

Residence and citizenship options tailored for HNWIs from the Philippines

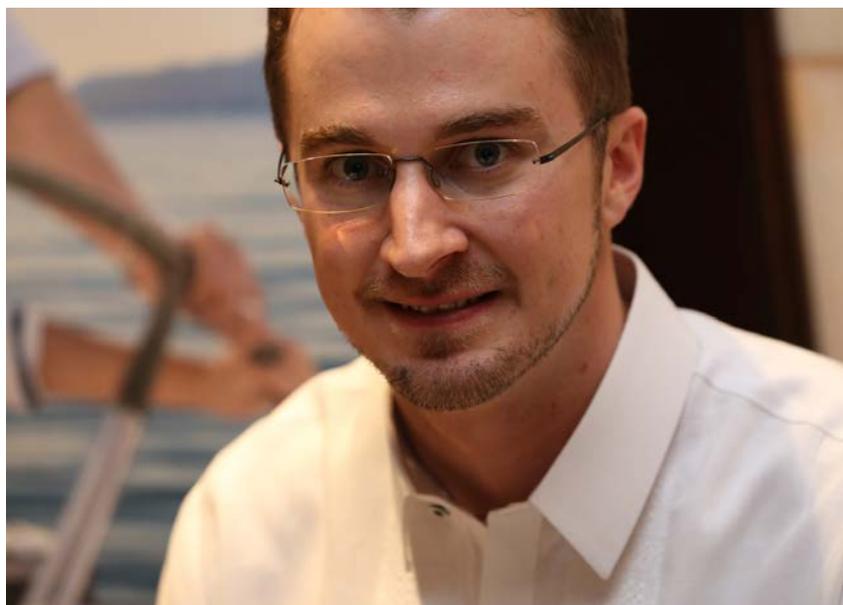
Scott Moore, Country Head for the Philippines at Henley & Partners, presented a Workshop on overseas residence and citizenship options at the Hubbis Wealth Management Forum in Manila. He has seen rapidly growing interest amongst high net worth and ultra-HNW clients from the Philippines.

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[Link to Article on website](#)
[Link to Event Homepage](#)
[Link to Content Summary page](#)
[Link to Photos](#)
[Link to Video Highlights](#)

MOOORE'S CENTRAL MESSAGE WAS THAT anyone in Asia considering alternative residence or citizenship needs the best professional advice and that Henley is the proven expert. "We are leaders in this sector," he told the audience. "Henley has a history of more than 20 years and 300 staff across the world in 29 offices."

Moore explained that Henley has two core businesses, government advisory and the private client advisory business. The company is broadly spread across the wealth markets of Asia, a rapid growth arena in which Henley's expertise is in great demand.

In the first category, Henley helps certain governments around the world to structure and promote their residence and citizenship pro-



SCOTT MOORE
Henley & Partners

gramme. He said that Henley has a long history dating back two decades working with governments

around the world to help them create and tailor their residence and citizenship programmes.

The second category involves Henley working with HNWI's to advise them on and help them achieve residence and citizenship alternatives around the world. "This is all about tailoring solutions and guiding clients carefully though what is often a long and complex process to achieve their residence or citizenship goals," he elucidated. "Taking the right steps towards a new residence or citizenship must be carefully considered and the process must be professionally managed."

The appeals of alternative residence and new passports

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

Moore noted that citizenship programmes confer on the successful individual, and potentially their families, the same rights as citizens of those countries; the solution is permanent and includes voting rights and passports.

"The great advantage of citizenship by investment," he told the audience, "is that it bypasses the traditional route of relocating yourself and your entire family to another country in order to earn citizenship."

Instead, through substantial investment or donation, individuals can achieve a passport in a relatively short amount of time. "In some cases," Moore elucidated, "you would never have to visit the country itself, this is in fact the situation in some of the Caribbean countries, as through our offices there Henley can represent you instead of having to visit yourself."

Meanwhile, some Henley clients take up some of the 20 residence options the firm promotes. These have some key benefits, but

no passport, no voting rights and they are not permanent, meaning they can potentially be revoked under certain circumstances.

You don't even have to leave home... for long...

Moore reported that most of Henley's clients in the Philippines do not plan to leave the country, they like their lifestyle and their national and family ties there. "But many like to have a plan B," he explained. "Looking ahead for example 10 to 20 years, holding only one citizenship, only one residence, might be dangerous. We know for certain that there will be many unforeseen problems in the world, whether financial, military, political, or natural disasters even."

