Vanuatu's Golden Passport Scheme

Why in News?

Fugitive former IPL chief Lalit Modi has applied to surrender his passport to the Indian High Commission in London, and acquired the citizenship of Vanuatu recently.

- Vanuatu has a citizenship by investment (CBI) or "golden passport" program, which allows ***wealthy individuals*** to purchase its passport.
- It allows individuals to acquire citizenship in a country by making significant financial contributions to its economy.
- It is the fastest and most simple citizenship program available in Vanuatu.
- The applicant does not even have to set foot in the country to become a citizen, ***all documentation*** can be provided digitally.
- **Cost -** The cost of Vanuatu citizenship ranges from $135,500 to $155,500 (Rs 1.18 cr to 1.35 cr), with options to also purchase citizenship for a family of 4.
- **Processing time -** Vary from 30 to 60 days after the filing of the application.
- *The BBC reported in 2019 that passport sales account for roughly 30% of the country's revenue.*
- **Other countries having CBI -** Malta, Turkey, Montenegro, Antigua and Barbuda, Dominica, and Egypt.
- **Advantages -** At present a Vanuatu passport allows visa-free entry to ***113 countries.***
- Vanuatu is, for all intents and purposes, a ***tax haven*** (offers foreign businesses and individuals minimal or no tax liability, along with a politically and economically stable environment).
- It is a ***zero-tax jurisdiction*** that is free of personal income tax, capital gains tax, inheritance tax, and wealth tax.
- While Vanuatu does charge indirect taxes such as VAT, as well as tax on property transactions, rates are *typically lower than other countries* in the South Pacific.
- It also has lax reporting requirements, which make it a strategic jurisdiction for tax purposes.
- Offshore financial services is one of the biggest revenue-generators for the country.
- **Henley Passport Index** – It ranks the Vanuatu passport as the 51st strongest in the world (out of 199 countries), ahead of Saudi Arabia (57), China (59), and Indonesia (64). India ranks ***80th.***

Vanuatu

• It is a tiny island nation in the ***South Pacific***, comprises 83 fairly small volcanic islands, of which only 65 are inhabited.
• The largest, Espiritu Santo, roughly boasts ***32%*** of the land area of Vanuatu.
• It lies to the east of Australia and the north of New Zealand.
• **Capital -** Port Vila lies on the island of Efate, the third largest by area and largest city by population.
• **Volcanic activity -** Vanuatu has several active volcanoes, including ones that lie underwater. Volcanic activity is common, and poses an ever-present danger to the islands' inhabitants.
• Tombuk eruption, one of the largest volcanic eruptions in the world destroyed the Kuwae island, and led to the formation of two smaller islands — Epi and Tongoa.
• Yasur on the southern island of Tanna is one of the most accessible active volcanoes in the world.

Reference

The Indian Express | Golden passport schemes

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