

Citizenship by Investment: A comparative look at global investor programmes

Finance Malta Conference



With you today



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Agenda

Understanding investor migration

Driving forces behind investor migration

Comparative overview of investor migration programmes

Current developments in investor migration programmes

Trends and forecasts

Government policy trends and challenges

Regulatory challenges

Navigating global investor migration options: What is on offer?



Investor migration models

- Governments across the world offer residence permits or citizenship to high net worth individuals willing to invest substantial sums in their economies
- Number of countries with immigrant investor programmes has increased dramatically in the past decade
- Models reflect governments' specific economic objectives, as well as their search for a competitive edge as the market for investment-linked visas becomes more crowded

Navigating global investor migration options: What is on offer?

Direct citizenship	Direct Permanent Residence	Temporary status leading to potential permanent residence and citizenship
<ul style="list-style-type: none">• St Kitts and Nevis• Antigua• Malta (EU)• Cyprus (EU)	<ul style="list-style-type: none">• Singapore• US (conditional)• Canada (Quebec)	<ul style="list-style-type: none">• United Kingdom• Australia• EEA

What is driving global investor migration?

Safety and security;
and political,
economic and
social stability

Planning for
family's future

Quality of life

Ease of travel

Wealth management,
tax planning,
diversification of risk

Citizenship models

Citizenship by Investment: A comparative look at key programmes

Country	Minimum/maximum investment	Risks/disadvantages	Benefits/key features
St Kitts <i>Citizenship by Investment Programme</i>	<ul style="list-style-type: none"> US \$250,000 donation; or US \$400,000 in approved real-estate developments 	<ul style="list-style-type: none"> Real estate must be held for five years after purchase Processing times Visa free travel excludes US and Canada 	<ul style="list-style-type: none"> Tax free income, capital gains, gift, wealth and inheritance Ease of travel No language requirement No residency requirement Overage dependants
Antigua and Barbuda <i>Citizenship by Investment Programme</i>	<ul style="list-style-type: none"> US \$250,000 donation; or US \$400,000 in one of the approved real-estate developments; or US \$1,500,000 in an eligible business 	<ul style="list-style-type: none"> Residency: Five days in five years Processing times Visa free travel excludes the US 	<ul style="list-style-type: none"> Tax free income, capital gains, gift, wealth and inheritance Ease of travel No language requirement Overage dependants
Cyprus <i>Economic Citizenship Programme</i>	<ul style="list-style-type: none"> EUR 5,000,000 in real estate, shares, bonds, bank, deposits etc.; or EUR 2,500,000 in collective in real estate investment; and Investment in private residence with market value of EUR 500,000 upwards 	<ul style="list-style-type: none"> High stake Visa free travel (excludes US) 	<ul style="list-style-type: none"> No residency requirement Benefits of EU citizenship Visa free travel does not include the US
Malta <i>Individual Investor Programme</i>	<ul style="list-style-type: none"> EUR 650,000; and EUR 150,000 invested in shares/bonds for five year; and Purchase of residential property with market value of EUR 350,000* or payment of annual rent of EUR 16,000* for such a property on five year contracts 	<ul style="list-style-type: none"> EUR 650,000 unrecoverable Stringent selection process Main applicant must show 12 months' effective residence prior to naturalisation 	<ul style="list-style-type: none"> Benefits of EU citizenship Overage dependants Visa free travel includes US

*Lower rates apply in Gozo

Permanent residence models

Permanent residence programmes: The key jurisdictions

Country	Minimum/maximum investment	Risks/disadvantages	Benefits/key features
Canada [Quebec] <i>Quebec Immigrant Investor Programme</i>	<ul style="list-style-type: none"> CAD \$800,000 	<ul style="list-style-type: none"> Invest CAD \$800,000 for a period of five years at no interest (0%) Must demonstrate business experience and net assets of CAD \$1,600,000 Limited to Quebec 	<ul style="list-style-type: none"> Investment is government-guaranteed and will be repaid in full at the end of the investment period Citizenship after three years
US <i>EB-5</i>	<ul style="list-style-type: none"> US \$1,000,000 or US \$500,000 (if investment is made in a rural area or an area with high unemployment) 	<ul style="list-style-type: none"> Taxation of worldwide income Language requirement for citizenship Residence requirement Processing times 	<ul style="list-style-type: none"> Dual citizenship Ease of travel
Singapore <i>Global Investor Program (GIP)</i>	<ul style="list-style-type: none"> SGD 2.5 million at least in approved GIP fund or business 	<ul style="list-style-type: none"> Residence Requirement Stringent requirements for initial application, and also for renewal of PR after five years Dual citizenship not permitted 	<ul style="list-style-type: none"> PR granted once investment made Potential citizenship Ease of travel

Permanent residence programmes in Europe:

