in particular the exceptional efforts to open new markets and attract foreign investment to our island. The awards seal the important contribution to the economy by companies that not only manage and create new jobs, but also contribute significantly to the welfare of communities.





COVID-19 and Commercial Property Leases

The COVID-19 pandemic continues to have a turbulent impact on the commercial property market in the UK. Government lockdown and sector-wide premises closures have forced many landlords and tenants of commercial units to re-evaluate their position concerning their current premises leases.

With that in mind, we have sought to address some of the key points relating to commercial leases arising from the COVID-19 outbreak. It is important to note that although commercial property leases often contain similar provisions, each scenario is unique; before taking action, landlords and tenants should consult solicitors for advice as to the next steps.

Paying the rent

Whilst most commercial leases provide for rent suspension in certain circumstances, these usually relate to those involving property damage and insured risks. Typically, leases are unlikely to include provisions whereby rent is suspended due to forced Government closure of the premises or a pandemic.

As a result, the recent Government lockdown regulations generally do not affect tenants' obligations to continue to pay rent in accordance with the lease. This includes service charge – tenants will remain liable for this where leases include an obligation to pay them. Conversely, landlords will remain liable to provide services to buildings where the lease so provides.

Termination and forfeiture for non-payment of rent

Most commercial leases do not contain provisions allowing for termination due to 'force majeure' scenarios (where events occur outside of either parties' control). As a result, most leases will continue in the same way, and so too the parties' obligations under them, in the current environment.

Going forward, we suspect that it will become best practice to include force majeure clauses allowing for termination, or at least temporary premises closure.

Separately, landlords would usually have the option to forfeit a lease and re-enter the premises if rent remains unpaid for a certain period. However, the Coronavirus Bill 2020 proposes to prevent landlords from undertaking (or completing) forfeiture proceedings for non-payment of rents. The protections will last until 30 June 2020.

In this case, "rent" will include any sum a tenant is liable to pay under a business tenancy. Our expert team would be happy to advise you on how this new legislation may impact your business.

Rent concessions and alternatives

In most cases, it will be at the landlord's discretion as to whether to accept (or indeed propose) rent concessions or other measures in respect of commercial tenancies. We do however expect that in the current circumstances many landlords will agree to them.

It will often be in both parties' interests to do so; for tenants, the financial burden will be reduced (at least temporarily) and for landlords, re-letting of the premises to a new tenant may be difficult in the current market –reduced rent may be preferable as opposed to empty premises, generating no income.

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Some possible solutions between landlords and tenants may be as follows:

- A rent reduction;
- A temporary abatement of rent (for perhaps 3-6 months);
- A postponement of rent (to say, 6 months from now, at which time back rent could be paid in instalments over the unexpired term of the lease);
- An adjustment to rent based on tenant turnover;
- Rent payments monthly rather than quarterly.

Landlords and tenants may also wish to review the alienation clauses in their leases. It may be desirable in the circumstances to assign, sublet or perhaps share occupation of the premises should there be a willing party ready to take over space.

If any of the measures above are taken, it is very important to formally document the change. A Deed of Variation to the lease is usually preferable for tenants as a more permanent solution, whereas Landlords may prefer a Side Letter to document a temporary change.

Further, many landlords will have the benefit of rent deposits paid by tenants which they will be able to utilise in the event of non-payment of rent. Tenants should check their insurance policies to see whether there is coverage for the business interruption; however, they should be wary of insurer exclusions which would prevent a claim based on loss of income due to COVID-19.

How we can help?

There are options for both commercial landlords and tenants to consider when dealing with leasing issues arising from the COVID-19 pandemic. We are finding, more often than not, a willingness on both sides to find solutions that allow the relationship to continue.

It is important for parties to obtain legal advice before entering into, or even communicating proposals to change the way payments are made under a lease; this is especially so for tenants who will need to be careful to avoid approaching landlords which could be seen as an anticipatory breach.

At Child & Child, our expert commercial property team is closely monitoring the evolving legal landscape shaped by COVID-19.

We remain on hand to assist our clients to understand the options available to them, and to strategize and implement changes they may need, to stand best protected in this period of uncertainty.

Key Contact

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G. KOUZALIS LLC, International Law Firm analyses the proposed changes to the Cyprus Investment Programme due to the Covid-19 pandemic.



By Giovanis Kouzalis
International Property Lawyer
& Associate Lecturer of
Property Law
at UCLan Cyprus

The Cypriot government has decided to speed up the processing of several pending applications for citizenship by investment because of the Coronavirus pandemic.

The decision for the expedition of the processing of these applications has been listed alongside with a bundle of fiscal and other measures announced under the intention to restart the Cyprus economy with an aim to keep businesses afloat and increase liquidity into the market which has been widely affected by the pandemic.

Although the changes to the Programme have not yet been passed by the Cyprus Parliament but have been proposed by the Ministry of Interior and mainly adopt the recommendations of the three-member committee appointed by the Government for the programme. The differences, suggested through the regulations, will mainly concern the procedure, and not the amount of investment, in an effort to safeguard the Cyprus Investment Programme.

The main suggestion is to connect the procedures with the anti – money laundering regulations in order to verify the origin of the investor's money. The three-member committee of the programme, also, proposed that only those who fall under the anti - money laundering law and are supervised should be included in the service providers list.

G. Kouzalis LLC, Cyprus Lawyers, confirm that it has also been proposed that investors who intend to invest under the said programme should be classified as high-risk, in order to undergone enhanced due diligence procedures by the service providers as to control the investor's money and data. In this regard, it is also expected to be clarified by the new regulations whether politically exposed individuals could apply for naturalization taking into consideration that all due diligence checks have been implied as a high-risk category.

In addition, it has also been suggested to include in the financial criteria other investments, such as projects related to the environment and to small and medium-sized enterprises. The three-member committee proposed that the provision of false statements or documents by the investor should be considered as a criminal offence, and that an amendment should be proposed so that the competent authorities have the opportunity to assess the investor after granting citizenship and to revoke the naturalization when there are sufficient reasons.

