Residence by Investment

Why in news?

High net worth individuals are making a beeline for residence-through-investment programmes in the U.S., Portugal, Australia, Malta, and Greece.

What is the picture of citizenship renouncement in India?

- According to the Ministry of External Affairs (MEA) data, in 2022, over 2.25 lakh Indians renounced Indian citizenship, the highest ever since 2011.
- **Reasons** - High net worth individuals (HNIs) are moving westward with new passports, in search of
    - Better business opportunities
    - Healthcare
    - Quality of life
    - Education
    - Security
    - Tax Management

HNIs are those who have wealth of over $1 million or Rs 8.2 crore.

According to the Henley Global Citizens Report, India ranks third in terms of HNI movements, coming only after Russia and China.

What about residence by investment programs?

- **Residency by investment** – Residence by investment schemes offer people the chance to get a residency permit for a country by purchasing a house there or making a large investment or donation.
- It is otherwise known as **golden visa programs.**
- It give HNIs the option of physically relocating and becoming residents of a state with full legal rights, including the right to live, work, study, and receive healthcare in that country.

Residence by investment programs

- *U.S. EB-5 visa*
- *Portugal Golden Visa*
- *Australian Global Talent Independent Visa*
- *Malta Permanent Residency Programme*
- *Greece Residence by Investment Program*

What is Permanent residency (PR) ?

- It is a visa status that allows the bearer of the PR card to legally reside in the host country without being a citizen of that country.
- Permanent residents are entitled to live, work, go to school and access health care in the host country.
- In order to be eligible to apply for permanent residency status in any given country, individuals usually have to meet certain requirements, such as
    - Having work experience in the country
    - Having studied in the country
    - Speaking the language, etc.
- PR status can also lead to citizenship by naturalization provided the resident has lived in the country for a certain number of years.

To know about US Government's EAGLE Act, click here

What is the issue?

- In 2022, the **European Commission** called on EU governments to stop selling citizenship to investors as part of a move to crack down on this combined multi-billion euro industry.
- **Portugal** decided to end its Golden Visa program because of an uproar over the surge in house prices that left many struggle to find adequate accommodation.
- In 2022, the **UK government** scrapped its golden visa scheme that allowed wealthy foreign nationals to settle in the country in exchange for bringing part of their wealth with them.

What lies ahead?

- While the demise of these programmes signals a change in the way international travel and residency is handled, it doesn't mean the practice will completely end.
- While Europe may be making it tougher for wealthy Indians to obtain the golden visa, certain countries in the Caribbean are conducting comprehensive reviews of their programmes, aiming to reduce costs and processing times.

References

1. The Hindu | Indians go West, take up residence by investment
2. Times of India | Indians find it difficult to get European golden visas
3. Arton Capital | Residency by investment

SHANKAR IAS PARLIAMENT
Information is Empowering