Two popular options

Country	Minimum/maximum investment	Risks/disadvantages	Benefits/key features
Hungary <i>Investors Long-term Residency Bond Program</i>	<ul style="list-style-type: none"> EUR 300,000+ in a five year fixed term government bond 	<ul style="list-style-type: none"> Citizenship only available after eight years 	<ul style="list-style-type: none"> Permanent residence granted soon after application Processing times
Bulgaria	<ul style="list-style-type: none"> Equivalent of EUR €511,292 to be invested in shares of Government bonds* <p><i>* Other types of investments are also available</i></p>	<ul style="list-style-type: none"> Processing times 	<ul style="list-style-type: none"> Citizenship available after five years No residency requirement Availability of expedited citizenship if the investment is doubled

Models offering temporary status (Leading to possible PR/citizenship)

Programmes offering temporary residence to investors

Country	Minimum/maximum investment	Risks/disadvantages	Benefits/key features
Australia <i>Significant Investor Visa</i>	<ul style="list-style-type: none"> AUD 5,000,000 (AUD 15,000,000 option to be introduced later this year) 	<ul style="list-style-type: none"> Lengthy and complex due diligence process 	<ul style="list-style-type: none"> Low residence requirements (160 days in four years) Permanent residence after four years Leads to citizenship
Portugal <i>Golden Residence Permit Programme</i>	<ul style="list-style-type: none"> EUR 1,000,000 capital transfer; or EUR 500,000 in property 	<ul style="list-style-type: none"> Portuguese language required to qualify for citizenship 	<ul style="list-style-type: none"> Unrestricted travel in the Schengen area as a visitor for up to 30 days Low residence requirements Permanent residence after five years May lead to citizenship after six years
Spain <i>Investor Programme</i>	<ul style="list-style-type: none"> EUR 500,000 in property; EUR 1,000,000 in shares; or EUR 2,000,000 in public debt 	<ul style="list-style-type: none"> Residence permit cannot be extended beyond five years Residence requirement Long path to citizenship 	<ul style="list-style-type: none"> Unrestricted travel in the Schengen area as a visitor for up to 30 days Permanent residence after five years
UK <i>Tier 1 Investor</i>	<ul style="list-style-type: none"> GBP 2,000,000 GBP 5,000,000 GBP 10,000,000 	<ul style="list-style-type: none"> Residence requirement Limited choice of investment types, excludes real estate 	<ul style="list-style-type: none"> No restriction on activity Permanent residence after 2-5 years, depending on level of investment Citizenship after 5-6 years Processing times

Programmes offering temporary residence to investors (cont.)

Country	Minimum/maximum investment	Risks/disadvantages	Benefits/key features
Switzerland <i>Lump sum taxation</i>	<ul style="list-style-type: none"> Annual payment of fixed tax – varies depending on the canton. Equivalent of US\$ 170,000 is the lowest 	<ul style="list-style-type: none"> May only qualify for citizenship after 12 years of residence 	<ul style="list-style-type: none"> No taxation of worldwide income while the annual fixed tax is payable Dual citizenship
Belgium	<ul style="list-style-type: none"> EUR 200,000 minimum (case by case basis) To be held in a Belgian bank account 	<ul style="list-style-type: none"> Residence requirement Language requirement and demonstrate integration through economic activities 	<ul style="list-style-type: none"> Temporary residence permit with potential permanent residence and citizenship after five years
Latvia	<ul style="list-style-type: none"> Property purchase EUR 250,000+ Five year bank deposit, EUR 280,000+ and EUR 25,000 to the state budget* <p><i>*Other types of investments are also available</i></p>	<ul style="list-style-type: none"> Residence requirement 	<ul style="list-style-type: none"> Permanent residence available after five years

Current developments



Current developments

Restrictions and tightening of regimes

- Singapore: Reduction due to impact on domestic property market
- Australia: Internal concerns of lack of economic contribution
- United Kingdom: Investment level doubled
- Switzerland: Debate around investor lump sum taxation

Closure of highly popular programmes

- Hong Kong: Suspension of category until further notice
- Canada: Closure of Federal Immigration Investor Programme

But elsewhere, growing appetite for investor migrant market

- Other countries thriving e.g. Latvia, Bulgaria
- Antigua and Barbuda: Easing of residence requirements, seasonal discounted offers
- Other countries looking to enter into the market

Trends and forecasts

What trends can be discerned?

Traditional vs. new entrants to the Market

- More traditional countries of immigration e.g. US, UK, Australia and Singapore still thriving despite lower thresholds in new programmes
- Malta and Latvia proving popular due to link with EU and low residency requirements

Response by key sending countries

- Restriction in dual nationality
- Red tape and bureaucratic controls
- Protectionist policies imposing unattractive obligations

Government policy trends and challenges

- Competitive challenge to lure high value migrants
- Public support: Free movement right in the European Union
- Countries placing visa restrictions on “citizenship by investment” countries

Investor and Government expectations



Investor and Government expectations

Foreign investment
is attractive

Direct and indirect
benefits of investors

Differing goals in
different investor
packages to suit
investor expectations

Regulatory issues

Regulatory issues

Regulation of an ever-expanding industry

- There are a number of challenging issues around regulation in a rapidly growing market both at domestic and international levels, and across a number of industries including legal, banking and tax

There are two limbs to this:

- Regulation around applicants and applications (due diligence processes, anti-money laundering and anti-fraud measures)
- Regulation of industry itself and reputational integrity of an ever growing field of practice

Questions?

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