In order to find out more information about the proposed changes to the Cyprus Investment Programme due to the Covid-19 pandemic please contact your International property specialists, G. KOUZALIS LLC.



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Giovanis Kouzalis

Real Estate-Where We Stand?

By Maria Pastella Hadjisoteriou

Head of Real Estate, PLANUS CONSULTING & SERVICES LTD Group with NICOS NEOPHYTOU LAW PARTNERS

The current situation is absolutely a first timer for most of us and it's very brutal. An expected slowdown heads for a recession. Most countries are on lockdowns, paused almost all operations except the essential ones. My hope is that it will go as fast as it came! The real estate market is definitely affected. The overall transactions are nationally down comparing to last year for the first quarter. The losses depend also on the duration of the virus globally. April will be very harsh as well. Even if Cyprus manages to fight and eliminate to the least the infections and spread of the virus earlier than other countries, almost 50% of the Purchasers of properties are foreigners. It's not only



that they cannot travel physically they are really skeptical. The rest of the purchasers are locals where many will face unemployment issues and salary deductions most probably on the long run. The market will go down before it goes back up, and it will go up. So inevitably the supply will be more than demand and we will shift to a buyers' market and the prices will come to the best-case scenario at a correction.

But is there, when the prices fall that some investors come in and make the best moves. I have experienced the crisis of 2013 in Cyprus and I was involved with investors who bought in 2015 and by 2018 they have seen an increase on the value of their properties from 25-35% sometimes more. Timing is everything. The signs are always there if you are watching closely. It is also from the safest investments one can make. The Cyprus market bottomed in 2013 and skyrocketed in 2018, in just five years. So as a small country with the correct and immediate moves we will recover sooner. We need though to be very careful when getting back to the new normal slowly to able to manage it. I believe that the fall of the prices will balance the market. It is a much-needed correction as, at some point the prices of the properties weren't attractive enough for investors and locals.

Where we stand now?

According to the data from the Land Registry Department of Cyprus comparing the years 2019 and 2020 for the months January, February and March and the total transferred/sold properties and the total accepted amount for transferred/sold properties.

CYPRUS 2020	Total Number of Properties	Total Accepted Amount
	Transferred / Sold	
January	-6%	-22%
February	+10%	-22%
March	-55%	-55%

Divided by District area:

FAMAGUSTA	Total Number of Properties Transferred / Sold	Total Accepted Amount
January	+24%	-2.5%
February	+10%	-21.5%
March	-25%	-7.5%

LARNACA	Total Number of Properties Transferred / Sold	Total Accepted Amount
January	+3%	6%
February	-9%	-16.5%
March	-50%	-61%

NICOSIA	Total Number of Properties Transferred / Sold	Total Accepted Amount
January	-10%	-31%
February	+16%	+4%
March	-55%	-67.8%

LIMASSOL	Total Number of Properties Transferred / Sold	Total Accepted Amount
January	+7%	-16%
February	+4%	-20%
March	-60%	-65%

PAPHOS	Total Number of Properties Transferred / Sold	Total Accepted Amount
January	-26%	-33%
February	+3%	-17%
March	-64%	-31%

^{*} The numbers of the total properties transferred / sold are different from the Purchase agreements deposited at the Land Registry Offices for all cities.

When we will be back on track?

My estimate is probably until the end of June, we will be able to significantly reduce or cancel the measures taken for Covid-19 and be able to fully operate but carefully. The virus seems that will be around for a while, so our first priority is health. Viewings and meetings will be different. The market will not be the same as we expected or predicted. Although my personal opinion is that the real estate market needs incentives to recover fast and we will discuss them on my next article. This year is almost lost. We will start seeing some light in the tunnel in September. Of course, this depends strongly on the duration of the virus.

What do we do now?

- At first let's stay positive because we can if we choose to
- Is it the first crisis you are experiencing? Learn from it! It's my third one.
- Is it going to be the last? No, for me that I am 32, I will probably have 4 more crisis to experience
- Learn to appreciate the good times of work and make the most out of it in order to be prepared for the next one
- Try to see the changes that happening who knows? Maybe you will find yourself somewhere that will change your life for the better.

Also, if you have a certain topic that you would like more insights feel free to suggest it.





Introduction

With the emergency situation generated by the COVID-19 pandemic continuing to affect the economy, as well as life in general, governments and businesses are focusing on wellbeing, liquidity and access to finance. In response to the COVID-19 crisis, during March 2020, the government published a series of legislative packages of emergency measures and announced a variety of mitigating steps to be taken in support of the country's citizens and the economy. This article provides a brief overview of the main tax measures introduced.

VAT adjustments and amendments to tax return submission deadlines

The government has introduced a variety of tax measures intended to help taxpayers preserve their cash flows and ease the administrative burden on them during the health emergency. A summary of the main features is given below.

Deadlines for payment of indirect taxes extended.

For value added tax (VAT) periods ended on 29 February 2020, 31 March 2020 and 30 April 2020, the taxpayer may defer paying the sum of VAT due until, at the latest, 10 November 2020. The government intends to introduce a phased payment scheme for such arrears terminating on 11 November 2020. No late payment penalty or interest will be applied provided that the VAT return was submitted on the original due date. Eligible businesses for this deferred payment are those with an annual turnover which does not surpass €1 million (based on the total turnover declared in 2019 VAT returns) and those whose turnover has been reduced by more than 25%.

Extension of deadlines pertaining to tax returns

A two-month extension to the 31 March 2020 deadline for submitting corporate tax returns and self-employed tax returns has been introduced. The new deadline is 31 May 2020.

For any further information or assistance with these, or your other fast-changing regulatory and legal obligations and requirements during these difficult times please contact <u>Elena Christodoulou</u> or your usual contact at Elias Neocleous & Co LLC, or the <u>Taskforce email</u>.

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Investing in Cyprus: Key Economic Sectors

By Xenia Neophytou Director, C.X.Financia Ltd



The Cypriot economy is seen as one of the fastest-growing economies in the Eurozone, having followed a continuous upward trajectory in recent years. This strong momentum does not show any signs of slowing down. Many key investment sectors on the island are flourishing, and foreign investment has continued to flow in at a steady pace, thanks to the numerous reasons for investing in Cyprus. There is an abundance of opportunities waiting to be explored in both traditional and emerging economic growth sectors, and Cyprus is constantly diversifying and enriching its product. Here are the eight key economic sectors to watch out for.

