

The Top Five Citizenship-by-Investment Options for Asian HNW Investors Seeking Domicile Diversification

The constantly evolving events of the past 15 months have highlighted that it is now more necessary than ever before to have optionality in terms of where we can comfortably live, conduct business, study, and invest. The recent decision by Australia to ban its own citizens wishing to return from India, leaving them stranded in a country grappling with an overwhelming second wave of Covid-19, was startling proof of the benefit of investing in multiple citizenship or residence options.



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As the world continues to grapple with the havoc wreaked by Covid-19, the demand for greater global mobility has skyrocketed. The tumultuous start to the decade has resulted in people from all walks of life taking stock and ensuring they are better prepared for the next pandemic or global disruption. Relentless volatility in terms of both wealth and lifestyle has resulted in a significant shift in how alternative residence and citizenship are perceived by high-net-worth (HNW) investors. Across the world, HNW families are opting for investment migration to gain access to business, career, educational, and lifestyle opportunities on a global scale, enhancing their prospects of travel freedom in future and transcending the constraints imposed on them by their countries of origin.

Residence- versus citizenship-by-investment programs

Residence-by-investment (RBI) programs provide high-net-worth individuals (HNWI) with the option of physically relocating and grants them the right to live, work, study, and receive healthcare in their new countries of residence. Citizenship-by-investment (CBI) programs provide the privilege of acquiring a second or alternative citizenship, which grants you all rights associated with that nationality, including its passport and therefore greater travel and settlement freedom.

More than 100 countries have some form of investment migration legislation in place. Of these, about 30 RCBI programs are running successfully, many of which were designed and set up by *Henley & Partners*. More than ever before, wealthy individuals are pursuing RCBI options as the most effective way to access previously unimagined opportunities.

Trusted rankings of residence- and citizenship-by-investment programs

While the number of investment migration programs is on the rise and there is no shortage of rankings, reliable professional comparative analyses of such programs are rare. Governments generally benefit from ample resources when designing RCBI programs, but individual investors do not always enjoy the same degree of empowerment when deciding on where to invest.



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In March this year, *Henley & Partners* released *Investment Migration Programs 2021* - an annual comprehensive, systematic analysis and benchmarking of the world's most notable RCBI programs. The publication features two indexes - the Global Residence Program Index (GRPI) and the Global Citizenship Program Index (GCPI) - that have been designed with the HNW investor in mind and provide clear, current, and trustworthy advice. Updated annually by leading academic researchers, country risk specialists, economists, independent expert immigration and citizenship lawyers, and other industry specialists, the GRPI and GCPI reflect the relative worth of reputable residence and citizenship programs around the world, respectively.

The 2021 GCPI ranks 12 CBI programs. In this article we take a closer look at the leading five CBI programs in 2021, namely those hosted by Malta, Austria, Montenegro, St. Lucia, and Antigua and Barbuda.

Malta's Granting of Citizenship for Exceptional Services by Direct Investment Regulations (S.L. 188.05) - Excellent for high-net-worth families

Malta's Granting of Citizenship for Exceptional Services by Direct Investment Regulations (S.L. 188.05) (the Regulations) offer you and your family a premium citizenship-by-naturalisation option while simultaneously providing the opportunity for you to contribute to the growth of the country's economy.

Ranked in 1st position in the GCPI, the Regulations allow for the granting of citizenship by a certificate of naturalisation to foreign individuals and their families who contribute to the country's economic development.

Situated in the center of the Mediterranean Sea, Malta enjoys an excellent reputation for its great climate, friendly people, low crime rate, and superb quality of life. An attractive place in which to live or own a second home, Malta is a transparent, reputable financial center and a jurisdiction for international business and also has excellent air links.

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Applicants and all adult dependents must hold Maltese residence status for at least 36 months (or by exception 12 months) before they may apply for citizenship. Main applicants must be 18 years or older and are required to invest a minimum of EUR600,000, or by exception EUR750,000, depending on the residence status length (36 or 12 months, respectively) as well as purchase a residential property in Malta for at least EUR700,000 or lease a residential property for at least EUR16,000 per annum. Whether you purchase or rent, the property must be held for five years and cannot be sublet during the five-year period. You would be required to purchase a property or a 36-month lease agreement during the initial residence period. In addition, you would also be required to donate a minimum of EUR10,000 to a registered sport, cultural, scientific, philanthropic, animal welfare, or artistic non-governmental organisation or society as approved by Community Malta Agency, the Maltese government agency responsible for administering the Regulations and processing applications.

