

Popular Residence and Citizenship Programmes for Asia's HNWIs

Sharon Chan, Client Advisor at investment migration consultancy Henley & Partners gave delegates at the Hubbis Independent Wealth Management Forum a thorough and very detailed Workshop on the world of investment migration, cataloguing Henley's recommended citizenship and residence by investment options around the world, and explaining the many advantages for Asia's HNWIs and their families.

CHAN'S WORKSHOP FOLLOWED AN EXCELLENT OVERVIEW OF THE ACTIVITIES OF HENLEY & PARTNERS (HENLEY) and of the world of investment migration earlier in the day in an insightful presentation from her colleague Elvis Liu Cheng, also a Client Advisor [see associated Article: Henley & Partners Reviews Globalisation 4.0 - Migration Trends].

A world of opportunities

Chan's mission in the Workshop, she reported, was to 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, and to direct the discussion also towards China and Hong Kong, which is where the Forum was located. She reported that Henley works closely with wealth management firms such as those assembled at the Forum.

A country for all reasons

Chan then reiterated some of the points Cheng had made earlier about Henley's background and expertise, telling delegates the firm's activities span the private client business, which focuses on



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the needs of high net worth (HNW) and ultra-HNW clients who seek secondary residence or citizenship through investment, as well as the government advisory practice, where Henley works with countries to design, implement and promote their individual investment migration programmes.

Chan explained that for over 20 years ago, Henley has pioneered this concept of investment migration. Residence and citizenship planning at the time Henley was formed was hardly known of, but today it has become an integral part of wealth management and of the planning put in place by forward-thinking families.

She pointed to the Henley Passport Index, which is published once a year based on IATA data. She noted that historically Germany used to be at number 1, meaning that its passport had the most visa-free countries in the world, but in the recent years, both Japan and Singapore have actually overtaken Germany. Meanwhile, China is actually ranked number 74, with visa-free access to just 64 countries. By contrast, in the Caribbean, citizenship in Grenada offers visa-free travel to 155 countries, including China.

Henley's expertise

"We are experts in residence and citizenship planning," she reported. "We advise HNWI and ultra-HNWIs on identifying and obtaining alternative citizenship, we help them to get permanent residence in other countries."

The other element of Henley & Partners' business is government advisory practice, where the firm strategically advises governments on the design, set-up and implementation of their investment migration programmes.

"To date," Chan reported, "we have helped governments raise more than USD8 billion in foreign direct investment. We are the pioneers and industry leaders in both the private client and government advisory sides of the business."

Chan then explained that the global trend towards offshore residence and citizenship is even more intense in Asia due to the phenomenal rise in the number of HNWI and UHNWI in the wider Asia Pacific region, which last year set a new record of 6.2 million HNWI worth USD21.6 trillion, according to Capgemini's World Wealth Report 2018. And the trend is set to continue.

She noted that today Henley

has a worldwide staff of over 300 across 32 offices, and with more than 60 of those in Asia. And added that the largest number of the Asian team are based in the Singapore regional HQ, with other regional offices in Bangkok, Kuala Lumpur, Ho Chi Minh City, Hanoi, Manila and more recently Melbourne, Australia, which the firm opened in late 2018.

"Asia's HNWI and the ultra-rich should seriously consider these citizenship-by-investment (CBI) and residence-by-investment (RBI) options," Chan said, "and as they will need the best professional advice, they should consider Henley, as the reputed leader in this advisory business."

Tailored to Asia's needs

Chan explained that Henley has a wide variety of Chinese and Asian clients of all ages, 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," Chan explained. "Taking the right steps towards a new residence or citizenship must be carefully considered, and the process must be professionally managed."

Residence by investment (RBI) is, of course, the less complicated option, while citizenship by investment (CBI) is, understandably, the more rigorous and more expensive option. Of course, visa-free travel is a core motivation compelling many of clients to seek residence in selected countries elsewhere in the world, for example mainland China's passport is very limited in



terms of the countries its holders can visit visa-free. But there are other motivations, including tax and estate planning, lifestyle, the education of offspring and grandchildren, and of course as an insurance policy against economic and political turmoil at home.

