

Immigration by Investment: Residency vs. Citizenship

theportugalnews.com/news/2024-02-01/immigration-by-investment-residency-vs-citizenship/85651



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In the realm of global investment opportunities, the terms "residency" and "citizenship" often intertwine, offering a web of options for savvy investors seeking to expand their horizons. These programs are designed to bolster nations' economies while offering foreign investors an invaluable asset to add to their holistic wealth: an additional permanent residency or passport.

In a world that is so increasingly interconnected, these assets can open doors to greater professional and educational opportunities, in addition to healthcare and social security benefits.

While both residency-by-investment (RBI), commonly known as Golden Visa programs, and citizenship-by-investment (CBI) provide gateways to new opportunities, it's crucial to understand the similarities and the distinctions between the two.

Golden Visa Programs: Unlocking Residency Opportunities

Golden Visa programs beckon investors with the promise of residency in select countries through qualifying investment channels. These visas offer investors substantial benefits—such as the ability to live, work and conduct business in their chosen country. In most programs, investor visas also apply to immediate children, making them even more attractive for global families seeking a wider array of opportunities. Approved visa holders gain enhanced travel access, social benefits like top-notch healthcare and education and professional perks, including potential tax incentives. Plus, this route is typically much faster than traditional applications for permanent residency.



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Despite the absence of immediate citizenship, a Golden Visa serves as a stepping stone towards permanent residency and, ultimately, citizenship in the chosen country. Notably, European countries like Portugal, Spain, Greece and Latvia present attractive Golden Visa options, as well as a similar EB-5 visa program in the United States.

Citizenship-by-Investment: Gain Immediate Access

In contrast to RBI programs, citizenship-by-investment programs stand out for their swiftness in granting full citizenship to investors upon approval. While the qualifying investment is typically much higher for these programs, the process is smooth and quick, making it the fastest route for investors to gain multiple citizenships. Because of this, CBI programs often come with a negative reputation for investors “buying citizenship.” Investors should also be wary that citizenship may make them subject to taxation in both their home country and adoptive country. Still, for those looking for a permanent solution and an invaluable nonfinancial asset, citizenship by investment can be a great option.



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Countries including St. Kitts & Nevis, Malta, and Turkey offer investors and their families instant passports and the associated privileges that come with complete citizenship. Investors can weigh their options and benefits based on what they are seeking in an additional citizenship.

Key Program Distinctions

While both programs offer investors increased global access and a wealth of opportunities, the key distinction lies in the timing of acquiring citizen status. As the more affordable of the two options, Golden Visa programs offer a pathway to eventual citizenship by way of temporary and then permanent residency. In most cases, the time from program application to citizenship approval can be upwards of 7 years.

On the other hand, CBI programs bestow investors with immediate citizenship upon approval, granting them full rights and privileges within a matter of months. While both programs share similar benefits for interested investors, investors must choose whether they can wait out the gradual process toward citizenship or if they want a more immediate result.

It is also important to note that the EU has increased its opposition to CBI programs and that many times, the qualifying investment is a donation to the government. On the other hand, eligible RBI investments usually bring a greater risk to the investor and come with requirements that, if not met, risk the applicant's permanent residency status, their investment amount or both.

While there is a lot of superficial discussion by those who don't know these programs in detail, what we do know is that immigrants highly contribute to the communities they are part of. Investor immigrants can add unparalleled growth to a country's economy through foreign direct investment and job creation. The government just needs to direct where these investments should go through clear and reliable investment visa programs.



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Take the US EB-5 investor visa as an example: The program, launched in 1990, requires the proven creation of 10 full time jobs in the American economy for permanent residency to be approved. Additionally, the recent March 2022 revisions to the program incentivize investments into low-population rural areas in exchange for priority application processing and a lower investment amount, therefore guided foreign investment into areas that can benefit most from it.

Conclusion

As the world grows more interconnected, we are confident that both RBI and CBI programs will continue to emerge as prominent tools for foreign investors.

Governments can take advantage of the increased demand for such programs and shape them to better serve the country's needs using direct foreign investment as an important tool.

At LCR Capital Partners, we believe that access to global markets and opportunities can transform lives. Understanding the nuances to these programs is the key to success and we are committed to helping investors navigate the ever-evolving landscape. Speak with a trusted expert and advisor to learn whether RBI or CBI is right for you.