Citizenship and Residency by Investment Schemes:

Potential to avoid the Common Reporting Standard for Automatic Exchange of Information

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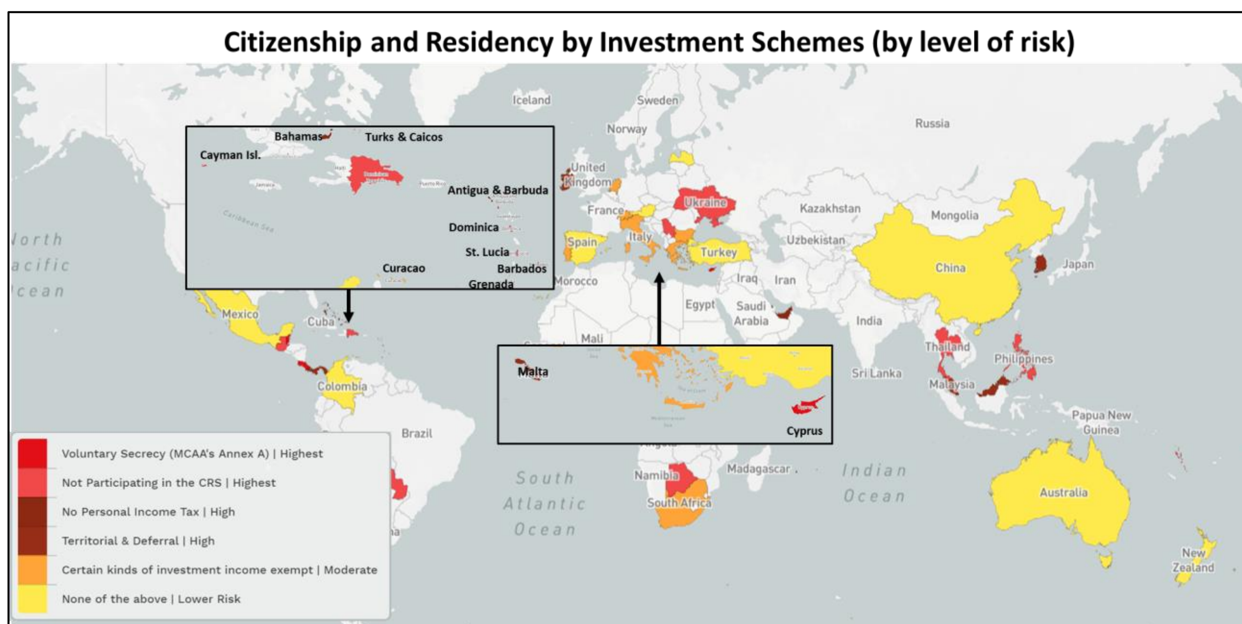

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Executive Summary

Countries are offering citizenship and residency for investment schemes in an attempt to raise revenues or attract rich individuals. While there may be legitimate reasons for acquiring such residency or citizenship certificates (e.g. visa-free traveling, studying or working in a different country), these schemes can also be exploited by individuals trying to escape legitimate prosecutions for crimes, to engage in money laundering or to violate international sanctions. Also importantly, to avoid reporting under automatic exchange of information for tax purposes.

The Common Reporting Standard (CRS) for automatic exchange of information requires financial institutions to determine the account holder's residency in order to share their information with the relevant jurisdiction's authority. If the account holder acquires citizenship or residency certificates, not to genuinely move to a different country but only to trick their bank and have them believe that they reside there, their relevant banking information will not be sent to the correct jurisdiction, or may not even be collected at all.

This paper describes the different factors that reduce or increase risks of citizenship and residency certificates from being used to avoid the CRS, and proposals on how to address this issue. Annex I contains an updated list of all the jurisdictions offering these schemes, classified by their level of risk.

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Introduction

The OECD's Common Reporting Standard (CRS) for automatic exchange of financial account information depends on financial institutions determining the (tax) residency of their account holders to know which foreign authority should receive the relevant information. For example, Argentina will receive information from Germany about Argentine holding accounts in German banks, but not about Brazilian ones. Germany will send Brazilians' information to Brazil, and so on.