Each application is thoroughly checked and assessed and undergoes a four-tier due diligence process, including thorough background checks. Under the Regulations, applications are limited to 400 annually and 1,500 in total.

Once the residence requirement is fulfilled, successful applicants may apply for citizenship of Malta. Applicants are able to include a spouse, children under the age of 29, parents aged 55 and over, and grandparents in the main application.

One of the key advantages of acquiring Maltese citizenship-by-naturalisation is visa-free or visa-on-arrival travel to 186 destinations, including the EU and Europe's Schengen Area, Australia, Canada, Hong Kong, Singapore, the UK, and the US.

Austria Citizenship-by-Investment – Perfect for ultra-high-net-worth investors

You will be hard-pressed finding a country that caters better to ultra-high-net-worth individuals (UHNWI) than Austria. Considered one of the most stable countries in the world, Austria is credited for its extremely high standard of living.

Ranked 2nd in the 2021 GCPI, Austria Citizenship-by-Investment provisions require applicants to make a substantial contribution to the Austrian economy, for example, in the form of a joint venture or a direct investment in a business that creates jobs or generates export sales. Austria Citizenship-by-Investment is therefore also ranked as among the costliest on the GCPI. Passive investments, for example, in government bonds or real estate, generally do not qualify.

For citizenship to be granted based on a capital contribution, government approval at various levels is required, including, eventually, at the highest level (cabinet). It is therefore essential that you receive expert advice from the outset, that your individual case is carefully prepared, and that informal approvals are obtained from key authorities before the formal application process is initiated.

Substantial fees apply depending on the individual case and the number of persons included in an application. There are no residence requirements, and applicants and their dependents become citizens of Austria upon attending a citizenship ceremony before a senior representative of government.

The application process generally takes between 24 and 36 months. A completely clean personal record (a certificate of no criminal record, and the like), a comprehensive curriculum vitae, background business information, and impeccable references must be provided by every applicant.

If you have children up to the age of 18 years, they may be included in the same application. While no exceptions are made in this regard, a separate application for an older child may be prepared and lodged simultaneously and be included under the same capital contribution. The amount of your contribution would then need to be higher than the minimum required.

In addition to an exceptional quality of life and excellent transport and communications infrastructure, as an Austrian citizen, you would enjoy visa-free or visa-on-arrival travel to 189 destinations, including Europe's Schengen Area, Canada, and Hong Kong.

Montenegro Citizenship-by-Investment Program - Something for everyone

The Montenegro Citizenship-by-Investment Program is an excellent choice as the Balkan country can cater to investors with a diverse range of interests and requirements. Montenegro ranks 3rd in the 2021 GCPI, and for successful applicants the time to citizenship is three months.

Located on the Adriatic Sea, Montenegro is one of Europe's smallest countries, but this hidden treasure with all its natural beauty and history should not be overlooked. In recent years Montenegro has done an impressive job of improving its appeal on the world stage, increasingly gaining in popularity not least for its coastline of 293 km with 72 km of beaches.

As the main applicant you must be over 18 years of age, meet the application requirements, and contribute EUR100,000 to the Government of Montenegro - designated for the advancement of local under-developed areas. In addition, a real estate investment must be made in an approved development project. This can either be at least EUR450,000 if investing in the capital Podgorica or Montenegro's popular coastal region or at least EUR250,000 if investing in the northern or central regions of Montenegro (excluding Podgorica).

By participating in the Montenegro Citizenship-by-Investment Program you will acquire not only international

real estate, but citizenship of a country that is an official EU candidate, with a multi-national, multi-lingual community, with a mild, Mediterranean climate, beautiful scenery, and a low cost of living. Montenegrin passport holders also enjoy visa-free or visa-on-arrival travel to 124 destinations, including Europe's Schengen Area, Russia, and Turkey. But do not hesitate, as the initial stage of the program is due to expire at the end of 2021.

St. Lucia Citizenship-by-Investment Program – Attractive incentives for business owners

The St. Lucia Citizenship-by-Investment Program is the newest Caribbean CBI offering, and ranks 4th in the 2021 GCPI. The small island nation attracts foreign business and investment, especially in its international banking and tourism industries.