"Through the options that we can provide, our clients do not need to leave the Philippines," he elucidated. "They can stay in the Philippines, can continue to operate their businesses, they do not have to go to a developed country and end up mowing their lawns and washing their own cars. In short, they can stay with their much easier, more luxurious lives in the Philippines where they are familiar and where they can have their normal infrastructure."

Many different motivating factors

Moore characterised the various motivations that encourage HNWI's to consider foreign citizenship or residence programmes. He noted that secondary residence or citizenship is a compelling story for wealthy business people and families from the Asia region. "In a volatile world," he said, "acquiring a second residence or citizenship is a wise investment decision and an insurance policy for the future."

In some of the markets Henley covers there is sometimes a security threat to individuals, including

threats such as abduction and kidnapping. There might also be the potential for religious or political instability. And some of the countries Henley covers have passports that offer only modest travel options without visas, so visa-free travel is often a core motivation.

And for those who also seek and attain citizenship overseas, the possibility of dual nationality under certain circumstances means there is often no need to give up their present nationality whilst enjoying the benefits of a legal second passport. Indeed, the Philippines currently permits citizens to hold dual nationality.

The Visa Index - the Philippines lags behind...

Moore's actual and potential clients in the Philippines see considerable visa-free travel advantages from holding a second passport. Henley has pioneered the visa restriction index, which ranks different countries on how receptive their passports are globally from a travel perspective. Top of the rankings are Singapore and Japan, allowing visa-free travel to 180 countries.

But the Philippines is ranked rather low at number 75 on our Henley rankings of world passports. "For anyone who has experienced the hassle of constantly applying for visas to travel the world, this can be hugely annoying for individuals and their families."

Henley's chosen citizenship options

Henley only offers programmes in countries where the firm has a physical office, and this is done to ensure information security. "We always deal with the governments directly," Moore reported, "and there are no third-party agents used in the process."

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 destinations 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.

Malta: a distinctly sunny option

Malta has the lowest capital requirements to gain EU citizenship. There is no requirement for 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 €650,000 non-refundable contribution is required to begin the process.

“We are very positive about Malta,” Moore 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.

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

itself, as long as you are not spending more than 180 days, in any single other country.

“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 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.

Portugal and Spain offer distinct advantages

As the Philippines has close historic colonial links to Spain the country is also popular with HNW clients from the country, as is Spain’s neighbour Portugal, also in the EU. There are some key differences that

Global Presence

Antigua and Barbuda
Australia
Austria
Canada
Croatia
Cyprus
Dominica

Dubai (UAE)
Grenada
Hong Kong
Jersey
Latvia
Lebanon
Malaysia

Malta
Philippines
Portugal
Singapore
St. Kitts and Nevis
St. Lucia
South Africa

South Korea
Switzerland
Thailand
Turkey
United Kingdom
Vietnam



Moore highlighted. In Portugal, applicants need to wait for six years to be able to apply for citizenship, while in Spain, it is only two years.

However, while the process is longer in Portugal, legal residence there for each of the six years requires an applicant staying only seven days per year. In Spain, legal residence is only required for only two years, but the definition of legal residence in Spain is spending more than half the year, so applicants must be there physically for more than 183 days for each of those two years. Moreover, the successful applicant must then stay at least 183 days for each of two more years after obtaining the Spanish passport.

Spain, Moore noted, has global taxation. In Portugal, if clients were to stay more than 183 days per year, they have a non-habitual residency, which means those individuals will not be exposed to offshore taxes for up to 10 years.

In Portugal, a married couple applying can include both sets of par-

ents as dependents. In Spain, only one. Language is always an issue, although less so for Spain given their colonial past in the Philippines.

Don't forget the UK, especially for top-flight schooling

Moore also noted that Asian clients are often interested in the UK Tier One Investor Visa. "The UK has this programme for many years," he explained, "and it is popular with Asian clients in general. But, it is not inexpensive, as applicants must invest £2 million in financial instruments in the UK. However, sterling is weak, so this is quite a good time to be considering this."

The processing time is only a few months and it is often taken up by families who want to have their children educated in the UK. For this example, Moore explained that the mother might then be the main applicant, as she can then follow the criteria of staying in the UK more than half the year, every year

for five years in order for the whole family to apply for indefinite leave to remain in the UK.