As we have written since 2014[1] describing the CRS framework and its loopholes, one way for individuals to hide their foreign bank accounts from local authorities (and thus circumvent the CRS) is to lie to their banks as to where they are "tax" resident - or simply, where they are resident. Given that many countries have no income taxes[2], they have no concept of "tax" residency. Therefore, the CRS requires "documentary evidence" of "residency" (not necessarily "tax residency" for the reason explained above) assuming that in general a person will be resident for tax purposes where they live. Examples of documentary evidence to prove someone's residence include passports, official IDs, residency certificates, utility bills, etc.[3]

If account holders provide the bank with enough "evidence" to pass the due diligence test that banks are supposed to perform pursuant to the CRS, an Argentine taxpayer may end up convincing the German bank that he/she is resident in say, Antigua & Barbuda, so that his/her bank account information will be sent to the "wrong" authority (not the country where he/she actually lives: Argentina). Since Antigua & Barbuda does not levy any income tax the Argentine account holder will not have to pay any taxes there. This gets worse. In some cases, the result of faking one's residency is not that their banking information will be sent to the wrong authority,

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[1] See for example https://taxjustice.net/wp-content/uploads/2013/04/TJN-141124-CRS-AIE-End-of-Banking-Secrecy.pdf; https://www.taxjustice.net/wp-content/uploads/2013/04/OECD-CRS-Implementation-Handbook-FINAL.pdf; https://www.taxjustice.net/wp-content/uploads/2013/04/TJN_AIE_ToR_Mar-1-2017.pdf; https://www.taxjustice.net/2017/05/23/faking-residency-how/; and https://www.taxjustice.net/2017/05/30/anti-money-laundering-requirements-solve-fake-residency-concerns/; 27.2.2018.

[2] See more information on the Financial Secrecy Index Key Indicator 12 available here: https://financialsecrecyindex.com/PDF/12-Consistent-Personal-Income-Tax.pdf; 3.6.2018.

[3] See CRS Commentaries to Section III, page 113: https://www.keepeek.com//Digital-Asset-Management/oecd/taxation/standard-for-automatic-exchange-of-financial-account-information-for-tax-matters_9789264216525-en#page114; 3.6.2018.

but that it will not be shared at all. Their information may not even be collected in the first place[4].

What does citizenship or residency by investment mean?
Most countries offer a way for foreigners to acquire citizenship or permanent/long-term-residence status. With regards to citizenship, the most common means are marriage or a stay of several years in the country. Permanent/long-term status is often granted for purposes such as education, work or running a business. Importantly, this implies in general that the person will also live in the country in which he/she acquires such a status. However, there is a growing number of countries that grant citizenship or long-term/permanent-resident status to people who only undertake a *passive* investment, such as for example in real estate, a national development fund or shares of a domestic company. This, on the other hand, implies that people might not actually live in the country but use the status and the accompanying documents (such as passports and ID cards) mainly for other purposes.

Why do countries offer residency or citizenship schemes?
Short answer: money. Long answer: When it comes to tax residency, countries may not only offer, but rather impose tax residency. For example, if someone spends 183 days in one country, s/he may become tax resident there and be required to pay taxes there, since s/he is enjoying that country's infrastructure or other public services for which s/he should pay their fair share. In that case, individuals would likely try their best to *avoid* becoming tax residents in those countries (e.g. by staying very few days there), especially if that country has high taxes and/or no treaty to avoid double taxation with their other country of residence.

