

Citizenship-by-investment

Stacy Lake, of Henley & Partners, says that St Kitts & Nevis continues to be the best option

In only three countries in the world is it presently possible to acquire citizenship without prior residence by way of an investment. These countries are Austria, the Commonwealth of Dominica and St Kitts & Nevis. Wealthy individuals and families who are interested in obtaining a second citizenship and passport legally, efficiently and with minimal disruptions to their lives should be particularly aware of the recent improvements of the citizenship-by-investment programme in St Kitts & Nevis.

In that jurisdiction, the Citizenship Act has contained provisions since 1984 that allow foreign investors to be granted citizenship by the government without prior residence requirements. This makes it the oldest existing citizenship-by-investment programme.

To qualify for citizenship of St Kitts & Nevis, the government now requires either an investment in designated real estate with a value of at least US\$350,000 (much higher in practice, however, as there are no reasonable properties available at the required minimum value) plus the payment of government and other fees as well as taxes, or alternatively, a contribution to the recently established Sugar Industry Diversification Foundation (SIDF), a public charity, in the amount of \$200,000 (for a single applicant, inclusive of all government fees).

Henley & Partners has been working closely with the government of St Kitts & Nevis to reform the citizenship-by-investment programme overall, to streamline procedures, and to design and implement the new SIDF contribution option which was introduced in October 2006. Under this option there are four different categories:

- ◆ Single applicant: \$200,000 investment required, inclusive of all fees.
- ◆ Applicant with up to three dependants (ie one spouse and two children below the age of 18): \$250,000.
- ◆ Applicant with up to five dependants (ie one spouse and four children): \$300,000
- ◆ Applicant with six and more dependants: \$400,000.

In each of these categories, the total

amount includes all government and due diligence fees so there are no additional costs. The documentation required for an application is reasonable and the application procedure is straightforward. The average processing time under the SIDF option is less than three months.

Real estate

With the real-estate option, the purchase of a condominium unit or villa from one of the approved developers is required with a minimum investment value of \$350,000. Additionally, there are transaction costs of approximately 10% of the purchase price – at least \$35,000 in case of the minimal investment amount, and likely \$50,000 to \$100,000 or even more as real estate prices are already on a relatively high level in St Kitts & Nevis. There are also government fees of \$35,000 for a single applicant plus \$15,000 for each family member included in the same application. Finally there is a \$3,500 due diligence fee per adult applicant. The documentation required for an application is also quite reasonable.

However, as the application procedure under this option involves the purchase of real estate, this lengthens the procedure. The average processing time is currently between five and 12 months, sometimes even longer. The real estate cannot be resold until five years after the purchase, and after that will not qualify the next buyer for citizenship.

Regardless of which route is chosen to obtain citizenship and a passport of St Kitts & Nevis, it can give clients more personal flexibility, security, and an additional level of privacy. It is also a powerful tool for international asset protection, tax and estate planning and as a safety measure when traveling.

Today's globalised economy is heavily reliant on human mobility and migration, and unhindered travel is essential to business persons and wealthy families. However, holders of passports from a large number of countries face considerable visa restrictions thereby affecting their ability to travel with ease. The St Kitts & Nevis passport is well regarded, and the citizenship-by-investment programme

has always been well managed and relatively few passports have been issued under this program. As a result, St Kitts & Nevis citizens enjoy a passport with an excellent reputation and very good visa-free travel.

For citizens of countries whose passport already affords them good visa-free travel, the St Kitts & Nevis passport serves as a form of security when traveling in delicate countries, as well as in areas of political unrest, civil war, and 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.

As a national of two or more different states, there are more planning options open to you and you also enjoy more privacy in banking and investment. In this regard, St Kitts & Nevis has also emerged as an international financial centre. It is particularly attractive for persons interested in forming legal entities and trusts for investment, asset protection, tax or estate planning. There are no income or capital gains taxes, no net wealth taxes and no inheritance or gift taxes.

Nevis in particular has very good International Business Corporation (IBC) laws and some of the best asset protection provisions with regard to trusts established under its jurisdiction.

Accordingly, and despite the closure of the sugar industry in 2005, the IMF reported accelerated economic growth in this country, which is likely to continue, aided by the flourishing tourism industry. St Kitts & Nevis is, next to Antigua and Barbados, the wealthiest country in the Eastern Caribbean, and a beautiful place to live and do business.

For those clients who may benefit from an alternative citizenship and passport, the St Kitts & Nevis citizenship-by-investment programme is likely to be the overall most attractive option. In particular, the new charitable contribution route is excellent as the overall outlay can be calculated easily, there are no on-going costs and both citizenship and passport can be obtained efficiently within a relatively short period of time. ■