Chan then ran through the leading programmes the firm promotes today, from Austria, Malta, Cyprus, in Europe to St. Kitts, Antigua, St. Lucia, Grenada, and Dominica in the Caribbean, as well as some newer options of late, such as Italy, Turkey, Moldova and Montenegro.

The Caribbean – visa-free alternatives

In the Caribbean, the main focus for clients is really on the travel freedom offered, with five countries offering CBI programmes, namely Antigua and Barbuda, St. Kitts and Nevis, Grenada, Dominica and St. Lucia.

The Caribbean model is typically one whereby the applicant has the option to either donate to a government fund or invest into real estate which then they can hold for three to seven years

depending on which country they choose. The costs will range anywhere from USD100,000 to about USD300,000 in terms of the investment amount required.

The programme has the principal applicant and then his or her spouse can be included as well as any children below 18 years old, while dependent adult children (up to specific ages) can also be included, as well as dependent parents of the principal applicant and their spouse. Grenada also recently announced the main applicant can include unmarried siblings in their application, which is a first.

As to application processing times, this takes anywhere between three and six months from the date of submission. The outcome in the Caribbean is usually that clients obtain powerful passports from these Commonwealth countries, offering visa-free access to Europe, the UK, Singapore, Hong Kong and so forth.

Grenada is unique in that it is one of only about 15 countries in the world that has visa-free access to China, which is excellent for entrepreneur clients.

As to the types of investments, Chan explained that these are often high-quality. Henley clients are typically investing into branded five-star resorts, or hotels, getting a title deed on a unit or several units that are part of the resort, which are managed by an Intercontinental or a Four Seasons type operator, so it is generally a relatively simple investment.

And the flexibility of these Caribbean programmes means the clients do not even need to visit the island, except in the case of Antigua and Barbuda where after obtaining citizenship, clients need to visit the island for just five days within the first five years.

Europe’s many appeals

Moving on to Europe now, Chan highlighted some key opportunities there, noting that over the last 10 years the range of options on offer for either citizenship or residence has risen from just two or three countries doing these programmes to more than 20 today.

For EU citizenship, besides Malta and Cyprus, Austria offers what is perhaps the ‘Rolls Royce’ of programmes, but it comes at

a hefty price. Austria does not have an actual CBI programme, but if an individual significantly contributes economically to the country they can be granted citizenship, and that means starting with a donation of at least EUR3 million or investment of EUR8 million. These must be into specific projects which Henley can help to identify and structure, and then show the government how this has created significant economic benefits and all going well, the client then receives citizenship in about two years.

Malta's history beckons

Malta is another good example, benefitting from significant uplift in its revenues through its Malta Individual Investor Programme (MIIP). Malta is a member of the EU and with a population of just more than 400,000 residents offers a passport with visa-free travel to 183 countries, including the US.

The MIIP was launched in 2014 and requires a donation of EUR650,000 to the government for the principal applicant, plus EUR25,000 for their spouse, as well as EUR25,000 for each applicant under 18 years old.

The applicant must also buy a property in Malta at a value of at least EUR350,000 or rent a property for at least EUR16,000 per year and must invest in a Maltese financial instrument of at least EUR150,000 and leave that money intact for at least five years. And the applicants must hold private health insurance. The all-in cost for Malta will thus typically range between EUR900,000 to EUR1.2 million depending on the size of the family, and processing times from application to actually getting the passport takes about 16 to 18 months. This includes a mandatory 12-month residency period, although that does not mean the applicant needs to be physically residing in Malta.

At the first stage of the process, which is quite quick, Henley submits the residency application, which is granted usually within a week or two. The applicants then need to just hold that residence card for 12 months before the citizenship is approved. The resident card actually is very useful as it offers free movement to any Schengen country without having to get a visa. Upon citizenship, clients will then hold a European passport.

