



INVESTMENT FOR VISA OR PASSPORT PROGRAMMES

SITUATION TODAY

- To consider changing the country you live in or become a citizen of is quite a special situation and is commonly associated with a job offer for an assignment in another country.
- Outside this common situation, moving country is considered only by people in special situations – motivated by health considerations, financial benefits, family, children's education, easier to do business, or more traumatically, people fleeing oppressive regimes.
- In the last decade, there has been huge growth in people seeking a means to living in another country – some wanting to start a new life, some for ease of travel visa's or to take advantage of having a 'footprint' in a second country.
- Today there are many different governments that offer a route for foreign people to live and work in their country, or to immigrate completely. In fact a considerable business has developed in helping people through these various applications!
- The countries themselves have a range of justifications for offering these programmes.....
- From filling skill shortages within their economy to simply raising money for a government's budget.

EXERTING OUR INDEPENDENCE

Charlie and I both are very proud to be able to be in the lucky position to be able to deliver truly independent financial advice. We really have the freedom to choose the better solutions/products available and help our clients select the best solution for themselves.

.....and this advice can come in many shapes and forms. In this article, we consider the main issues around taking and additional nationality or new residence status.

In this increasingly connected world, there are many people with dual nationalities – my own daughter has two passports – inherited from parents from different countries. It is commonly understood that several Asians have held a foreign passport for years that were applied for, not necessarily for residency, but on the basis the additional passport greatly reduced global travel complications. These same people are now facing greater scrutiny over their second passports.

We will not dwell upon the people with dual nationalities from historic situations. Rather, we look at the situation where people would make a deliberate choice to embrace a second country – either by residence or citizenship.

There is a growing industry supporting people that are deliberately considering a second nationality or a visa to live and work in a second country. During the industries formative years, E Europeans were driving the demand. In more recent years, these paths to new residence or passports have been growing by applicants from China, in addition to people looking to escape the many countries plagued by war. No party in this process is keen to publicize this phenomenon, (the families sensibly wish to retain discretion; the welcoming countries are already under intense pressure to accept refugees).



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RELATIVELY RECENT DEVELOPMENT

- A 'golden visa' is a permanent residency visa issued to individuals who invest, often through the purchase of property, a certain sum of money into the issuing country.
- The 'Golden Visa' industry really started in 1984 when the tiny Caribbean island of St Kitts and Nevis decided to bring in additional foreign investment in exchange for passports. This programme has grown and generated 16% of the islands GDP in 2015!
- The desire for second passports and/or citizenship has grown into an industry, particularly over the last decade, and now around 80 countries have some form of programme.
- The terms are different from country to country - there is quite a range of all the options available
- There are largely two types of visas available
 - Residency
 - Citizenship
- The residency programmes often require living in the country with conditions that need to be met before you can qualify for citizenship.
- Citizenship, once obtained, is for life and can be passed to your children.

A CONTROVERSIAL SIDE

- In the 80's, Cyprus, an EU member, was offering these programmes to many Eastern Europeans, mostly Russians, with questionable origin of funds/backgrounds. The major benefit was access to Schengen countries.
- The EU bailed out Cyprus in 2013 when Cypriot banks were over-exposed to Greece and forced stiff write downs on large local depositors (to the protests of many Russians with deposits well in excess of the insured deposit limit).
- Several Southern European countries now offer relatively cheap access to Europe - Malta, Cyprus, Portugal. With access to the Schengen area, the funds from these programmes going to government coffers.
- This has attracted a lot of criticism from the EU since the belief is that a passport should not have a price! With the Southern countries accused of profiteering from providing access with little consequence
- I suspect these programmes will be curtailed in some way or another in the coming years
- China nationals have flooded most of these processes over recent years with over 80% of total applications originated by Chinese.
- Considering the obvious negative impact of Asian immigration to Vancouver, this is becoming a hot button issue worldwide. I am sure the China authorities are not overjoyed about their wealthy nationals seeking exits.
- The huge number of China applicants is widely believed to be the reason why the Canada and Hong Kong schemes have been closed.
- Hungary has attracted headlines recently by running an investment for visa programme for relatively wealthy individuals, but publicly shunning the (poorer) immigrants and gaining populist support.



PERSONAL VIEW

- Although this idea started in the Caribbean, with several other islands now offering a comparable facility. The advantage is that access is relatively cheap, but an island life is an expensive and somewhat isolated way to live your life. Not for me. One advantage is that easier travel is available almost immediately (assuming overcoming travel difficulties was a priority)
- To many, the biggest attraction would be visa free travel around Europe, where once granted a visa, many countries on the continent become open given the Schengen area. Several South European countries seem to offer quite reasonable conditions for residency and eventual citizenship.
- The US also has a 29 year old program - the EB-5 Immigrant Investor Program, is set to expire end of September 2019. The scheme is facing a lot of criticism since the process has witnessed its share of problems and shenanigans and no longer fits the original intention. There is also talk of increasing the sums required. Adjustments seem imminent.



A FEW TAKE-AWAYS

If the complexities of travel and visas bother you, (and you are willing to pay the fee) the easier solutions seem to be a few Caribbean islands, where you can buy a passport with immediate delivery. They are Antigua, Bahamas and St Kitts. These passports can get you into 130-140 countries – as a comparison, the passports with access to most countries without a visa have access to around 175 countries.