Banking & Financial Services

This is a diverse sector comprising domestic banks, International Banking Units (IBUs), insurance and other companies, including foreign bank subsidiaries, which has attracted significant amounts of Foreign Direct Investment (FDI), including funds from the European Bank for Reconstruction and Development (EBRD). For the past 35 years, the European Investment Bank (EIB) has been supporting Cyprus with investments of 2.7 billion euros, while Cypriot banks are all fully recapitalized and regulated by the European Central Bank (ECB) under very strict guidelines. Finally, the Anti-Money Laundering Law 81(I)/2019 is in full effect across all Cypriot financial institutions.

Investment Funds

Thanks to its robust and business-friendly regulatory framework, Cyprus is quickly developing into global investment funds and asset management domicile. This means the island attracts interest and substantial investment from funds and asset managers worldwide. Investment funds are cost-efficient and simple to set up and run and are supervised by a competent and accessible regulatory authority. Incentives for funds' set up and operation include no tax on the most income of a Cyprus tax resident fund, no restrictions on the type of investments, and reduced reporting requirements.

Shipping & Maritime Industry

Cyprus is a renowned international shipping centre. It offers an EU approved tonnage tax regime with benefits for ship-owning, ship-management and crew-management, as well as chartering. It is also home to some of the world's leading names in the global shipping industry, thanks to its advanced maritime infrastructure and two multi-purpose seaports. There are currently more than 1000 vessels with 21 million gross tonnage registered under the Cyprus flag, and more than 140 ship owning and ship management companies in Cyprus. This makes Cyprus the largest ship management centre in the EU and the second largest worldwide. Additionally, Cyprus boasts the third-largest merchant fleet in the EU and the 11th largest fleet worldwide.

Tourism

Tourism is one of the island's strongest economic sectors, contributing heavily to the country's GDP as record numbers of more than 3 million tourists visit Cyprus each year. A renowned tourist destination, Cyprus has all the prerequisites to further develop the industry. This means that there is great potential for investments in areas such as marinas, hotels, luxury developments, leisure and theme parks, luxury resorts, golf courses, integrated tourism resorts and integrated casino resorts.

Start-ups and Innovation

Cyprus has recently begun offering advantages to new businesses and start-ups, aimed at attracting foreign entrepreneurs and investors with a particular focus on innovation. Among the incentives is income tax relief of up to 50% of taxable income for natural persons investing in qualifying start-ups, an upper limit of deductions of 150,000 euros per year, and a right to claim the tax relief within a five year time period. Additionally, a start-up visa scheme offers state funding to talented entrepreneurs from countries outside of the EU who wish to establish and operate a high-growth start-up in Cyprus.

Research and Development

With great levels of incoming EU funding, Cyprus is well on its way to becoming the next research and development powerhouse within the Mediterranean. At least three new centres of scientific excellence are currently being developed, as greater recognition is placed on the importance of applied research and its role in the development of the economy. Pioneering research is being conducted in diverse fields, from monitoring climate change to the genetics of kidney disease, and this has attracted international experts who are seeking to harvest local talent. This emphasis on innovation has also encouraged foreign investment into local start-ups entering this up and coming, yet highly important business sector.



Energy

The discovery of hydrocarbons in Cyprus's Exclusive Economic Zone (EEZ) has led to significant interest from global industry leaders, including Noble Energy, Delek, Total, ENI and KOGAS, as well as providers in the oil and gas auxiliary services sector. This has created new and exciting prospects for Cyprus to become an important energy hub, as strategies are currently being developed for exploiting the country's wealth both locally and for export purposes.

Real Estate and Development

Acquiring property in Cyprus, either as an investment or a second home, has always been a popular choice among foreign investors. A thriving development sector offers a wide range of prestigious large-scale developments, ranging from residential and commercial developments to luxury tourist attractions.

How we can help:

CX Financia offers a wide range of services to investors seeking to do business in Cyprus. From legal support, training and international tax planning, to assist in the establishment and management of International Business Companies, our team of experts will create a bespoke solution that fits your needs perfectly. Contact us today to find out what we can do for your business.

Why Invest in Cyprus? Here are the top reasons!

A small island in the Mediterranean, Cyprus has grown to become a dynamic business and investment hub that can offer opportunities across a wide range of sectors to professionals, entrepreneurs and investors from around the world. Whether you are looking to set up a company, partnership, or trust, there are a number of factors that make Cyprus an attractive environment for doing business.

Strategic Location

Cyprus lies at the crossroads of three major continents: Europe, Asia, and Africa. This privileged geographic location makes Cyprus a strategic business hub and offers great potential for investors to reach major markets in nearby regions. As a member of the Eurozone since 2008, Cyprus offers full access to all European markets, as well as to more than 40 EU trade agreements.

High Quality of Life

With almost 365 days of sunshine per year, Cyprus enjoys one of the most favourable climates in the world. Surrounded by the sparkling waters of the Mediterranean, Cyprus has the most Blue Flag beaches per capita in the EU (Eurostat), with bathing water ranked as excellent and second-best in the EU. The island was also voted in the Top 5 safest countries worldwide (Value Penguin 2015).

A Favourable Tax System

Cyprus boasts one of the most attractive and transparent 'onshore' tax regimes in the world, with competitive tax rates and a wide range of double taxation agreements with other countries. Among the main provisions of the Cyprus tax legislation are:

- A corporate tax rate of 12.5%
- Dividend participation exemption
- No tax on profits from disposal of securities
- No withholding taxes
- No taxation of capital gains (conditions apply)
- Notional Interest Deduction (NID) on investment in Cypriot companies
- A wide network of highly favourable DTTs.
- Attractive IP Regime
- Exemptions for new residents and non-domiciled individuals

Business Friendly Infrastructure

A solid and business-friendly infrastructure and a wide range of services make starting and running a business in Cyprus a straightforward endeavour. English is commonly used as the main language of business throughout the island, and investors have access to a range of modern and affordable office space in all major cities. The country's main port is located in Limassol, while the island is also serviced by two airports, in Larnaca and Paphos, making it easily accessible from anywhere in the world.