"Throughout all this the father can stay in the Philippines, or wherever, to run the business," Moore added, "meaning that it offers good flexibility."

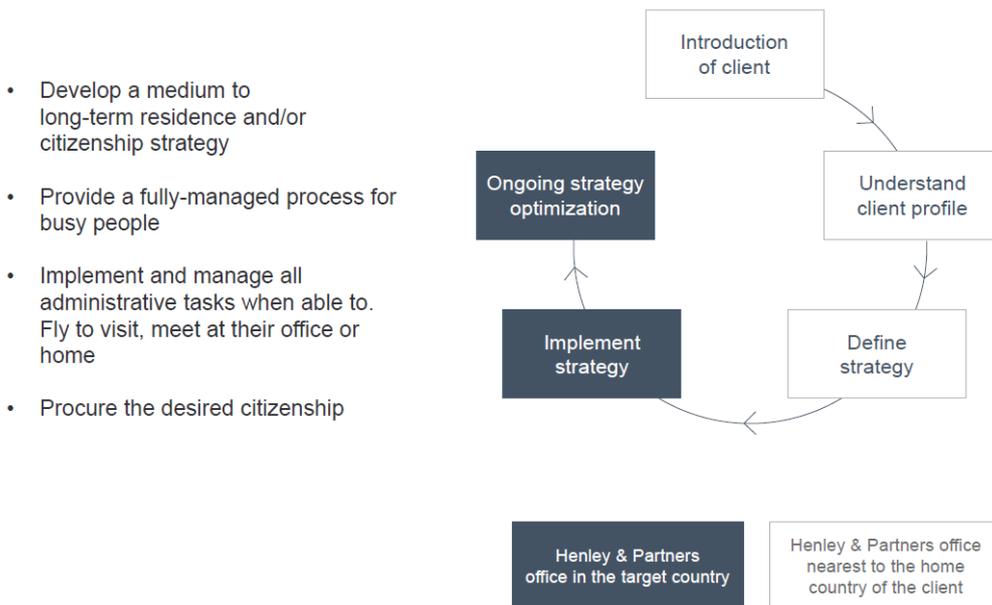
The Caribbean citizenship alternatives

Turning attention to the Caribbean options, Moore highlighted certain key advantages, even though these countries naturally do not have the advantages of access to living and working in any of the EU countries, as do Austria, Cyprus and Malta.

Moore referred to a Henley document that compares the Caribbean options Henley currently promotes, namely: Antigua and Barbuda; Grenada; Saint Kitts and Nevis; and Saint Lucia.

Moore highlighted certain the key advantages of Grenada, including fast processing time, relatively low cost inexpensive, visa-free trav-

Comprehensive Private Client Advisory Process



el 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 US\$150,000 for a single applicant, or purchase of government approved and designated real estate with a value of at least \$350,000. If an investor chooses the real estate option, there is an additional flat government fee of \$50,000. There are other smaller fees associated with these applications.

Thailand also on the radar

Moore also highlighted the appeals of the Thailand Elite Programme; Henley is a concessionaire to the Thai government for this programme. He said that Thailand is a very interesting option for individuals looking to relocate to a tax-effective jurisdiction. “Thailand,” he explained, “is similar to Singapore

and Hong Kong. It is a single-tax jurisdiction, meaning they do not tax you on your offshore income. Also, money remitted into the country itself is tax-free, as long as you can prove it is remitted from the income year prior to the remittance.”

He told the audience that the visa itself is very affordable - a 20-year visa costs just 1 million Thai baht, which is around US\$32,000. “Henley has seen a lot of demand from European clients and interest in the Philippines is just starting to grow.”

Henley: realistic solutions at attainable pricing

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. If the prospective client’s background and status are clear then the firm will work with them, providing, of course, the appropriate fees are duly settled.

This is a vital phase of the process for Henley’s clients as well. Normally, if a client passes this due diligence they will be in an excellent position to attain their secondary residency and citizenship goals.

To conclude, Moore highlighted that part of his mission is to make sure the clients are realistic about global options in today’s world. “We have to focus clients on what is realistic and achievable for them,” he explained.

“For example, literally every single person asks me about Canada, which is my home country. But obtaining a secondary passport or even residency is remarkably difficult today and very slow and very expensive.”

“We have a wide range of other options that are very effective, faster and also realistically priced,” Moore said, on closing his talk. “Henley is expert at finding the optimal solution for each client, and we are constantly on top of the many changes that are constantly taking place.” ■