Leading Residence–by–Investment and similar programs

September 28-29, 2017

H&P Henley & Partners
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Why obtain a residence permit from another country?

- Expand business opportunities beyond your home-country borders
- Diversify assets
- Find ideal place for retirement or better lifestyle options
- Ensure family security
- Give your children the opportunity to obtain best education
- Tax planning
- Facilitate privacy in investment and banking field, because many reporting and information exchange requirements are based on (tax) residence
Ideal place of residence

- High quality of life
- Good education for children
- Access to modern and reliable medical facilities
- Financial privacy
- High level of legal and physical security
- Low-tax jurisdictions or jurisdiction with special tax regimes for foreign investors
Residence-by-Investment

The term ‘residence-by-investment’ describes policies of countries in which foreign persons may be granted a residence permit or card through capital investments in the country.

Several countries have programs in place to attract foreign investors in return for residence.

These programs are used to encourage wealthy foreigners to reside in their country.
Residence-by-Investment and similar Programs

Henley & Partners handpicks the most attractive countries with regard to mobility, security, privacy, personal tax and lifestyle.

- Andorra
- Cyprus
- Malta
- Spain
- UAE
- Monaco
- Portugal
- Italy
- Switzerland
- UK
- Latvia
Monaco

Card de Resident
How to become resident of Monaco

• Applicant must be 16 years of age
• Non-EU nationals, first, apply for long stay visa for Monaco at the French Embassy in their country of residence
• Within 8 days after moving to Monaco visa holder must apply for a Card de Resident via Residents section of Monegasque Public Security Department
• In order to run business or work in Monaco a valid business licence or work permit must be obtained separately

• Bank account in Monaco
• Proof of sufficient means to live in Monaco
• Police certificate
• Birth certificate
• Marriage / divorce certificate
• Contract with local utilities provider
• Proof of accommodation in Monaco
• Valid passport with visa
Monaco residence for tax purposes

- No income tax; no capital gain and wealth tax
- No real estate tax
- No direct inheritance tax

Certificate confirming primary residence in Monaco for tax purposes can be obtained 6 months after moving to Monaco (over 183 days of physical presence is required and must be documented)

Certificate is valid for 6 months only
United Arab Emirates

Investor Residence Visa
How to become resident of UAE

- Investor may apply for a residence visa when establishing own company, onshore or in a local Freezone
- After establishing a company, investor has to go through short medical test in UAE
- Upon receipt of the residence visa, individuals are obliged to apply for the UAE ID
- Residence visa and ID are valid for three years and are subject to renewal by similar application process

- Company has to lease real estate for business purposes
- Annual financial statements are to be audited by a locally licensed auditor
UAE Residence for tax purposes

It is possible for UAE resident to claim the UAE as his/her fiscal residence and obtain Tax Domicile Certificate, provided there is a DDT in place between UAE and the country, to which the certificate will be addressed*.

In order to receive a certificate, an UAE resident has to provide the responsible authorities with a few documents, including the following:

- Validated 6-months bank statement from a local bank
- Report from General Directorate of Residency and Foreigners Affairs specifying the number of days resident has spent in UAE

*Russian citizens, who claim to be residents only in UAE and/or Russia, cannot apply for Tax Domicile Certificate because respective DDT concerns only state-owned companies and governmental agencies.
Malta

Visa Residence Program
How to become resident of Malta

Malta Residence and Visa Program (MRVP)

Maltese residence certificate allowing to stay, settle and reside indefinitely in Malta

Maltese residence permit does not create any tax liability for their holders on their own

Or

Malta Global Residence Program (GRP)

MGRP permit holders are recognised as tax residents for Malta tax purposes with annual minimum tax payment of EUR 15,000 per family
Maltese residence for tax purposes

Malta non-domicile tax regime

• No wealth, real estate, estate and gift taxes

• Capital gains arising outside Malta are not taxable in Malta even if received in/remitted to Malta

• Stamp duties are payable by a buyer of RE situated in Malta and shares in Maltese companies

Qualifying individuals can acquire non-domicile resident status. Under this tax regime, following types of income are taxed at progressive tax rate (up to 35%):

• Income arising/accrued in Malta
• Foreign income received in/remitted to Malta
Cyprus

Citizenship-by-Investment Program
How to become resident of Cyprus

Investment of at least EUR 300 000 (excl. VAT) in a new immovable property.