But when a country levies no income tax and still offers residency or even citizenship, it's clear that it must be getting something else in return: either attracting a very skilled person (causing a brain drain from other countries), very rich people, or directly getting money (e.g. investment) in exchange for the possibility to 'live' in

[4] In principle, financial institutions have to collect and report information about account holders who are "reportable persons" under the CRS, meaning persons whose information has to be reported to a foreign authority. However, a person (account holder) will be considered "non-reportable" if he/she is resident in a country that is not participating in the CRS, or that has chosen "voluntary secrecy" (see below) whereby the country will send but not receive information. In both cases no information will have to be sent to that country's authorities, and that's why that person will be considered "non-reportable" by their bank, so no information will have to be collected for CRS purposes. See more details on the Handbook for CRS Implementation, page 45, here: https://www.oecd.org/tax/exchange-of-tax-information/implementation-handbook-standard-for-automatic-exchange-of-financial-information-in-tax-matters.pdf; 3.6.2018.

that country. Small island secrecy jurisdictions [5] have been openly engaging in these residency and citizenship schemes in an attempt to raise more revenue.

Why do individuals acquire foreign residencies or citizenships?

There are many legitimate reasons why someone would be interested in holding more than one residency or citizenship. For instance, they may actually be willing to migrate to, or at least work or study for some time in a different country. It may be a guarantee in case they or their children want to do it in the future. It can also be to facilitate traveling if their new citizenship allows visa-free visits to other countries. But it can also be used for the wrong reasons: to escape a legitimate prosecution in one country by fleeing to another one, to engage in money laundering or violate international sanctions[6], or, the main purpose of this paper: to avoid CRS reporting, for example to hide from authorities money related to tax evasion, corruption or money laundering.

Factors that reduce or increase risks of residency and citizenship schemes

a) Comprehensive personal income tax regime

The only factor that actually reduces risks of these schemes relates to countries with a comprehensive[7] personal income tax regime. If a country requires all resident

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[5] http://www.caymanfinancialreview.com/2014/04/07/economic-citizenship-and-residency-programs/; 27.2.2018.

[6] https://www.cbsnews.com/news/60-minutes-citizenship-passport-international-industry/; 27.2.2018

[7] Based on the Financial Secrecy Index' key indicator 12, a comprehensive personal income tax (PIT) regime implies that a country has a regime that: "applies the same tax base rules and a rate above zero percent equally to all natural persons considered tax residents. Any opt out from the general tax regime in a certain jurisdiction, e.g. through lump sum tax regimes for new residents, or residents considered to be non-domiciled for tax purposes, would imply that the jurisdiction does not have a single uniform PIT. Furthermore, the single uniform PIT's tax base would need to include all income a tax resident is entitled to or paid anywhere in the world (worldwide income criterion). If (some or all) overseas income can remain untaxed, either because the jurisdiction only applies a territorial tax base or taxes on a remittance and/or accrual basis only, the PIT would not be considered comprehensive. For the question of a comprehensive PIT, the top personal income tax rate is disregarded. In addition, the PIT needs to be complete in terms of the income covered. All capital gains earned worldwide should be part of PIT or be taxed separately – either as part of another tax, e.g. wealth tax, or independently - for the PIT to be considered complete. The same applies for any specific types of income, especially investment income: any investment income should not be exempt nor excluded from the overall tax base, or it should be taxed independently. For example, a jurisdiction that does not tax dividends, capital gains or income derived from foreign sources is therefore considered as having an incomplete PIT. Many jurisdictions, however, allow for tax exemption on capital gains from the sale of a

individuals to pay taxes on their worldwide income, it would make very little sense for any person to willingly become a tax resident there: why pretend to be a resident somewhere else, if that will result in actually paying as much or even more taxes?

b) No income tax or non-comprehensive personal income tax

Contrary to the above situation, if a country levies no income tax, or has a very low income tax rate or has no comprehensive personal income tax, it will make a lot of sense to pretend to be a resident from there, for example by acquiring a residency or citizenship certificate in exchange for a payment or investment. If a person's banking information ends up in the authorities of their "sham[8]" country of residency that levies no income tax, their situation will actually be better: they will have to pay no taxes at all, or at least less taxes than if their real country of residence got the information.

In other words, by levying no income tax or having no comprehensive personal income tax regime, a country's residency or citizenship by investment scheme becomes riskier.

c) Persons becoming non-reportable under the CRS

In addition to paying no taxes for pretending to be a resident from another country (the point above), residency and avoidance schemes can ensure greater anonymity.

