

Global Residence and Citizenship Options Tailored for Indonesia's Wealthy

Daphne Chandra, Country Head for Indonesia at investor migration consultancy Henley & Partners sees bountiful prospects for Indonesians to choose from a suite of alternative overseas residence and citizenship options. Scott Moore, Country Manager at Henley & Partners, also joined Chandra in highlighting some of the best opportunities at the Hubbis Indonesia Wealth Management Forum.

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CHANDRA'S MISSION DURING a Head-to-Head discussion with Hubbis Michael Stanhope at the opening of the event was to briefly convey both the opportunities available and also the relationships that Henley can strike up with the wealth management intermediaries that typically bring Henley many of their clients around the Asia-Pacific region.

"I am Indonesian myself," Chandra told the audience in reply to the first question that Stanhope posed. "Based in Singapore and covering the Southeast Asia region, there is a great and growing demand for our residency and citizenship services in countries such as the Philippines, Thailand, Vietnam





and most certainly here in Indonesia. We have been in Singapore now for the last four years and our business has grown by about 66% this year. We work closely with wealth management firms such as those assembled here today.”

Henley has a history of more than 20 years and 300 staff across the world in 29 offices. Chandra explained that Henley also works with certain governments around the world to structure and promote their residence and citizenship programme.

To access wealthy individual or family clients, Henley has long experience of working with a variety of private banks and wealth management firms across the region, as well as with legal and other advisory and services firms to connect to clients.

“We are very experienced in structuring the right level of fees to work with such firms on their client referrals, we believe we are both fair and generous in this regard. Our business is very complementary to what they do, and we are not lawyers, we do not charge any hourly fees, anyone can come with us for a free consultation. So, we welcome any wealth management firms bringing clients to us, we are thoroughly professional, and your

clients will be pleased that you have introduced us and therefore opened the door to these alternatives for them.”

Chandra explained that Henley has a wide variety of Indonesian clients of all ages, religions and ethnic backgrounds, all motivated by a variety of different factors, from lifestyle to political concerns, to look at these alternative residence and/or passport options.

“Our business is all about tailoring solutions and guiding clients carefully through what is often a long and complex process to achieve their residence or citizenship goals,” she elucidated. “Taking the right steps towards a new residence or citizenship must be carefully considered and the process must be professionally managed.”

A compelling story to consider...

Moore reported that secondary residence or citizenship is an increasingly compelling story for wealthy business people and families from the Asia region. “In an unsettled, ever-changing world,” he said, “acquiring a second residence or citizenship is a wise investment decision and an insurance policy for the future. This is one of the core reasons why we are

seeing such robust growth in demand from Asian clients.”

Visa-free travel is a core motivation compelling many of clients to seek residence in selected countries elsewhere in the world. For Muslim clients, especially those from Muslim majority countries such as Indonesia, there are natural concerns over travel and global access.

Chandra explained briefly how citizens from countries such as Indonesia, Thailand and the Philippines need visas to travel almost anywhere outside the ASEAN countries. “If someone has a European citizenship that offers access to all 28 EU states, plus Switzerland, it means that you have the freedom to settle in any EU country, it opens a world of opportunity to your families. Education of children and grandchildren is sometimes a core driver, as well as concerns about political stability and that is clearly a concern in some of the countries in this region. Another driver is the global initiatives towards fiscal and tax transparency.”

Residence or citizenship?

Citizenship confers the same nationality on children and their offspring, meaning that wealth made in Asia can provide a platform for a different life for family heirs and

their future generations.

Singapore, for example, is an ideal jurisdiction for Indonesian from that perspective. As well as being ideally located so close to the highly populous nation, Singapore has the best passport in the world currently based on the number of visa-free countries that can be visited. But it is ever more difficult to reside and to work in Singapore. And moving to Singapore as an HNWI is a very expensive proposition.

Residence by investment is the less complex option, while citizenship by investment is, understandably, the more rigorous and more expensive option.

In the residence category, Chandra explained that Thailand has enjoyed a rapid increase in demand for its Thailand Resident Card, which is available for between five and 20 years and at a cost of between the equivalent of USD16,000 to USD60,000.

“Indonesians have been taking this up in increasing numbers as it is appealing and Thailand is a nearby SE Asian country,” Chandra explained. “It also has some attractions as from the moment you arrive in the country, you go through what they call the VIP route, sailing quickly through immigration and being offered a variety of nice limo, golf and healthcare services as part of the package.”