Talented Workforce

With more than 55% of the workforce holding tertiary education qualifications – the highest in Europe – Cyprus is home to an outstanding pool of human talent. Moreover, businesses have visa-free access to European talent, as well as professional talent from the many foreign communities living and working in Cyprus, which will allow the creation of a truly multilingual workforce.

Exceptional Regulatory Structure

Cyprus's modern legal infrastructure is modelled after the English common law legal system, and it is frequently updated to meet the ever-changing needs of investors. This framework is widely recognized as being business-friendly and effective, ensuring transparency and reliability in business practices. Organizations are also assured of strong protection for their investment and intellectual property.

Investment Schemes and Business Incentives

As part of its policies to attract foreign investment to the island, the Cypriot government has established a number of highly successful investment schemes and business incentives. These include the Cyprus Investment Program, wherein investors and property buyers can invest in a business, projects, property or funds that will make them eligible to apply for Cypriot citizenship, as well as a number of start-up programmes and funding opportunities, with a focus on bringing innovation to the island.

Positive Economic Outlook

As one of the fastest-growing economies in the EU, Cyprus boasts a robust GDP growth with continuous upgrades by various international credit rating agencies and a generally positive economic forecast.

How we can help:

Whatever your investment needs, **CX Financia** can offer personalized solutions tailored to both corporations and individuals. Our team of experts and associates have vast experience in a number of areas, from incorporation of business in Cyprus or abroad and incorporation and licensing of funds, investment firms and other entities, to internal and external audit and accounting services and taxation consultancy.

Contact us today to see how we can help you set up your business in Cyprus.







Forex License set-up



Fund structuring and administration



Compliance and AML consulting



Risk Management



GDPR Support



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Blockchain and ICO consulting



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We help minimizing regulatory and reputational risks.

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michaelkyprianou

Eleni Drakou analyses the recent changes to the Cyprus Investment Program

By Eleni Drakou, Senior Associate and Director of Business Development at Michael Kyprianou & Co LLC

Many words have been put onto paper about the Cyprus Investment Programme (the Programme). The Programme was implemented by the Cyprus Council of Ministers on 24 May 20131 to further enhance foreign investment in Cyprus and to effectively restart the country's economy, following the financial crisis.

Between 1 June 2013 and 15 August 2018, 1,864 investors obtained Cyprus citizenship through the Programme. During this period, transactions of EUR6.6 billion were recorded, out of which EUR3.7 billion were in the real estate sector.

A number of amendments came into effect in 2019, amending the Programme's provisions and criteria. The new restrictions aim to further provide for investors' interests and to safeguard the country's reputation as an investment destination.

In early 2019, the Council of Ministers decided to exclude from the Programme those who had already been rejected in their attempt to obtain the citizenship of another EU Member State. In addition to this restriction, the Council of Ministers decided on 25 July 20193 to exclude high-risk individuals from the scheme, i.e. persons who hold or held a political position during the previous five years; persons subject to criminal investigation or criminal proceedings; and persons

'The new restrictions aim to further provide for investors' interests and to safeguard the country's reputation as an investment destination'

affiliated with legal entities restricted or sanctioned by the EU, or sanctioned by non-EU countries or the UN Security Council.

Moreover, a stricter due-diligence procedure is expected to be implemented; the government has appointed three compliance companies to carry on the applicants' diligence and background checks, which is now conducted internally by the government's departments.

On the same day the restrictions were implemented, it was ruled by the Council of Ministers4 that the mandatory donation of the amount of EUR150,000 will be contributed after the investor is granted citizenship, instead of prior to the submission of the citizenship application. This was implemented in May 2019 and is



Eleni Drakou

regarded as a positive development for interested applicants, since their funds will not be contributed in the event their citizenship application is rejected.

Such donations significantly contribute to society, as they are shared between the Research and Innovation Foundation and the Cyprus Land Development Corporation. The latter will provide for housing schemes for sensitive groups, thus enhancing the Programme's socially responsible character.

The applicant can currently choose to invest in:

- real estate
- a company operating in the country with a substantial presence and activities
- alternative investment funds licensed by the Cyprus Stock

Exchange (CSE); or

a combination of these three investment categories.

Decision 87.927 introduced the investment in securities on the secondary market of the CSE up to EUR200,000 under the option of combination of investments. Decisions 87.926 and 87.927 have been effective since 23 August 2019.

As more than half of the Programme's transactions are related to real estate, the Council of Ministers enforced a number of measures to safeguard the investors' interests with regards to their real estate investments. In light of these measures, in cases where the investment includes immovable properties under construction, a planning permit must be secured in order to submit a Programme application, and a bank waiver letter must be provided in case the immovable property bears any mortgages. If the property's construction is completed, a completion certificate must be provided during the submission of an application. If the property is under construction, a specific account must be used, or a performance bank guarantee must be secured for a minimum amount equal to 5 per cent of the property's value.

These legal provisions used to be at the discretion of the investor; however, they are now mandatory in an effort to protect investors and enhance the scheme's credibility.

The Programme remains a straightforward scheme with set criteria. However, the scheme now appears challenging and more restrictive as it eliminates a large group of high-net-worth individuals, including politically exposed people. On the other hand, this is regarded as a positive measure, as it provides for the Programme's continuity and trustworthiness.

Eleni Drakou is a Senior Associate and Director of Business Development at Michael Kyprianou Advocates & Legal Consultants

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Or send us an email to savvas@gbcy.business



The Great Britain – Cyprus Business Association would like to welcome the four new members joined the association last month, April 2020









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"Unity is strength... when there is teamwork and collaboration, wonderful things can be achieved." Mattie Stepanek (Poet)



Reflections from our Corporate team

Like football, this is proving to be a game of two halves. The half, whose businesses have simply stopped, with little opportunity or possibility to compensate for the commercial activities that they cannot now undertake, and the half who are still able to carry on their businesses. Whether it is actually 50/50 is unlikely. For the half, whose business activity has stopped, the key issue is one of survival, so accessing Government help and cutting costs are primary and immediate concerns in the face of a complete collapse in revenues.

