

## British expats who moved to Cyprus face nervous wait on savings tax

By: Giles Sheldrick  
Mon, April 22, 2013

**THOUSANDS** of couples who left Britain for a dream retirement in Cyprus face losing a massive chunk of their savings as the country's financial crisis deepens.



Expats face a nervous wait to see exactly how much of their deposits have been swallowed

Ex-pats face a nervous wait to see exactly how much of their deposits have been swallowed by the black hole enveloping the sun-kissed Mediterranean island's banks.

As things stand the Cyprus Popular Bank, or Laiki Bank, has told customers their money would be guaranteed up to at least £85,000.

But many Brits were lured by high interest rates and squirrelled away their entire life savings with the institution, which is not incorporated under UK banking law.

Experts now fear deposits above the guarantee limit of 100,000 euros could see confiscation of anything between 40-100 per cent.

Tonight the country was at the centre of a fresh storm after it was claimed Russians withdrew £2billion before plans for a tax raid on savings was announced.

The measure was apparently leaked to politicians, oligarchs and investors who hurriedly emptied accounts in the days leading up to the announcement.

Tonight one of the UK's leading economists said Cyprus was "an accident waiting to happen".

Wealth management expert Jonathan Davis said: "We know hundreds transferred deposits out of Cyprus in the weeks before and that seems pretty coincidental, doesn't it?"

"The tip could have come from the bank, government or from the EU in Brussels, but certainly a lot of people knew.

"Thousands of Brits went out there with much more than £85,000 and benefitted from reduced taxes and a wonderful lifestyle, but there is no such thing as a free lunch.

"People need to be aware of what they are buying and the economy of Cyprus was unsustainable and, as the saying goes, that which is unsustainable will not sustain.

"I'm afraid many bought into it hook, line and sicker. I have great sympathy but at the same time you can't expect an economy based on false assumptions to last forever."



The 60,000-strong British ex-pat community in Cyprus has been playing an anxious waiting game

There is no effect on deposits with Bank of Cyprus UK Limited, which is a British bank and protected by the Financial Services Authority's compensation scheme.

**"We know hundreds transferred deposits out of Cyprus in the weeks before and that seems pretty coincidental, doesn't it?"**

**Wealth management expert Jonathan Davis**

The 60,000-strong British ex-pat community in Cyprus has been playing an anxious waiting game since the EU - led by Germany - demanded a levy of up to ten per cent of savers' deposits in return for a 10billion euro bail-out.

Cyprus rejected that offer, but only jumped into line after Europe's Central Bank threatened to slash financial life support totally, which would see the country's banking sector collapse and savers losing all their money.

The deal currently on the table will restructure the country's banks and guarantee deposits up to 100,000 euros, but the Cypriot parliament has yet to vote on the package.

The precarious economic situation is especially nerve-racking for 3,250 British troops and civilian staff based in Cyprus who do not qualify for blanket protection.

The situation has also heightened fears of a run on banks in other troubled Eurozone countries like Spain and the Republic of Ireland.

Mr Davis added: "I would say it is almost inevitable this financial crisis, deposit confiscations and 'state bail-ins' will spread across the Western world."