Henley’s preferred citizenship options

There are currently several countries which Henley promotes as offering the best citizenship programmes. These have a direct legal route to citizenship based on capital contribution and all have also passed Henley’s country due diligence. Three of these are within the European Union and four are in the Caribbean.

In Europe, the three key des-



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tinations the firm currently promotes are Austria, Malta, and Cyprus due to their combination of regulatory accessibility, cost and the reasonable demands placed on the applicants.

In the Caribbean, the firm focuses on four locations that currently offer the most appropriate and effective packages. They are Grenada; Antigua and Barbuda; Saint Kitts and Nevis; and Saint Lucia. And one new forthcoming jurisdiction, Anguilla, soon to launch its own programme.

Moore highlighted certain key advantages of Grenada, including fast processing time, relatively low cost inexpensive, visa-free travel to 131 countries including China, an E-2 Investor Visa Treaty (which has some advantages for the US), zero wealth, gift, inheritance, foreign income or capital gains tax and finally citizenship by descent.

Grenada requires either a contribution to the National Transformation Fund of USD150,000 for a single applicant or purchase

of government approved and designated real estate with a value of at least USD350,000. If an investor chooses the real estate option, there is an additional flat government fee of USD50,000. There are other smaller fees associated with these applications.

Chandra focused then on St Lucia, the newest alternative that Henley promotes currently. “Saint Lucia is relatively new and has been a very popular option with my Indonesian clients. It is very cost effective and offers a pretty good passport, allowing visa-free access to about 132 countries, including visa-free access to all the Caribbean countries. The cost for a single applicant in Saint Lucia is USD140,000 all in and includes all your dependents up to the age of 30.”

Malta: a leading European option with EU advantages

Chandra also focused in some detail on the three core European options, Austria, Malta and Cyprus. Malta, for example, has

the lowest capital requirements to gain EU citizenship, she explained. There is no requirement for a lengthy physical presence for applicants and no laws currently restricting the passing of citizenship down generations.

Malta has the only European citizenship-by-investment programme that is currently endorsed by the EU and nationality is protected by European law. A new spouse may acquire citizenship in Malta after five years of Maltese citizenship and continuous relationship.

On the less positive side, there is a 12-month process before citizenship documents and passports are issued and at least a EUR650,000 non-refundable contribution is required to begin the process.

“We are very positive about Malta,” Chandra explained. “Aside from the EU citizenship and travel benefits, it has an excellent education system and wonderful history.”

Cyprus also shines

EU member Cyprus has plentiful advantages but has a larger minimum capital requirement of €2 million. Moreover, the government of Cyprus has not worked with Henley’s Government Advisory team, nor implemented the firm’s recommended due diligence standards.

Cyprus does, however, have an additional appeal due to the onset of CRS, causing people to relocate to more tax effective jurisdictions. In Cyprus, Moore explained, individuals can achieve tax residence through only spending 60 days per year in the country itself.

“Cyprus is aiming to become almost the Singapore of the European Union,” he added. “With a 12.5% flat corporate tax, no tax on capital gains, no tax on interest, no tax on dividends it is the most tax effective jurisdiction in Europe. This is causing not just a shift of wealthy



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people to migrate to the country, but also a lot of businesses are setting up there, moving their European headquarters into Cyprus.”

As an investor in their citizenship program, clients hold real estate there, and with all the progress Cyprus is making the asset market appears positively placed, Moore noted. And the property itself can be let out for income.

Residence is also a key option for Indonesians

For those Indonesian clients that want to retain their passport - dual nationality is not permitted in the country - they can also consider residence in the European Union.

“We promote several options,” Moore explained. “Spain, Portugal, Malta, Greece, these all have residence programmes, all of which will allow travel across the Schengen countries freely and you can stay there 90 days every 180 days. The most popular residence programme in Europe is Portugal because it is also a pathway to citi-

zenship that does not require a lot of time spent - legal residence required under the Portuguese Golden Visa is only seven days per year. Any other country usually requires more than 183 days per year.

Moore then ran through several other options, including Canada, his home country. “I am sorry to report that most of the routes into Canada are now closed, so the only way today is through Quebec, but that takes five to six years to obtain citizenship and you also have to give the government an interest-free loan of USD1.2 million. Few people can wait such a long time to achieve their goals in this regard.”

Henley is protective of its reputation and pays great attention to the integrity of the host countries’ programmes. The firm requires that any clients go through a very thorough, tough internal due diligence and compliance process. “Once through this, our clients are in an excellent position to obtain residence or citizenship in their preferred jurisdiction,” Chandra concluded. ■