Cypriote residence permit does not create any tax liability for their holders on their own.
Cyprus non-domicile tax regime

- Dividends, interest and rental income (passive income) are not subject to personal income tax and Special Defence Contribution

- Profit on sale of securities is exempt from personal income tax and Special Defence Contribution

Non-domicile tax regime – special taxation regime for individuals residing in Cyprus not less than 6 months within each tax year, who do not plan to be domiciled in Cyprus

Non-dom status is granted for 17 consecutive years after settling in Cyprus
United Kingdom

Investor Immigration Program
Entrepreneur Immigration Program
How to become resident of UK
Investor Immigration Program

- Part of the points-based system, the Tier 1 Investor category is for high net worth individuals who want to make a financial investment in the UK
- Quick processing time of four to eight weeks
- No requirements on English language for the first five years
- Investors are permitted to be gainfully employed or study in the UK

- GBP 10 million or more may apply for PR after two years
- GBP 5 million or more may apply for PR after three years
- GBP 2 million or more may apply for PR after five years
How to become resident of UK
Entrepreneur Immigration Program

• Part of the points-based system, the Tier 1 Entrepreneur category is for skilled entrepreneurs who want to make a financial and intellectual investment into business in UK

• The applicant is required to show business experience and ability to speak English

• The entrepreneur is entitled to live in the UK ad work in the business only

• The family members of the entrepreneur is entitled to live, work and/or study in UK

The initial visa is valid for three years
Visa can be extended for further two years under the condition that the applicant has

• proven his investment
• proven his involvement in the business throughout the term
• invested GBP 200 000
• created at least 2 jobs
## How to become permanent resident of UK

<table>
<thead>
<tr>
<th>Residence Required</th>
<th>English Requirement</th>
<th>No Expiry Date</th>
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<tbody>
<tr>
<td>No more than 180 days spent outside the UK in any 12 month period (this only applies to the principal applicant)</td>
<td>All applicants must pass a simple ‘Life in the UK’ test (very easy, multiple choice)</td>
<td>PR, once granted, has no expiry date</td>
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<td>PR will remain in force as long as the holder does not spend more than two years consecutively outside the UK</td>
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Residence in UK for tax purposes

- Progressive income tax up to 45%
- Capital gains tax up to 28%
- No wealth tax
- Inheritance tax at 40%

The obligation of personal UK taxes is based around the concepts of residence and domicile.

It is possible to be resident in the UK for tax purposes but non-domiciled. This can provide many tax benefits.
Switzerland

The Swiss Residence Program
How to become Swiss resident

The Swiss Residence Program

- Choose the Swiss canton you wish to live in — 21 of 26 cantons accept residents via this route
- Henley & Partners will hold negotiations with the tax authorities
- Lump sum annual tax amount will be agreed
- Lump sum tax amounts for non-EU nationals can range from CHF 250,000 per year to CHF 1 million per year
- Amount highly dependent on both location (canton) and living standards / affluence of family

Or

Skilled workers (quotas)
Investors (quotas)
Pensioners with close ties

- Only possible in extremely rare cases
- Lawyers in Switzerland typically manage the process on hourly basis
Residence in Switzerland for tax purposes

- Very favourable Swiss tax system
- Very low tax rates in some cantons
- Tax rulings available which can result in very low taxation on worldwide income. Attractive place with respect to inheritance tax (generally no inheritance tax between close family members).

Unique Swiss lump-sum tax regime available in most cantons for non-Swiss persons who do not execute gainful occupation in Switzerland and have not been working in Switzerland during the past 10 years.
Italy

Residence Programs
How to become Italian resident

Investor Visa (for non-EU citizens)

- EUR 2 million in governmental bonds
- EUR 1 million Equity injection in Italian resident company
- EUR 500,000 equity injection in innovative start-up
- EUR 1 million charity donation

Legal procedures are still being developed by government and there are still no clear implementation guidelines

Or

Regular residence permit for non-EU citizens

- Most permits only possible subject to quota availability
- Elective residence is not subject to quotas but does not entitle an individual to work in Italy
- Lengthy processing time by Italian governmental authorities (90 – 120 days)
Residence in Italy for tax purposes

- Very favourable Italian lump sum tax regime, providing full exemption on foreign income
- No additional taxation in case of remittance of foreign income to Italy
- Exemption from IHT and wealth taxes on assets held abroad applies
- CFC rules do not apply in most instances