If a person acquires a residency or citizenship of country X to convince their foreign bank that they are tax resident there, country X will probably receive that person's banking information, although it would probably have few consequences for that person, assuming that country X has no comprehensive personal income tax regime. This way the person would achieve their goal: their banking information won't be shared with their real country of residence, but only with country X (where no taxes are owed). However, this is still not ideal from a secrecy point of view. It's even "better" for a person trying to hide from authorities, if their information is not collected[9] or reported at all (not even to the 'wrong' country). This can be achieved

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private home or from real estate held longer than a certain number of years. We consider the PIT to be complete as long as the exemption from capital gains taxation on real estate applies after holding it for longer than 3 years or if it only applies to a privately held home".

[8] We call these "sham" residencies because the person may still live and work in country X while pretending to be a resident from country O, simply because they hold a residency certificate obtained in exchange for money.

[9] By "collection" of information we refer to all the data and procedures that banks should follow pursuant to the CRS, which may, or may not be the same as other information collection processes that banks have to follow. For example, banks are supposed to collect information on their account holders pursuant to Anti-Money Laundering (AML) and Know Your Client (KYC) procedures. Depending on the country, however, the information collected pursuant to other rules such as KYC may not be enough for CRS purposes, for example to determine the residence

in two ways: either the sham country of residence (country X) is not participating in the CRS (yet), or the sham country of residence is listed under the Multilateral Competent Authority Agreement's Annex A.

i. Non-participating countries

In principle, countries will only be exchanging information automatically with other countries participating in the CRS. Therefore, banks need not collect and report any information on account holders who prove themselves resident in non-participating countries. In other words, why would a bank in country Z collect information of a resident of country N (a country not participating in the CRS) if authorities of country Z won't share any information with authorities of country N? It would be useless.

Nevertheless, since many financial institutions expect all countries to eventually implement the CRS, they have shown interest in collecting all CRS-relevant information on all account holders at the same time, regardless if they are resident in a country that already participates in the CRS or not. This is called the "wider approach"[10]. Banks may prefer this to reduce costs. Otherwise, if banks collect information only on residents of countries that already implement the CRS, they will have to run their due diligence again on all of their accounts every time a new country joins the CRS. This would be a waste of money and time.

Regardless of whether the country chooses the wider approach or the 'wider-wider' approach, no information will be shared with a non-participating country until an agreement is signed. Therefore, the individual pretending to be a resident of a non-participating country will still enjoy a good level of secrecy (their banking information will still not be exchanged with any foreign authority, not even with the "wrong" one). Nevertheless, there will be more or less information available on him/her, depending on the case:

- If the country chose the wider-wider approach, banks will collect information on all account holders (regardless of whether they are resident in a participating jurisdiction or not) and send this information to their local authorities (who will only exchange information with participating countries,

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of every person, including "controlling persons" of some entities, considered reportable under the CRS.

[10] As the OECD Portal shows, most countries have decided to impose the "wider approach" on all of their local financial institutions. However, some countries like Austria and Switzerland are letting their own financial institutions choose whether to apply the wider approach or not. Some countries may go further and impose the "wider-wider approach", where banks not only collect information on all non-residents, but also file this information to local authorities, who will hold - but not send - the banking data of residents in non-participating countries until CRS-relationships are established with those countries. The OECD doesn't publish the list of countries choosing the wider-wider approach.

and hold the information from non-participating countries until an agreement with them is signed). While information on account holders from non-participating countries cannot be sent yet pursuant to the CRS, maybe a spontaneous exchange of basic information takes place or the authorities publish statistics about deposits in their territory by country of origin[11] – there is a bit of risk for the individual trying to avoid CRS reporting.