Being a relatively small island, St. Lucia was able to isolate itself fairly rapidly from the pandemic, and this has bolstered investor confidence - investors continued to show a keen interest in the St. Lucia Citizenship-by-Investment Program throughout the lockdown. Prime Minister Chastanet attributes this in part to favorable legislation that incentivises companies to move their headquarters to St. Lucia. The small island nation is moving towards a territorial tax structure and does not tax revenue that is earned outside St. Lucia. According to St. Lucia's Headquarters Act, for companies that move their headquarters to St. Lucia and hire at least 10 individuals (from abroad or locals), employees will pay no personal income tax and indefinite corporate tax, and all equipment can be brought into the country duty free.

Another drawback that relates to an unexpected product of the current crisis is that many business owners have realised that they can operate remotely and that there is no need for them and their families to be confined to big cities. St. Lucia's broad bandwidth and easy air access to the US and London mean that you would be able to enjoy global access to the rest of the world while reaping the benefits of a more laid-back lifestyle. There are no residence requirements, and the investment and processing costs are relatively low.

There are four routes to citizenship. The first option is to purchase real estate with a minimum value of USD300,000 from an approved real estate development that must be held for a minimum of five years (additional costs may be required depending on the real estate developer). The second option is to

participate in an approved enterprise project with a minimum contribution of USD3.5 million plus the creation of at least three permanent jobs, or a joint contribution of USD6 million (each applicant committing a minimum of USD1 million) plus the creation of at least six permanent jobs. The third and most popular option is to make a non-refundable minimum contribution of USD100,000 to the National Economic Fund (NEF). Lastly, the fourth option is to invest in government bonds with a minimum value of USD250,000 under the limited offer Covid-19 Relief Bond, valid until 31 December 2021. Alternatively, bonds must have a minimum value of USD500,000. Both bond options are non-interest bearing and have a five-year minimum holding period.

The document requirements and procedures for your application are straightforward, and the application process should take no longer than three months from submission of your application to issuing of the certificate of citizenship, assuming there are no areas of concern. Under the real estate option, the time frame may vary depending on the development.

St. Lucia is a member of the Commonwealth, and as a St. Lucian passport holder, you will have visa-free or visa-on-arrival travel access to more than 146 destinations including Europe's Schengen Area, Hong Kong, Singapore, and the UK.

Antigua and Barbuda Citizenship-by-Investment Program – Best-value citizenship options in the Caribbean

If you're looking for a tranquil slice of the Caribbean with excellent options for real estate and business growth opportunities, the Antigua and Barbuda Citizenship-by-Investment Program provides great value.

Antigua and Barbuda is an independent Commonwealth state in the eastern Caribbean. Enjoying excellent air links to North America and Europe and with some 365 beaches of white sand and turquoise waters, the tropical islands of Antigua and Barbuda are among the most beautiful places in the world in which to live.

The Antigua and Barbuda Citizenship-by-Investment Program was designed and implemented by *Henley & Partners* under a government mandate in 2012. There are four

options for citizenship. The first option is to purchase real estate with a minimum value of USD200,000 from an approved real estate development that must be held for a minimum of five years. Two applicants may choose to make a joint investment by investing a minimum of USD200,000 each. The second option is to purchase an eligible business for a minimum amount of USD1.5 million, or a joint purchase where each person contributes at least USD400,000 and the total is a minimum of USD5 million. The third option is to make a non-refundable minimum contribution of USD100,000 to the National Development Fund. Lastly, the fourth option is to make a minimum non-refundable contribution of USD150,000 to the University of the West Indies.

The straightforward, transparent application process, is estimated to take three to four months, making this a highly efficient program. The government authority responsible for administering the program undertakes strict due diligence checks. An application is immediately declined if an applicant makes a false statement or omits relevant information.

As an Antigua and Barbuda passport holder, you will enjoy visa-free or visa-on-arrival travel to 151 destinations, including Europe's Schengen Area, Hong Kong, Russia, Singapore, and the UK, among others.

Access to multiple jurisdictions secures future optionality

As we begin to catch glimpses of what a post-pandemic world will look like, CBI programs such as these bring security, optionality, and peace of mind to those who choose to participate. Having options has become an essential part of any HNW family's insurance policy for the 21st century - acquiring a second or alternative citizenship enables greater flexibility and access to the world's leading economies. In the current context, it is vital to design portfolios that diversify jurisdictional risk in terms of personal access rights as well as financial and real estate investment. The more jurisdictions a family has access to, the more diversified its assets and the lower its exposure will be to both country-specific and global volatility - now and in future. ■