For those companies, our Corporate team offers advice on employment matters, key contracts (force majeure and termination provisions) and the consequences of postponing obligations and commitments. These are the areas we are being consulted about.

For the half in operation, the transactions we are handling are continuing, sometimes with a price renegotiation. There was, immediately pre-Covid19, a marked increase in interest in inbound UK investment and assets, including companies.

Travel restrictions and lockdown have of course slowed the pace, but the good deals are still generally progressing and there will be an increasing number of acquisition opportunities for the cash-rich companies that do not have to spend their cash piles on survival because their business has completely ceased.

We are working on a number of transactions, and also some bond listings of assets which do well when equities are being hard hit, because they are seen as an alternative safe harbour, gold being an example. Covid19 will be conquered in the not too distant future and there is no doubt that there will be considerable business and asset acquisition following on from it. Some businesses are of course benefitting from the pandemic and are getting stronger as a result of the Covid19 pandemic, such as our supermarkets, food stores and medical equipment suppliers.

On the global scale, if China is genuinely getting back on its feet whilst many other key economies have yet to reach the peak of the pandemic, it will have a considerable head start and be in a good place to take advantage of the many stressed companies looking for rescue.

These are the current experiences and reflections from the Corporate team at Child & Child.

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Neoserve is a firm of qualified professionals offering a wide range of client-focused business services to both international and local clients aiming to meet their requirements. We are specialised in providing audit and assurance services, accounting and administration, corporate and personal taxation services. We also offer company formation and representation services as well as banking support.

The founder and Managing Director of the firm is Neoclis Nicolaides. Mr Nicolaides is a Fellow member of the Institute of Chartered Accountants in England and Wales and a Member of the Institute of Certified Accountants of Cyprus since 1987. He has many years experience in his field which he practices for over 20 years.

The firm's Director specialising in Tax matters is Michalis Elpidorou. Mr. Elpidorou is a Fellow member of The Chartered Association of Certified Accountants in the United Kingdom and a Member of The Institute of Certified Public Accountants of the Cyprus for over 25 years.







SERVICES

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Why Cyprus

Genera

Cyprus is a member of the EU and a modern international business and financial centre, with excellent infrastructure, situated at a strategic geographical location and time zone. English is the most widely used business language and the Cyprus Legal System is based on English Common Law.

Cyprus has a favourable tax system with very beneficial double tax treaties with over 40 countries and has established itself as a tax-incentive country and not a "tax heaven".

Cyprus has a mature professional services sector with highly educated and multilingual professionals. As an indication Cyprus was the first country outside the UK that has been approved by The Institute of Chartered Accountants in England and Wales to qualify Chartered Accountants locally, without the need to work in the UK.

Fees for professional services provided in Cyprus are very low compared to other EU jurisdictions.

Cyprus also has excellent telecommunications infrastructure and air connections.

Overview of the Corporate Tax System in Cyprus

Cyprus Corporate Income Tax is at a very competitive flat rate.

Business activities which are ideally suited to the Cyprus tax environment include:

Holding Companies • Foreign sourced dividends are exempt from tax under easily met conditions. Disposals of shares and other qualifying titles, such as corporate bonds, are exempt from tax provided the disposed company does not own any real estate in Cyprus. Generally there are no withholding taxes on payments from Cyprus.

Intellectual property Companies • 80% exemption of the net royalty income which gives an effective tax rate of 2.5%.

Investment Funds • Trading in securities is essentially a tax-exempt activity.

Shipping companies • are fully exempt from all direct taxes and are subject to taxation under the tonnage tax regime.

Cyprus Legal System

The Republic of Cyprus is a Member State of the European Union and a member of the Eurozone. Cyprus is an independent, sovereign Republic with a presidential system of government and a written constitution which safeguards the rule of law, political stability, human rights and the ownership of property. Cyprus is a member of the British commonwealth, Council of Europe, IMF, UN, World Bank and WTO and is signatory to many international conventions and treaties.

Cyprus´ close links to Great Britain as part of the British Empire (it was a British Crown Colony until achieving independence in 1960) mean that its legal and judicial system is very much aligned with that of the United Kingdom. As such, Cyprus´ primary corporate statutes are based on and derived from English company legislation and its legal system is modeled on the English common law system. Cyprus legislation is fully compliant with European Union Legislation. European Union Directives are fully implement into local legislation and European Union Regulations have direct effect and application in Cyprus.

Setting up in Cyprus? • We help you find your way

The procedures for registering a company with the relevant authorities in Cyprus can be completed within a few days, for a fairly standard operating model. In the case of using an already existing company, this timeframe can be reduced even further. We provide a one-stop-shop that aims to fulfill the needs of firms and individuals during their first months in Cyprus and thereafter.

Reporting framework for Cyprus entities

International Financial Reporting Standards as adopted by the European Union ("EU IFRS") constitutes local Generally Accepted Accounting Principles ("GAAP") in Cyprus and also forms the basis for the computation of taxable income for all Cyprus tax resident entities. Therefore, Cyprus registered entities need only maintain one set of financial information for financial reporting and tax purposes alike, based on a reporting framework widely accepted by investors, financiers and analysts across the globe.









RENEGOTIATING THE CYPRUS RUSSIA DOUBLE TAX TREATY

SUGGESTIONS ON NEGOTIATION POINTS AND ON CHANGES NEEDED IN THE LOCAL TAX LAWS



CHANGES REQUESTED BY THE RUSSIAN FEDERATION

Author: Charalambos Meivatzis, Partner – Accounting Department at KINANIS LLC, April 2020

As it is known already, the Russian Federation has sent an official notification to the Republic of Cyprus asking for the renegotiation of the Double Tax Treaty (DTT) agreement between the two countries. In effect the Russian Federation is requesting to increase the withholding tax rates on dividend income from 5% or 10% (subject to conditions) to 15%, and on interest income from 0% to 15%. Details on the new wording and what changes are being requested can easily be found in various publications on the internet.

