

Why the Portugal golden visa investment programme is still relevant?

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In mid-February, Portugal prime minister António Costa announced a slew of measures to tackle housing problems. The Mais Habitação (more housing) plan focuses on five main objectives: increasing housing opportunities, simplifying licensing procedures, building an affordable leasing market, preventing real estate speculation, and supporting families with favourable rental terms and housing loans. Costa also stated his intent to discontinue the golden visa programme for foreign investors and suspend the acceptance of new applications. Despite this, the foreign investment programme is not only still in force, but is also likely to continue with some changes.

An amended legislative bill was presented to the Portuguese Parliament on 12 July and put to vote on 19 July. The bill is subject to review and approval by President Marcelo Rebelo de Sousa and must be published in the official gazette before it becomes law. The current bill is meaningfully different from the initial proposal, in that it does not terminate the Portugal golden visa programme. However, it does propose that property purchases, investments in hotel renovations, and capital transfers will no longer qualify for a golden visa.

Another ineligible modality would be investments indirectly related to real estate, such as funds that invest in residential or commercial properties. The new law would grant golden visas in categories such as investment in venture capital and investment funds (not related to real estate), cultural heritage/artistic production, and scientific research, as well

as direct business investment that creates jobs. Another significant difference from the initial draft is that visa renewals from applicants who applied through real estate investments are not subject to retroactivity, which means that applications and renewals are expected to be adjudicated according to the law that was current at the time of application. This important point should give investors confidence.

It is clear that Costa is under public pressure due to high housing prices in Lisbon and Porto cities. Since the beginning, the proposed draft of the law included the possibility that investors could apply for the golden visa by investing under the cultural heritage contribution option, but the preservation of several other investment options is a positive development. Industry stakeholders have worked hard to continue with this programme so as not to hurt investors by the changing rules. Yet, once the new law comes into effect, new applications must be completed in accordance with the new regulations.

Many of our clients who have been evaluating the golden visa programme for the last few months have taken the opportunity to move forward with their applications before changes are officially announced. Others are waiting for more certainty about the future of the programme before investing.

Residency by investment programmes, such as the Portugal golden visa, have been increasingly popular across the world, particularly in the last decade. While each country creates its own set of rules regarding the type of investments that are eligible for the programme and the requirements applicants must meet to qualify, all programmes have in common the intention to boost the country's economy. The US programme, for example, has been around since 1990, and not only \$800,000 must be invested "at risk" but the permanent green card is issued only after the investor proves the creation of 10 full-time employment positions related to his/her application. The necessary number of days spent in the country, each year, to maintain permanent residency also varies by country. In fact, this is one of the most sought-after benefits for some who apply for the Portugal golden visa, needing to stay as little as seven days per year in the country to keep the golden visa status.

According to statistics issued by the Portuguese Immigration and Borders Service (SEF), between the creation of the golden visa program in October 2012 and the latest figures from May, Portugal has issued a total of 12,217 golden visas. The top five nationalities receiving the golden visa include 5,349 investors from China, 1,212 from Brazil, 666 from the US, 571 from Turkey, and 525 from South Africa. Another 3,894 visas went to investors from other countries, including India. Since its start, the programme has invested over €7 billion in Portugal's economy.

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