- EUR 100,000 substitute tax
- EUR 25,000 additional substitute tax for each family member
- Available for foreign investors for 15 years after moving their residence and tax residence to Italy for the first time
- Exemption from inheritance and wealth tax on foreign assets
Portugal
Golden Residence Program
How to become resident of Portugal
The Golden Residence Programme

Current Options
A. EUR 1,000,000; or
B. EUR 500,000
- Capital transfer into Portugal (flexible investments)
- Purchase of real estate anywhere in Portugal

Additional Options
C. EUR 500,000; or
D. EUR 350,000; or
E. EUR 250,000
- Capitalization of small/medium enterprises (SME)
- Real estate purchase in an urban regeneration area
- Real estate purchase older than 30 years
- Investment into research activities
- Artistic production or natural heritage
Portuguese residence for tax purposes
Non-habitual resident regime

- Employment income from certain designated High Value activities is taxed at 20% income tax rate
- Foreign pension income is exempt from income tax
- Foreign sources investment is exempt from tax in Portugal according to the Double Tax Treaties, however, Controlled Foreign Company rules apply

Special tax regime for individuals obtaining resident status for the first time – non-habitual resident regime; this regime applies within 10 years from the moment of relocation to Portugal

Within 10 years under non-habitual resident regime some income is taxed at lower tax rate or even fully tax-exempt
Andorra

Passive Residence Permit
Active Residence Permit
How to become resident of Andorra

Passive Residence Permit

- Applicant must be physically present in Andorra for at least 90 days per year
- Applicant is expected to invest at least €400’000 in Andorran assets (company or real estate)
- Applicant is expected to rent (or own) residential real estate in Andorra

Active Residence Permit

- Applicant must be physically present in Andorra for at least 183 days per year
- Applicant is expected to register a company and be employed by it
- Applicant is expected to rent (or own) residential real estate in Andorra, receive salary and pay social and pension contributions
Residence in Andorra for tax purposes

- Minimal income tax threshold is €24 000
- Taxes paid abroad can be credited against local tax liabilities
- Capital gains on real estate sales are taxed at tax rate from 1% to 15% depending on the ownership length
- No stamp duty, no inheritance and gift taxes, no wealth tax
- Dividends received from resident companies are tax exempt
- Property tax rate depends on the real estate size

Flat taxation rate of 10% introduced as of 01 January 2015

Andorran tax residents (residing in Andorra over 183 days annually) are subject to personal income tax on worldwide income
Spain

Residence-by-Investment Program
How to become resident of Spain
Residence-by-Investment Programme

- **EUR 500,000**
  - Acquisition of real estate
- **EUR 2,000,000**
  - Investment in Public Debt
- **EUR 1,000,000**
  - Investment in company shares or bank deposits
- **Creation of a business project**
  - Creation of a business project to be developed in Spain, duly recognized as being of “general interest”
Residence in Spain for tax purposes
"Beckham Law"

Foreigners who come to Spain and acquire Spanish tax residence, can apply for special tax regime under so-called "Beckham Law" of 2005.

Under this regime tax residents will be taxed only on Spanish-source income with the exemption of employment income.

Any capital gains obtained on a Spanish territory will be taxed at 35%.

Expats are subject to the Spanish Net Worth Tax for assets and rights located or exercisable on Spanish territory.

The regime applies in the year of the arrival and for the following five years of tax residence in Spain.

- Personal income of Spanish tax residents is taxed on worldwide basis at progressive tax scale ranging from 15% to 43%
- Property Tax and RE transfer tax
- Net wealth tax
- Inheritance tax and gift tax
Latvia

Residence-by-Investment Program
How to become resident of Latvia
Residence-by-Investment Programme

- **EUR 250,000**
  - Acquisition of real estate

- **EUR 35,000**
  - Investment in equity capital of Latvian company (provided the company pays at least EUR 40,000 annually in taxes)

- **EUR 150,000**
  - The investment in equity capital of Latvian company without any tax obligations
Residence in Latvia for tax purposes

- Latvian residents are liable to personal income tax (PIT) on their worldwide income.

- Non-residents are liable to personal income tax on their Latvian-source income.

- The standard PIT rate is 23%

- Dividends received by individuals are taxed at 10%

- Capital gains on disposal of capital assets (e.g. real estate, shares) are taxed at 15%.

- Interest and royalties are not subject to tax

Latvia has one of the most attractive and gentlest corporate tax system in Europe.

For example, the corporate income tax rate is fixed at 15% which is one of the lowest in the EU.

Micro-enterprises pay 9% tax from the annual turnover.
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Thank You