- The wider approach is the same as above, but the bank (instead of authorities) will hold the information on account holders residents in non-participating countries (the bank will not send this information even to its own authorities) – this is better for an individual trying to avoid CRS reporting, because there is no risk of spontaneous exchanges of information or publication of statistics.
- If the country doesn't choose even the wider approach, or lets their banks decide what to do, banks will not need to collect any information on residents of non-participating countries for CRS purposes (the best option for the person trying to avoid CRS reporting).

ii. Voluntary Secrecy: listed under the MCAA's Annex A

Countries implementing the CRS need to have a legal framework enabling automatic exchanges. While it is possible to do this bilaterally (e.g. signing double tax agreements or tax information exchange agreements that allow automatic exchanges pursuant to the CRS), most countries are choosing the multilateral route: they are parties to the OECD Multilateral Convention on Administrative Assistance in Tax Matters (the Multilateral Tax Convention) and they signed the Multilateral Competent Authority Agreement (MCAA).

The MCAA (incomprehensively to the authors of this paper) allows countries to choose "voluntary secrecy" by being listed under Annex A. This means that they will have to collect and send information, but they will receive no information from any other country. (This option is quite puzzling because countries need not do anything with the information, they could simply discard it upon receiving it. But why refuse to receive information at all, if this information could ever become relevant for non-tax purposes, such as for fighting corruption or money laundering? – supposing countries get authorised to use the data for these non-tax purposes).

The OECD doesn't explicitly identify countries that have chosen voluntary secrecy, but it is possible to identify some of them by looking at the number of activated relationships the OECD does publish. As shown by the list of activated relationships, countries sending information to other jurisdictions but receiving no information from any other country have very likely chosen voluntary secrecy (it is also possible that

[11] See page 37 here: https://www.taxjustice.net/wp-content/uploads/2013/04/TJN_AIE_ToR_Mar-1-2017.pdf; 3.6.2018.

they aren't receiving information because they do not yet meet with confidentiality requirements).

In other words, residents of countries that have chosen voluntary secrecy will automatically become non-reportable: banks need not collect any information about their residents, even if their country chose the wider approach, because these residents will always be non-reportable, so their information will never be sent to any authority.

We believe that countries could be choosing voluntary secrecy to promote their residency and citizenship schemes even more, by allowing anyone who holds a certificate to become non-reportable under the CRS.

The list of all countries offering residency and citizenship by investment schemes, including their risk factors are available in Annex I.

Proposals to tackle residency and citizenship by investment schemes

a) For financial institutions:

Whenever it is determined - either through self-certification or through the financial institutions' own indicia search (pursuant to the CRS due diligence) - that an account holder or controlling person is resident in a risky jurisdiction mentioned in Annex I (including anyone who would be considered a local resident[12]), then all countries should require the financial institutions located in their territories to engage in enhanced due diligence including:

-Requiring all previous residencies and citizenships;

-Requiring a copy of the birth certificate (to see if the declared residency/citizenship matches that of the place of birth), and citizenship of parents;

-Requiring test of proficiency in the language of the declared residency/citizenship;

-Requiring proof of stay in the country of the declared residency, e.g. passport stamps showing presence in the country, attendance by children to a local school, etc.

-Marking the account holder as a high-risk person.

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[12] For example, if St. Kitts offers residency for investment schemes, a bank in St. Kitts would also have to apply the enhanced due diligence to people who are local residents, meaning anyone holding a St. Kitts residency certificate or passport. There could be exceptions, for example if their birth certificate shows that the person was born in St. Kitts.

b) For countries receiving information about residents for whom they have no tax returns and who appear to not be subject to tax in their jurisdiction:
-Share information spontaneously about them with the country or countries in which they suspect they may actually be resident (e.g. based on their name: data on account holders with Chinese names may be shared with China, Hong Kong, Macao and Taiwan).

-Report to the OECD Secretariat on all the account holders who appear not to be relevant for tax purposes in their jurisdiction.

-Publish statistics on the total number of accounts and the total account balance of account holders who appear not to be relevant for tax purposes in that jurisdiction, e.g. because they do not have to file tax returns in that jurisdiction.

c) For countries issuing residency and citizenship schemes for investment:
- Share information spontaneously with the country of nationality or (previous) residence drawing attention to the fact that their national/resident has become a resident/citizen of the new jurisdiction.