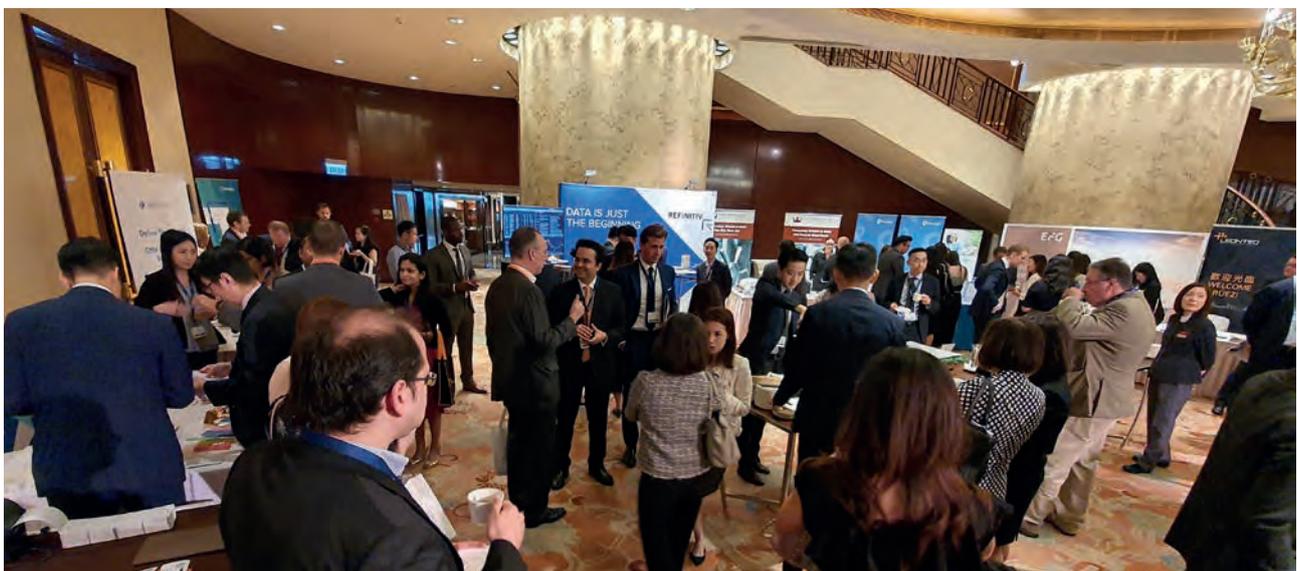
Cyprus - a home by the sea

Chan also focused on Cyprus, which along with Malta, is the current 'go-to' programme in the EU. Cyprus requires an investment of EUR2 million, usually into real estate which must be held for five years. The applicant will also have to donate EUR75,000 to the Institution of Research and Innovation as well as another EUR75,000 to the Cyprus Land Development Organisation.

Cyprus also offers the opportunity for individuals to achieve tax residence by spending only 60 days per year in the country itself. There is a 12.5% corporate tax rate, and no inheritance or gift tax and is one of the most attractive tax jurisdictions in Europe. Adding further appeal to Cyprus is an upcoming casino resort development, City of Dreams Mediterranean, which will be Europe's largest casino, due to open in 2021, and owned and operated by the Macau-based owner of City of Dreams as principal.

The newer CBI options

The latest entrants in Europe are the recently introduced CBI programmes in Moldova and Montenegro.





Although not yet part of the EU, the Moldova Citizenship-by-Investment programme is extremely cost-competitive when compared with the Caribbean programmes and provides similar visa-free access to the Schengen region in addition to as Russia and Turkey.

Moldova offers visa-free travel to 119 countries and is also a Commonwealth of Independent State country. This means that Moldovan citizens can go to Russia, Ukraine and Belarus without a visa. The citizenship programme processing is highly efficient within just 90-days and requires a donation of EUR100,000, plus incremental amounts for dependents up to a total of EUR155,000 for a family of five or more. There is also a government service fee of EUR35,000 per application.

