



# Second citizenship

*Christian H Kälin* writes of the benefits of acquiring an additional citizenship

Everyone traveling internationally has one: a little booklet with a soft cover, containing a standardized page with identity information including a photograph (and, in the most modern versions, some biometric information as well), and a couple of pages with some stamps on them: a passport. Issued by sovereign countries, they are a means by which other countries control our movements, they provide legal protection abroad, and are often used as proof of citizenship. While most people are nationals and passport holders of only one country, in today's globalized world there are an increasing number of individuals and families that look at additional or alternative citizenship as a tool for their private wealth planning.

For citizens of countries whose passport already affords them good visa-free travel, such as US citizens, alternative citizenship and a second passport often serves as a form of security and safe alternative when traveling in unsafe countries and generally in times of terrorism. For good reasons, many international business people, wealthy families and eminent individuals with worldwide activities consider an alternative passport as a key element of their personal security. Additionally, alternative citizenship gives more options for retirement and settlement abroad – an additional country in which to live, work and invest, and it is practically a pre-requisite for anyone considering giving up their present citizenship. Companies also benefit from dual citizenship of key employees as they then become more valuable, being able

to travel and work abroad more easily and being in a position to more readily access international markets.

While there can be some disadvantages, such as possible military service obligations or taxation, for the most part, dual citizenship offers significant benefits and additional opportunities, which are otherwise simply not available.

## Greater flexibility

As a citizen and passport holder of two or more countries, one can travel or move a residence more easily, particularly in an emergency. The right to travel, to enter or leave a country, at some point, may become crucial. This flexibility may even save one's life. Most people who are citizens of a well regarded, major country, think that they will never need an alternative citizenship and passport. They may not foresee any problems now. Their current passports may permit travel almost anywhere without the need for a visa.

But an alternative passport is similar to an insurance policy. It is something many internationally active individuals and families should have in reserve well before the need or an emergency arises. Depending on their country's international reputation, their present passport may restrict their movements. Or, their nationality may make them a target for terrorists, or expose them to difficulties when traveling or attempting to conduct business in certain countries. Using a different, second passport can restore their personal security, ease of travel, and allow hassle-free border crossings.

Those who disagree with authoritarian

government policies in their home country, and who for that reason often look to establish a foothold in North America or Europe, face a special dilemma.



Probably they do not want their children and grandchildren exposed to physical danger or forced into mandatory military service. They and their family may face discrimination on ethnic, political, religious, or other grounds.

Whatever their situation, now or in the future, they should have the ready option to seek a safe haven without first having to plead for an official entry or re-entry visa or residence permit. In such cases, a residence permit in a safe haven may often not be sufficient to ensure continued international flexibility, and in many ways alternative citizenship becomes essential.

While some countries officially discourage dual or multiple nationality for their citizens, most now accept this as a fact of international life. Dual nationality is the inevitable result of the increased mobility of large numbers of people and of the growth of an integrated world economy. In recent years, many countries have amended citizenship laws to recognize these new realities. Until the distant day when the concept of global citizenship achieves universal acceptance, acquiring and using more than just one citizenship and passport can



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enhance one's personal liberty in many ways.

Indeed, persons of talent and means need not limit their lives and businesses to only one country. Residence in a foreign country can more than enrich one's life. It can offer new and expanded opportunities.

Moreover, moving abroad is far easier with a second citizenship.

### Ways and means

In today's world of guarded international borders, strict entry controls, and complex immigration laws, it has become difficult to acquire second citizenship – unless you know and understand where and how it can be done. Nevertheless, there are still many options open. Many countries offer serious investors and wealthy individuals special, expedited procedures leading to a residence permit or even immediate citizenship. Foreign persons willing to create employment through business investment in other countries, usually, are welcomed officially with open arms.

Residence is often available in a matter of weeks or months, citizenship may be available immediately or after several years of residence. Established nations such as Canada, the USA, Belgium, Austria, Singapore, the UK, or Switzerland, as well as many developing countries, have incentive programs aimed at attracting foreign investors. These countries offer special conditions allowing fast-track immigration, grants, subsidies, or even substantial tax breaks. Resident foreigners can benefit from special tax exemptions and regimes, freedom from currency exchange controls, and other financial advantages. Depending on the country, a financially independent foreigner may be very privileged indeed.

Quite a few countries will allow a foreign national to establish residence simply upon a showing of sufficient financial means without the need for local employment, such as in Austria, where this is probably the easiest in all of the EU. In scores of attractive places worldwide, visitors are welcome and paying

guests are very well treated. In fact, in many countries, wealthy foreigners are better treated than local citizens.

Some countries, such as Monaco, Croatia, Austria, Belgium, Malta, Panama, Hong Kong, Singapore, the UK, or Switzerland, are especially attractive places for establishing an alternative residence from a tax point of view. Others are of special interest for acquiring citizenship with minimal requirements and in a relatively short period of time, such as Belgium, Canada, or Ireland. If one's current passport does not allow very good visa-free travel, then for access throughout Europe, a residence permit in an EU Schengen-Agreement member country is ideal.

For those seeking visa-free access to the United States, legal residence in Canada or citizenship-by-investment in Austria are good options.

While residence is granted to investors and wealthy individuals in most countries, there are now only three countries, namely Austria, the Commonwealth of Dominica and St Kitts & Nevis, which currently offer legal citizenship-by-investment programs.

There are indeed no legal citizenship-by-investment programs anywhere else in Central- and South America, Asia, Africa, or Europe. These countries offer the opportunity to acquire a second nationality quickly and simply, without any residence requirements or disruptions of present life.

### Private wealth planning

Many of the world's most affluent and successful people have chosen legally to avoid excessive taxation by moving their residence abroad, although very clearly a change of residence just for tax reasons is never a good idea. Still, for people who have established themselves internationally in a tax-efficient manner, that means more freedom, flexibility, and security for them, all achieved simply by moving from one country to another. Moreover, these tax planning moves normally do not require surrender

of their home country citizenship, with the notable exception of US citizens who are subject to worldwide taxation based on their citizenship, regardless of their actual residence. So even if a US citizen moves to a country which does not have any direct taxes (e.g. Monaco or the Bahamas), he or she remains subject to US taxation and reporting requirements.

For US citizens, the only way to legally eliminate US taxation is to effectively relinquish their citizenship. Although, in most cases, such a drastic move is not advisable, obviously before one can even contemplate this possibility an alternative citizenship must be in place.

For good reasons, an increasing number of wealthy individuals, important families, celebrities and international business people who are active worldwide have opted for a second passport. In many instances an alternative citizenship and passport gives not only more personal flexibility, security, and an additional level of privacy, it is also a powerful tool for international asset protection, tax and estate planning.

But most importantly perhaps, citizenship and a passport from a small, peaceful country can even save your life when traveling and in times of terrorism, political unrest, civil war, and other delicate situations.

In an unsettled, ever-changing world, acquiring a second citizenship and thus an alternative travel document is a wise decision, an excellent wealth planning tool, and an investment for the future. The citizenship of choice is for life, spouse and children can be included, and there is normally no need to give up the present nationality while the benefits of a legal second passport can be enjoyed. Overall, foreign residence and in particular second citizenship return countless benefits in life. Whatever the personal situation is, it will be worth considering these options.

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