What should be the next actions and what can Cyprus do to maintain some competitive advantage over other jurisdictions in light of the proposed changes?

 $LAW\ FIRM$ In this report we put forward our suggestions on some negotiating points that Cyprus can suggest during the renegotiation stage as well as suggestions on possible changes in our local tax legislation that will improve the country's position as an international business centre, taking into consideration the new realities in the global tax environment.

OUR SUGGESTIONS ON RENEGOTIATING THE TREATY

• Changes to make the Cyprus Tax laws more competitive

Primarily, we believe that the Russian Federation will not just renegotiate the Cyprus DTT but will proceed with the renegotiation with other EU countries such as the Netherlands, Luxemburg, Malta as well as other countries with favourable withholding tax rates such as Switzerland. Therefore, we doubt that there will be significant differences in the withholding tax rates renegotiated between these jurisdictions.

To secure the above, the obvious thing to do is to try and negotiate an inclusion of a most favoured nation clause in the treaty that will ensure that the rates applicable in the Cyprus-Russia DTT will be the lowest available. A similar provision was included in the Cyprus-Ukraine DTT and it would be very beneficial if the same is achieved for the Cyprus-Russia DTT.

New rates to apply only to Cyprus Companies controlled by Russian Tax Residents

In addition to the above, the Cyprus government should suggest that the increased withholding tax rates should apply only to Cyprus companies which are ultimately controlled by at least 25% by individuals which are tax residents of the Russian Federation. For all other situations the existing provisions of the DTT to apply.

In our view, the objective of the Russian Federation is not to block completely any outside foreign investment into the country – something that would be damaging the Russian economy in general, but to tackle the Russian investments routed through foreign structures into Russia with the principal

purpose of taking advantage of the reduced withholding tax rates based on the DTT agreements. By accepting this term, the Russian Federation will still be open for business for foreign investors but will tax any unwanted outflow of Russian money into Europe.

For Cyprus, this negotiated change will enable the country to continue to be regarded as an attractive regional headquartering jurisdiction within the European Union, where global investors can set up their regional

headquarters relocate part of their management team to Cyprus and conduct their regional business activities – not only with Russia, but also with other jurisdictions such Europe, Asia and the Middle East.

Having in mind the existing incentives that promote the relocation of individuals and businesses to Cyprus we believe that with this negotiated change, Cyprus can remain or even enhance its position as a jurisdiction were regional headquarters can be set up.

• Exempt listed companies and Alternative Investment Funds from the increased rates.

An additional point that can be negotiated is for the existing rates to continue to apply to companies listed on a recognised Stock Exchange as well as to Alternative Investment Funds (AIFs) when managed by external authorised Alternative Investment Fund Managers (AIFM) as per the provisions of the

Alternative Investment Fund Managers Directive (AIFMD) of the European Union. The existing rates should apply, provided that more than 50% of the ultimate beneficial owners of the investors/unitholders are non-Russian tax residents.

Again, the above negotiated point will ensure that Russia will remain open to foreign investments and will not completely block fresh foreign money entering the country's economy, and on the same time put adequate safeguards by restricting these benefits to listed companies and AIFs. With these restrictions in place, the benefits of the double tax treaty between Cyprus and Russia will not be easily exploited.

From the Cyprus perspective, this proposed change can give an additional boost to our continuously evolving Funds industry as well as enhancing the position of the Cyprus Stock Exchange as an important regional player. The general competitive advantages of Cyprus in these fields, such as the strategic location, the cost of achieving and maintaining such structures, the availability of qualified human capital resources and many others will continue to play an important role and maybe give us a competitive edge against other jurisdictions with similar clauses in their treaties.

Any changes that may be needed in the "Non-Discrimination" clause of the DTT in order to accommodate the above changes should also be reviewed.

OUR SUGGESTIONS ON THE CHANGES NEEDED IN THE LOCAL TAX LEGISLATION

In addition to the above points to negotiate, the Cyprus Tax Laws can be amended to adjust to the imminent changes and mitigate their effect and also to prevent similar renegotiation requests from other jurisdictions.

• Changes to enhance Cyprus' position as an International Business Center

The global tax environment has changed significantly the past few years and more changes are continuously being introduced in an international effort to combat base erosion and profit shifting, treaty shopping and treaty abuse. Conduit entities are been attacked from all angles and dimensions, including banking, AML and anti-tax avoidance initiatives.

It is not a secret that in the past few years, the Russian Tax authorities have successfully disputed the right of Cyprus (and other) Companies to claim Double Tax Treaty benefits based on the beneficial ownership concept, on the grounds that the Company did not have sufficient substance in the specific

jurisdiction and that the company acted as a mere intermediary with the objective of rerouting profits to zero tax jurisdictions.

Having the above in mind, we are suggesting some very important and bold changes needed in the local tax legislation that will definitely improve the position of the Country as an international business centre. We even suggest that during the renegotiation of the Cyprus-Russia DTT, in order to obtain the best results possible, the Cyprus Government will commit to the below changes:

- Introduction of a strict substance test before issuing double tax residency certificates

In these new global tax realities, we believe that the time is right for Cyprus to leave the past behind and introduce a stricter test with minimum substance requirements that will need to be satisfied before issuing a tax residency certificate. These minimum substance requirements may (in addition to the existing requirements) include, evaluation of the qualifications of the Board of Directors, minimum number of employees which may be linked to the size and activities of the company as well as actual office spaces for the applicants.

By introducing a stricter approach on the matter, we will increase our credibility as a jurisdiction, since Cyprus companies will not be easily regarded as mere intermediate companies with inadequate economic substance. This may, also prevent any future renegotiation attempts by other countries with

which Cyprus have a beneficial double tax treaty agreement. We might also be able to attract serious organisations that will really want to invest in setting up a solid regional headquarter in Cyprus, from which all the decision making will be taking place.