Meanwhile the Montenegro CBI Program is limited to just 2,000 applicants and offers individuals several options in terms of investment, including a EUR 450,000 investment in projects in developed areas or a EUR 250,000 investment in projects in less developed regions. Applicants are also required to pay a contribution of EUR 100,000 per application, which is directed to a special fund for the growth of underdeveloped areas.

As well as being a NATO member, Montenegro is a recognized candidate for future membership of the European Union and is currently aligning its policies with those of the EU as part of the standard accession process. Now ranked 46th on the Henley Passport Index with a visa-free/visa-on-arrival score of 122, the country has an admirable safety record and a strong commitment to the rule of law. The World Bank has classified the country as one of the fastest-growing Balkan economies.

Chan noted that Montenegro is the next country that is due to become an EU member, currently slated for 2025-2026.

RBI alternatives

Chan then turned her attention to the RBI schemes. She explained that RBI generally involves investing into a country, obtaining a residence visa for typically four to five years, and if the client spends enough time there, keeps their investment, learns the local language, they may often qualify to apply for citizenship later. The main drivers are education and lifestyle, so this route is really more about physically uprooting and moving to another country to enjoy those benefits.

She highlighted Australia as one of the more popular destinations for Hong Kong people, as well because of the large Chinese community in Australia. Under the significant investor visa, the SIV programme, the applicant will have to invest AUD5 million into compliant investment and this investment has to be mixed, so 10% has to be into venture capital funds, 30% into small-cap investment funds and the remaining 60% can be invested into listed stocks.

“The applicants will definitely have to meet the standard health and character requirements but there is no age limit, no English requirement, and the residence requirement is actually quite manageable, which is only 160 days during the four-year period which can be fulfilled at a block or accumulatively,” she reported.

In terms of timeframe, after four years of the programme it actually can be extended for another four years bringing to a maximum period of eight years, but then after the first four years

and having the physical requirement settled and fulfilled, they can actually get the permanent residence of Australia.

And also, the physical requirement is only for the main applicant, so the spouse can be the main applicant and stay in Australia with their kids, where the husband can still be working in Hong Kong or China or elsewhere.

“And for upgrading this to Australian citizenship one would actually have to live there for four years including one year as a permanent resident,” she added. “So, actually the earliest time to get citizenship would be five years after they started the programme.”

Canada’s great appeals

Canada remains very popular with Chinese and Hong Kong people. She focused on the Quebec Immigrant Investor Programme because that is the only one left in the whole of Canada, which is immigration by investment.

“Under this programme,” Chan explained, “the applicant will have to show that he or she has the intention to settle in Quebec, so if the applicant has some closer relatives who are living in other provinces like Toronto or elsewhere it is actually not that good for the application because it shows that you have less intention to settle in Quebec.”

The programme is actually open every year, but this year the programme has been closed at the end of August and we are expecting to know whether the programme will be reopening next year by November this year. The programme each year when it opens there is a quota of 1900 with a cap of 1200 for Chinese applicants, so usually way before the programme opens people will start building their cases, so they

can secure a spot to submit their application once it is opened.

