

Caribbean Real-estate and Second Citizenship

by Stacy J. Lake, Henley & Partners, Jersey

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Thoughts of the Caribbean usually conjure up images of tropical landscapes, beautiful beaches and luxurious living. Whilst the islands can definitely offer such “paradise living”, for many wealthy individuals, important persons, celebrities and international business people who are active worldwide, the Caribbean has become more of a “strategic paradise” and St. Kitts & Nevis is fast becoming the favourite choice.

Although tourism plays a somewhat smaller role than on other Caribbean islands, the two islands offer many fine beaches and an outstandingly attractive mountainous landscape. The climate is tropical and close to perfect. Differences in altitude and corresponding differences in soil types make it a paradise for tropical plants. St. Kitts has a very well-designed championship golf course laid out between the Caribbean Sea and the Atlantic Ocean. There is also an attractive golf course on Nevis. The truly appropriate motto of the local tourism authority is: Two islands – one paradise.

But what is even more interesting to many people is the fact that St. Kitts & Nevis offers also citizenship to substantial investors. The country has the longest established and most successful legal citizenship-by-investment program. 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, that currently offer legal citizenship-by-investment programs. Among these three countries, St. Kitts & Nevis offers what is often the overall best solution for people who are interested in obtaining a legal second citizenship with minimal disruptions of their lives in a short period of time. Since 1984, Part II, Section 3 (5) of the St. Kitts & Nevis Citizenship Act contains the provisions which allow foreign investors to be granted citizenship by the government without prior residence requirements. This makes it the oldest existing citizenship-by-investment program.

St. Kitts & Nevis, also known in the country's constitution as Saint Christopher and Nevis, has been independent since 1983 and forms part of the group of islands known as the Lesser Antilles, located some 2,000 km to the south-east of Miami. The Federation comprises two islands: Nevis with an area of some 93.2 km² and St. Kitts with 168.4 km². The official and business language is English. The Federation is a member of the United Nations, the Organization of American States, the British Commonwealth and many other international organizations. The Eastern Caribbean Central Bank has its headquarters on St. Kitts. It maintains the stability of the Eastern Caribbean Dollar (EC\$), the national currency of most eastern Caribbean countries, which is tied to the US dollar. The head of state is the Queen of England. St. Kitts & Nevis is a well-functioning democracy based on the British parliamentary system.

To qualify for citizenship of St. Kitts & Nevis, the Government requires either an investment in designated real estate with a value of at least US\$ 350,000 plus the payment of Government and other fees as well as taxes, or a contribution to the Sugar Industry Diversification Foundation (a public charity) in the amount of US\$ 200,000 (for a single applicant, inclusive of all Government fees).

With the real-estate option, the purchase of a condominium unit or villa from one of the approved developments is required, with a minimum investment requirement of US\$ 350,000. Additionally, there are transaction costs of approximately 10% of the purchase price, i.e. at least US\$ 35,000 in case of the minimal investment amount, and likely US\$ 50,000 or more as real estate prices are now on a relatively high level in St. Kitts & Nevis. There are also government fees of US\$ 35,000 for a single applicant plus US\$ 15,000 for each family member included in the same application. Finally there are application/professional fees of US\$ 15,000 per application and a US\$ 2,500 due diligence fee per adult applicant. The documentation required for an application is also reasonable. However, as the application procedure under this option involves the purchase of real estate this lengthens the procedures. The average processing time is currently between 4 and 12 months, sometimes even longer. The real estate cannot be re-sold until 5 years after the purchase, and after that will not qualify the next buyer for citizenship.

The new contribution option has just been introduced by the Government, and under this option there are four different categories:

A) Single applicant: US\$ 200,000 investment required, inclusive of all fees

B) Applicant with up to three dependants (i.e. one spouse and two children below the age of 18): US\$ 250,000

C) Applicant with up to five dependants (i.e. one spouse and four children): US\$ 300,000

D) Applicant with six and more dependants: US\$ 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 is not more than 3 months.

For those who are interested in a legal alternative citizenship and passport, the St. Kitts & Nevis citizenship-by-investment program is likely to be the 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 expenses and no hassles associated with owning real estate in a foreign country.

Conversely, St. Kitts & Nevis is in the midst of a development boom making it an ideal time to invest in a luxury villa which could be used as a vacation home, long term investment or with a view of retiring there. Of course by gaining citizenship one has the right to take up residence in St. Kitts & Nevis at any time and for any length of time. There is no taxation on the twin islands, even for residents, as there are no direct taxes whatsoever, making it an optimal place for international tax planning.

In times of political unrest, war and terrorism a second passport from a small, peaceful country can be a form of life insurance when travelling. The St. Kitts & Nevis passport is very well regarded, and the citizenship-by-investment program has always been carefully managed and only 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.

Whatever the purpose be, whether it is a holiday home, property investments, a second passport or international tax planning; making an active decision with regards to citizenship and residence offers opportunity for personal freedom, security, privacy and even luxury.