- Introduction of withholding tax on payments made to non-cooperative jurisdictions

An additional step needed is the introduction of withholding taxes on outgoing dividends, interest and royalties when these are being paid to OECD/EU noncooperative jurisdictions or to other zero tax jurisdictions.

Again, such an action will act as a disincentive to those who would like to use Cyprus structures as mere intermediary vehicles with the principal purpose being the abuse of a treaty that Cyprus has signed with other jurisdictions. Our local tax law is so beneficial and provides for good incentives so that the use of such jurisdictions is not required.

• Changes needed to make the Cyprus Tax laws more competitive

- Expand the ability to claim tax credit on taxation paid abroad

As it is well known, the Cyprus Tax system allows for a tax credit to be granted on the foreign tax paid abroad (including withholding taxes), provided that the same income is subject to taxation in Cyprus. The tax credit is granted up to the extent that the foreign tax credit will not create a tax loss (i.e. the foreign tax credit is restricted to the amount of the local taxation on that specific income).

In respect to interest income, which is a taxable income under the Cyprus Tax Law, when a Cyprus entity will pay the increased withholding tax on the interest income it receives from Russia, it will be possible to claim a foreign tax credit on the Cyprus taxation applicable on that interest income subject to the above restrictions.

Having in mind the Cyprus Tax rules on the deductibility of interest expense as well as the availability of Notional Interest Deduction on capital it seems that such companies will not suffer any additional taxation on their interest income in Cyprus since the available tax credit generated from the withholding tax paid in Russia will be enough to offset any Cyprus tax expense.

In relation to dividend income however, the situation is different than above. In the majority of cases, dividend income is not subject to taxation in Cyprus, which makes it impossible to claim foreign tax credit on any withholding tax paid abroad. This means that the increased withholding taxes that are going to be paid on the dividend income will not be utilised (fully or partly) in Cyprus.

Our suggestion is to amend the Income Tax Law to allow foreign tax credit to be set off against tax expense generated from other types of taxable income in the same company in the same tax year.

Therefore, if a Cyprus Company is engaged in multiple activities, for example it has one subsidiary in Russia and receives dividend income which is not taxable in Cyprus and also conducts trading activities and receives trading income which is taxable, to be able to use the foreign tax credit on withholding tax paid on the dividend from Russia and set it off against the tax expense generated from the trading activities.

This change will ease the overall tax burden that such companies will face and will, in some extent, mitigate the effect of the increase in the withholding tax rates in the DTT.

THE TIME FOR CHANGE IS NOW

It is now clearer than ever that it is time to really think outside the box and be ready to sacrifice the successful models of the past and adopt our strategy and vision as a country to reflect the current needs and requirements. By insisting in a model that has served its purpose well in the past but is simply inadequate now will be catastrophic for this important sector of the Cyprus economy.

Government and Professionals, must collectively be ready to take bold decisions that may have been unthinkable and unimaginable few years back, but now seem to be the best way forward, and make sure that everyone who is involved in this industry follows the same strategy and vision.

As Charles Darwin said:

"It is not the strongest of the species that survive, nor the most intelligent, but the one more responsive to change."

DISCLAIMER

This publication has been prepared as a general guide and for information purposes only. It is not a substitution for professional advice. One must not rely on it without receiving independent advice based on the particular facts of his/her own case. No responsibility can be accepted by the authors or the publishers for any loss occasioned by acting or refraining from acting on the basis of this publication.

Leadership

By Savvas Kyriakides, Great Britain- Cyprus Business Association



"Leaders don't create followers, they create more leaders."

- Tom Peters

leadership is not a position or a title, it is action and example.

Leaders become great not because of their power but, because of their ability to empower others. "

PEOPLE BUY INTO THE LEADER BEFORE THEY BUY INTO THE VISION

JOHN MAXWELL

DG ENIS GIANOUTSOS

"LEADERSHIP AND LEARNING ARE INDISPENSABLE TO EACH OTHER." -JOHN F. KENNEDY

A good leader is a good listener.

"THE GREATEST LEADER IS NOT NECESSARILY THE ONE WHO DOES THE GREATEST THINGS. HE IS THE ONE THAT GETS THE PEOPLE TO DO THE GREATEST THINGS." RONALD REAGAN





The effect of UK's withdrawal from the EU on British citizens living in Cyprus

Machi Kleanthous

By Machi Kleanthous, Associate at Michael Kyprianou & Co LLC

The United Kingdom (UK) and the European Union (EU) have reached an agreement on the UK's withdrawal from the EU. The Withdrawal Agreement came into force on the 1 February 2020, as the UK withdrew from the EU on 31 January 2020.

The Withdrawal Agreement sets out the terms of the UK's withdrawal from the EU and provides for a deal on citizens' rights. It sets out a transition period which lasts until 31 December 2020. During this time, a British citizen can continue to live, work and study in the EU broadly as he did before 31 January 2020.

If you are a resident in Cyprus at the end of the transition period, you will be covered by the Withdrawal Agreement, and your rights will be protected for as long as you remain resident in Cyprus. UK nationals and their family members are eligible for residence rights in Cyprus, including family members who are third country nationals, and can continue to live, work and/or study in Cyprus. More precisely, the Withdrawal Agreement will protect those UK nationals and their family members who have already exercised or will exercise their free movement rights in Cyprus until 31 December 2020 (within the transition period).

Moreover, the UK nationals who live in Cyprus until the end of 2020 will continue to have the below advantages:

UK nationals and their family members who, by 31 December 2020, have been continuously resident in Cyprus for five years will be eligible for permanent residence.

UK nationals and their family members who already reside in Cyprus or arrive by 31 December 2020, but who will not yet have been continuously resident in Cyprus for five years, will be eligible for residence, enabling them to stay until they have reached the five-year threshold, thereafter allowing them to apply for permanent residence.

UK nationals and their family members who are covered by the Withdrawal Agreement, will be able to continue their lives in Cyprus, with the same access to work, study, benefits and public services that they enjoy now, subject to the specific provisions provided for in Withdrawal Agreement.



