

Ius Doni: Citizenship-by-Investment

An Overview and Current Developments

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Ius Doni: Citizenship-by-Investment

Ius sanguinis

- Citizenship on the basis of bloodline

Ius soli

- Citizenship on the basis of birth in a particular territory

Naturalization by residence, etc.

- Citizenship on the basis of residence, marriage and other ways

Ius doni

- A sub-type of naturalization:
Citizenship on the basis of making a contribution/investment in a country

History

Roman Empire

- Roman jurists developed citizenship as a legal status with various public and private rights and obligations
- In ancient Roman political theory the State was understood as a community of citizens whose identities were very soon not necessarily linked to their place of residence. The need to include diverse people in the expanding Roman Empire led to the development of citizenship as a legal concept of the State.
- The Roman Republic also began to develop a relatively flexible naturalization process, so that new subjects could very quickly be integrated into the Roman Federation and remain colonially loyal.
- During the Imperial Era, this cosmopolitan character of the Roman civil right was further extended, with Roman Emperors granting citizenship for extraordinary acts of value to the State
- The *Constitutio Antoniniana* of 212 AD, a pioneering act of the modern citizenship concept and the culmination of the extension of the Roman civil rights, granted all free residents of the Roman Empire Roman citizenship regardless of their origin or culture and without being bound by conditions or obligations to Rome. With this declaration, a preliminary cosmopolitan peak was reached in citizenship law, marking the invention of extensive citizenship.

History

United Kingdom

- Until the Naturalisation Act of 1870, foreign citizens in the UK could neither acquire nor inherit, could neither assume guardianship nor public office.
- According to earlier law, the assets of a foreign citizen were at the discretion of the Crown, which generally led affluent foreigners to naturalise.
- In England of the 18th and 19th century there were a large number of German and German-Russian and Italian merchants, who acquired citizenship for merely economic reasons, and not to settle in England. Such practice bears a close resemblance to the *Citizenship-by-Investment* concept.
- It can be stated that the British Empire was built not least with the help of economic citizens from continental Europe, which were attracted to the UK by the possibility to acquire citizenship by investment
- A special Citizenship-by-Investment program prevailed in Scotland, which continued long after the Union in the 18th century: An investment of £ 50 in Royal Bank of Scotland allowed a foreign citizen to become a citizen of the United Kingdom

Modern Citizenship-by-Investment

St. Kitts and Nevis

- St. Kitts and Nevis introduced its Citizenship-by-Investment program (formerly known as the “Economic Citizenship Programme”) in 1984, a year after gaining its independence from the UK.
- Worldwide, it is one of the oldest Citizenship-by Investment programs of its kind and the first modern one
- In 2006/2007 the program was substantially reformed and optimized, which made it scalable and possible for hundreds of applications to be processed

Canada

- In 1986 Canada introduced a investor immigration program, which led relatively quickly to citizenship after just 3 years of (partial) residence
- Canadian citizenship by birth outside Canada to a Canadian citizen parent was limited to the first generation born outside Canada.

Modern Citizenship-by-Investment

Austria

- Austria is one of the first countries in recent history which introduced a modern *ius doni* provision in its citizenship law, with the amendments made to its citizenship act in 1986 (§10 (6) of the Austrian Citizenship Act)
- Austria had never had a structured, formal Citizenship-by-Investment program, but has rather developed an established practice to grant citizenship to suitable foreign investors.

Malta

- Malta introduced the first EU-approved Citizenship-by-Investment program in 2013
- Malta established the most stringent due diligence process of all programs, with a 4-tier due diligence check and a 1 year application period during which prospective citizens have to fulfil a number of stringent requirements
- The Malta Individual Investor Program is widely regarded in government and professional circles as the most advanced and strictest program today

Reasons for an Alternative Citizenship (1/2)

Visa Waivers

- Opens travel to countries previously restricted by time-consuming visa application processes

Retirement

- Freedom to retire in a safe country without worrying about changing immigration laws

Independence

- Be able to travel or have the option to relocate at any time

Mobility

- Freedom of movement when some nationals are overly exposed to physical or financial threats

Reasons for an Alternative Citizenship (2/2)

Protection

- Increased privacy in banking and improved physical security

Tax Planning

- Citizenship is one of the tiebreaker rules in most double tax treaties

Expatriation

- To renounce citizenship another citizenship must be acquired first

Security

- Guarantees a secure and truly permanent alternative place to go; the permanent right to reside

The Most Important Citizenship-by-Investment Programs



Millionaires Around the World — Regions

A “millionaire” is a person with a net worth in excess of USD 1 million¹



¹Value of financial assets and real estate property of private citizens after deducting debt
Source: Credit Suisse Global Wealth Report 2016; www.visualcapitalist.com