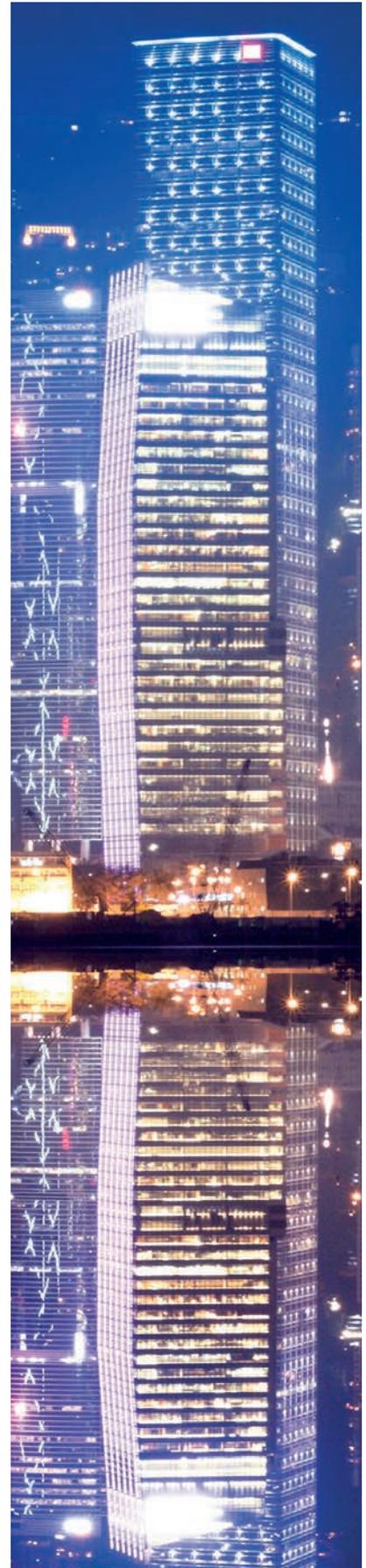
To be eligible for this programme the main applicant has to have a net worth of CAD2 million, but what is more difficult is to actually prove the source of one of their net worth. Other than the net worth requirement they will have to have management experience, showing at least two years of management experience proven in the past five years. As to the investment, the applicant purchase either Canadian government bonds which are to be held for five years at zero interest, or you can go for the financing option which is CAD350,000, but with that option, they do not receive the money back.

Chan explained that the processing time is actually quite long, taking around one and half years for the Quebec government to process the application and then another two to three years for the federal authorities to process the application. The end result is the Maple Card, the permanent residence card of Canada.

And in Europe....

The UK Tier 1 investor visa is still very popular particularly with Henley clients, especially from Commonwealth countries such as India or Malaysia that have long connections to the UK. For many in Asia, a home in London is a natural step when they are wealthy.

Chan noted that the other two top-rated RBI options in Europe are Portugal and Greece. Portugal requires a real estate investment of a minimum of EUR350,000 while Greece involves an investment of just EUR250,000, resulting in permanent residence granted within two to three months. Both are in the EU and also in the Schengen zone.



With a Portuguese Residence Card holders can travel to an additional 26 countries in the Schengen Area, which means the holder can go to 77 destinations globally without the need of a prior visa.

Chan reported that Portugal has also enjoyed strong demand from Asia and requires a minimum of only EUR350,000 invested into real estate for residence, and the applicant effectively needs to spend only seven days every year in Portugal. And after the fifth year, they are also eligible to apply for citizenship.

Greece's RBI for just EUR250,000 is through a property investment, thereby giving access to a beautiful country of numerous islands, as well as free access to public healthcare and education.

Asia's doors are also open

And in Asia, Henley promotes programmes such as [Thailand Elite](#). Henley has been the official global concessionaire for the residency program offered by the Thai government for nearly three years. Thailand is welcoming and

geographically comfortable to reach, its residency programme has garnered a lot of interest from neighbouring countries.

Within this RBI category, Chan 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 USD16000 to USD60000.

Thailand's appeals as a leisure and holiday destination are well known, but it also has excellent private education and healthcare, as well as great infrastructure and facilities. "The Elite programme," Chan noted, "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."

She then covered the possibility of entering Hong Kong, pointing to three different schemes on offer and noting that mainland Chinese people are often inter-

ested. It is done on a points-based system, based on skills and expertise the government wants to attract. And there is an investment as entrepreneur route, but this is not eligible for Chinese applicants to apply, so they can come and set up a business.

While Singapore has become increasingly popular, it is also ever tougher as a residence or citizenship option. A much more economically appealing option is Malaysia. For the country's second home option it offers a 10-year residency, and it is very straightforward, with applicants only needing to deposit USD75,000 in a fixed deposit, or half of that amount if the applicant is 50 years old or older.

Chan closed the fascinating, detailed Workshop by thanking delegates and inviting them to meet with Henley and to consider working with the firm to help their Indonesian HNWI clients formulate and execute their RBI, or possibly CBI plans. ■