Machi Kleanthous

All the above cases are clearly covered by the Withdrawal Agreement. The Withdrawal Agreement also applies to:

UK nationals and their family who at the end of the transition period are not residing in Cyprus but had previously resided in Cyprus without acquiring permanent residence rights, provided that after the end of the transition period they will still maintain continuity of residence (not absent from Cyprus from more than six months a year).

UK nationals who at the end of the transition period are not residing in Cyprus but had previously resided in Cyprus and had

acquired permanent residence rights, provided that their absence will not exceed a period of five consecutive years.

From 1 January 2021 any application which will be submitted by a UK national for a residence permit may be examined under new Regulations, that will be announced before the end of the transition period.

In the case of family members, however, who have not applied for a residence permit before the expiration of the transition period, the following rules will apply:

Family members of UK nationals covered by the Withdrawal Agreement, who have not applied for residence by 31 December 2020, will still be able to apply for a residence permit as a family member at any time in the future, and they will also be eligible to get a permanent residence after completing five years of continuous residence.

Children born after the transition period by a UK national or their spouse/partner in a civil union covered by the Withdrawal Agreement will enjoy the same rights as pre-existing family members. In any case, UK nationals and their family members who are covered by the Withdrawal Agreement will have the right to receive a new residence document, as per the conditions set out in Directive 2004/38/EC, which will include a statement that it has been issued in accordance with the said Agreement.

UK nationals who are unable to acquire a Certificate of Registration by 31 December 2020, will have the right to request to receive the new residence document by submitting documentary evidence of their residence in Cyprus. (i.e. title deed, tenancy agreement, utility bills, bank statements etc.).

If you are a resident in Cyprus at the end of the transition period, you will be covered by the Withdrawal Agreement, and your rights will be protected for as long as you remain resident in Cyprus.

In the meantime, make sure you are registered as a resident in Cyprus, as being a holder of current residence documents will involve a much simpler procedure.

The content of this article is valid as at the date of its first publication. It is intended to provide a general guide to the subject matter and does not constitute legal advice. We recommend that you seek professional advice on your specific matter before acting on any information provided.

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British holidaymakers will be "welcomed with open arms" in Cyprus when travel restrictions are lifted this summer.



The country's deputy tourism minister made the appeal directly to the UK, as authorities prepare to welcome tourists as early as June.

Brits will be "welcomed with open arms" in Cyprus this summer

Cypriot deputy tourism minister Savvas Perdios told Sun Online Travel: "We love taking care of the British people.

"There are a lot of British people living here. Whenever others are ready to visit our island, we will welcome them with open arms."

Close to one million Brits flew out to the Mediterranean hotspot last year with most heading to its coastal resorts.

The message comes just days Mr Perdios after appeared to say that Brits would not be among the first nationalities allowed onto the island after it opens its borders.

In an interview with local press earlier this week, he said: "The important thing is that travel agents have Cyprus in mind...there are positive signs from Germany, Switzerland, Austria, the Nordic countries, Greece, Israel and perhaps the Netherlands."

But he has now confirmed to us that it is not the case.



The Cyprus deputy tourism minister made the appeal directly to the UK, as they prepare to welcome tourists as early as June

He said: "We don't have preferences based on nationality. The ideal case scenario is for everyone to be able to

"We have always been a hospitable country. We have been welcoming people for decades, especially from the UK, which is one of our most important markets. And that is never going to change."

Echoing the sentiment, **Vassilis Stamataris who heads the Cyprus Association of Travel Agents** said: "We are a hospitality industry and do not discriminate.

"Of course, we want them here... we were very sorry about them leaving the EU but as in most European countries the ministry of health is in charge now."

A former British colony, Cyprus was hosting tens of thousands of Brits when the coronavirus outbreak hit.

Close to one million Brits flew out to the Mediterranean hotspot last year with most heading to its coastal resorts Announcing strict lockdown measures to curb transmissions spreading, its government rushed to seal the country's borders and end air travel ahead of almost all its European counterparts in early March.

UK travellers stranded on the island were put up in hotels paid for by the government.

The restrictions included a nightly 9pm to 6am curfew and allowing people out only once daily with a special permit. A ban on commercial air traffic was extended through to May 17 last week.

But the policies paid off: the island now has 837 confirmed coronavirus cases in a population of 800,000 Greek Cypriots and 15 deaths.

Mr Perdios explained that the tourist industry employed one in five in the island's workforce and, as such, was crucial to the island's economy.

But while they are helping save lives, who is there to help them?

He said: "At first the policies shocked our source markets, but we thought the earlier we took this strong-handed approach, the earlier we could draft an exit strategy.

"The results have been very positive. And now as part of that exit strategy we are readying for full opening of the island as a tourist destination in mid-June. That is the vision."

With the island's president announcing the easing of measures on Wednesday the race is on to prepare the industry for the summer.

He added: "Hospitals, airports, hotels, restaurants, bars, beaches, public transport, taxi services, we want everything to be ready by mid-June at latest.

"If customers can't come until early July that's not the end of the world. We want to be ready so that when Europe, as a whole says, 'let's ease travel restrictions' we can immediately accept and welcome people."

But the minister also acknowledged that the situation would likely change "day by day" and ultimately would depend on scientific and epidemiological data – at home and abroad.

He said: "Any decisions will be taken at the last minute based on how each country is doing when it comes to handling of the virus. Things can change day by day, week by week."

Officials were working on the premise that travel from the UK will resume in July, but he cautioned: "It all depends on what is going to be happening at that particular moment."

The European Union's most easterly state, Cyprus is spearheading efforts in Brussels to fast track ways of facilitating travel through commonly agreed protocols including possible immunity certificates.

When can I travel and go on holiday again after the lockdown?

Mr Perdios insisted it was vital for Europe's travel industry to be guided by "common rules" to avoid the confusion of countries acting independently and forging bilateral agreements with each other.

He said: "The most import thing now is to have a common protocol for travel and the sooner we get it the better for everyone involved.

EU tourism and transport bosses are currently trying to come up with a solution to the challenges posed by the novel virus but agreeing on health passports or immunity certificates was likely to take a few more weeks.





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"Unity is strength... when there is teamwork and collaboration, wonderful things can be achieved." Mattie Stepanek (Poet)