Citizenship-by-Investment vs. Residence-by-Investment

Citizenship-by-Investment

- Citizenship granted directly, either without or with minimal prior residence requirement
- Residence not required to maintain status of citizenship

Residence-by-Investment

- Residence status granted in return for making an investment, usually in real estate
- Often some minimal presence required to maintain the status
- No citizenship, or only after several years of residence through ordinary naturalization

The Most Important Residence-by-Investment Programs



Millionaires on the Move

There has been an increase in the number of millionaires relocating

2015 64,000  2016 82,000

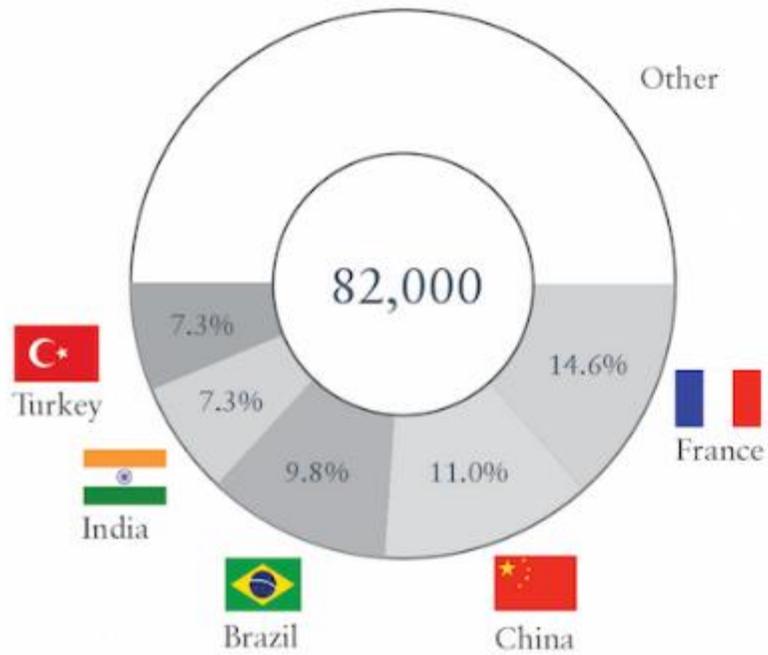


Top Reasons for Leaving

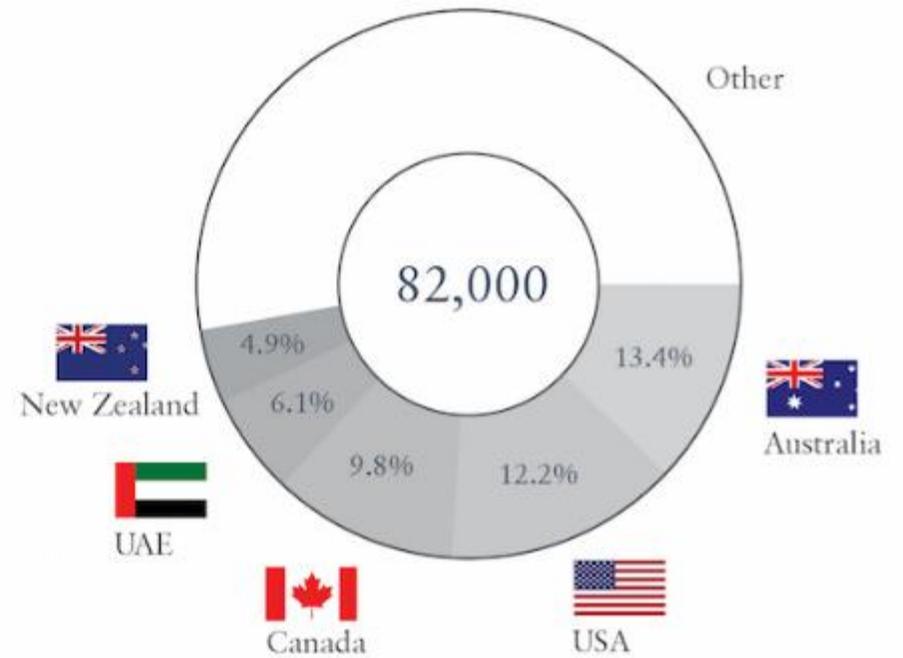
-  Education
-  Personal Security
-  Healthcare
-  Climate
-  Cleanliness

Millionaires on the Move — Details

Departing Millionaires 2016



Arriving Millionaires 2016



What's the future of investment migration?