If EU residence is your objective, while the Mediterranean islands seem to be in the headlines, Belgium and Ireland seem to have relatively low costs with minimal physical presence restrictions and full access to Schengen countries. But there is a 5 year period before one can obtain citizenship.

There are a few EU countries that offer residency from a modest property investment in their country. Malta is one of these, but property prices there have been driven quite high. Property prices in Greece and Cyprus have fallen and remain weak. Spain and Portugal offer residence via property ownership in a property market that is now stable with room for some capital appreciation.

A table showing just some of the options available

The price of citizenship

The conditions for acquiring a passport via economic citizenship/residency vary by country.

	Country	Inception Year	Minimum Investment ¹	Residency Requirements ²	Citizenship Qualifying Period ³
Citizenship Programs	Antigua and Barbuda	2013	US\$250,000	5 days within a 5-year period	Immediate
	Cyprus	2011	€2.5 million	No (under revision)	Immediate
	Dominica	1993	US\$100,000	No	Immediate
	Grenada	2014	US\$250,000	No	Immediate
	Malta	2014	€1.15 million	6 months	1 year
	St. Kitts and Nevis	1984	US\$250,000	No	Immediate
Residency Programs	Australia	2012	\$A 5 million	40 days/year	5 years
	Bulgaria	2009	€500,000	No	5 years
	Canada ^{4,5}	Mid-1980s	Can\$800,000	730 days within a 5-year period	3 years
	Canada—Prince Edward Island	Mid-1980s	Can\$350,000	730 days within a 5-year period	3 years
	Canada—Quebec ⁵	N.A.	Can\$800,000	730 days within a 5-year period	3 years
	France	2013	€10 million	N.A.	5 years
	Greece	2013	€250,000	No	7 years
	Hungary	2013	€250,000	No	8 years
	Ireland	2012	€500,000	No	N.A.
	Latvia	2010	€35,000	No	10 years
	New Zealand	N.A.	\$NZ 1.5 million	146 days/year	5 years
	Portugal	2012	€500,000	7 days/year	6 years
	Singapore	N.A.	S\$2.5 million	No	2 years
	Spain	2013	€500,000	No	10 years
	Switzerland	N.A.	Sw F 250,000/year	No	12 years
	United Kingdom	1994	£1 million	185 days/year	6 years
	United States	1990	US\$500,000	180 days/year	7 years

Sources: Arton Capital; Henley & Partners; national authorities; UK Migration Advisory Committee; and other immigration services providers.

¹Alternative investment options may be eligible.

²Explicit minimum residency requirements under immigrant investor program; residency criteria to qualify for citizenship may differ.

³Including the qualification period for permanent residency under residency programs.

⁴Program suspended since February 2014.

⁵Although not specific to the immigrant investor program, retaining permanent residency requires physical presence of 730 days within a five-year period.

- Our advice and they are benefitting from some excellent returns in this space.

AN OVERVIEW FROM ARETE CAPITAL

The reasons for considering a new domicile, residence or citizenship really depend on your own situation. The most common reasons we come across are, not in any particular order

- Personal or corporate tax situation
- Children's education
- Visa free travel or less travel impediments
- Health considerations of self or family
- Other family members
- Easier operations for business

We recommend that you have thought about some of the following before you embark on the road to making a formal application:

- How many days are you allowed to leave the welcoming country
- What are the domestic tax issues
- Can you earn an income from your investments (rent, interest, etc)
- Is citizenship the objective, or just domicile
- The terms are different from country to country - there is quite a range of all the options available. Can you comply with the terms?
- Do you have a will and /or trust? What will happen to these if you move jurisdictions
- Asset planning. What you leave and what you take/move: property, company ownership,
- There are varying degrees of confidentiality in these schemes.

We at **Arete Capital** have excellent experience of going through the initial considerations in these matters. If you are seriously thinking about changing status, whether temporarily or permanently, we would be happy to engage and ensure you are heading in the right direction. After establishing the basic requirements, we would refer you to the most appropriate in our network of professional advisers.



PROGRAMMES WE HAVE FOUND

Here is a list of countries that are offering a scheme for residence or citizenship in return for an investment

EUROPE. (33)

- Andorra, Austria, Belgium, Bulgaria, Cyprus, Estonia, France, Georgia, Germany, Gibraltar, Greece, Guernsey, Hungary, Ireland, Isle of Man, Italy, Jersey, Latvia, Lithuania, Luxembourg, Malta, Moldova, Monaco, Montenegro, Netherlands, Portugal, Russia, Romania, Spain, Switzerland, Turkey, Ukraine, United Kingdom,

• ASIA PACIFIC. (17)

- Australia, Cambodia, China, Fiji, Hong Kong, India, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Thailand, Vanuatu, Vietnam, Samoa

• AMERICAS. (23)

- Antigua & Barbuda, Bahamas, Barbados, Belize, Brazil, Ecuador, Canada, Cayman, Colombia, Costa Rica, Ecuador, Dominica, Grenada, Montserrat, Nicaragua, Panama, Paraguay, St Kitts & Nevis, St Lucia, St Marteen, Turks & Caicos, United States, Uruguay

• MIDDLE EAST/AFRICA. (8)

- Botswana, Egypt, Kazakhstan, Mauritius, Senegal, Seychelles, South Africa, UAE