- Publish statistics on the total number of individuals (without revealing their names) who have acquired a residency or citizenship for investment, and list all the countries where such individuals used to be residents or citizens. For example, in 2014 20 Argentines and 10 Brazilians acquired St. Kitts residency.

d) For all countries, based on other schemes to avoid CRS reporting:

- Publish statistics[13] on an annual basis on the total number of accounts held by local residents, at least since the year 2013.

[Explanation: it is possible to fake someone's residency not only with passports and residency certificates, but also with utility bills or other documents that "prove" or demonstrate someone's residency. Given that the CRS is about exchanging banking information about non-residents with their country of residence, an individual may try to become "non-reportable" (and thus avoid reporting of their banking information) by pretending to be a resident in the same country where the bank is located. Banks don't collect information on local residents for CRS purposes because they wouldn't need to send that information to any foreign authority. Pretending to be a local resident may thus be used to avoid CRS reporting. Countries should publish statistics about the number of accounts held by local residents since 2013 (when there was no need to pretend to be a local resident) and all subsequent years. If the

[13] See a broader explanation of CRS statistics here (page 37): https://www.taxjustice.net/wp-content/uploads/2013/04/TJN_AIE_ToR_Mar-1-2017.pdf; 3.6.2018.

number of accounts held by local residents increased throughout the years, this could mean that non-residents are pretending to be local residents as a way of avoiding CRS reporting.]

- Consider all persons with a power of attorney or any right to manage the account (e.g. right to withdraw money or make transfers) as an account holder for CRS purposes, and report their banking information to their country of residence, especially if the account holder is resident in a non-participating jurisdiction

[Explanation: we have heard of the following illegal scheme. A German, for example, could "rent" a passport from someone resident in a non-participating jurisdiction, say Serbia. With this passport, and very likely using an agent or some representative, the German would open an account in say, a Swiss bank, with the Serbian as the account holder and the German as the individual with power of attorney with the right to manage the account. If the scheme works, no one suffers the consequences: given that Serbia is not participating in the CRS, the account would be considered non-reportable, so no one (especially not Germany) would find out about the account. The German would also be safe because the Serbian would never find out that a bank account exists under his/her name, so he/she wouldn't be able to use any of the money either. One could argue that the German could directly open the account in a Serbian bank and avoid all the hassle. However, the German may prefer to keep the money in a safer place, e.g. Switzerland, as long as the scheme works]

Annex I: List of Risky Jurisdictions offering residency and citizenship by investment schemes

The following list is based on the Tax Justice Network's Financial Secrecy Index (FSI) published in 2018, as assessed under key indicator 12.

In some cases, countries' information has been updated since the FSI publication. The list also includes countries that aren't covered by the FSI.

Jurisdictions which run a citizenship-by-investment (CBI) or residency-by-investment (RBI) schemes, in addition to reduced or increased factors.

Risk	Jurisdiction	Type of Scheme	Description
Chose voluntary secrecy (MCAA's Annex A)	Barbados[14]	RBI	Barbados offers "Special-entry permits", which are similar to a permanent resident status, for high-net-worth individuals owning assets of more than 5M USD.
	Belize	RBI	People older than 45 years can obtain a residency permit in Belize against a proof of a monthly income higher than 2000 USD.
	Cayman Islands[#]	RBI	The Cayman Islands offer permanent resident status to persons investing approximately 2M USD in real estate.
	Costa Rica	RBI	Temporary resident permits are issued against real estate investment of 200.000 USD. Permanent resident permits are issued after three years of residency.
	Cyprus	CBI	Cyprus has a citizenship-by-investment scheme.
	Montserrat	RBI	Montserrat offers resident status to individuals making investments starting at 150.000 USD.
	Samoa	CBI	Samoa offers passports against an investment of 1.65M USD and 3 years of waiting with a physical presence of 15 days in Samoa each year.
	St Lucia	CBI	St Lucia has a citizenship-by-investment programme.
	Turks & Caicos Islands[#]	RBI	Residence permits in the Turks & Caicos Islands can be obtained through investments starting at 300.000 USD.
Not participating in the CRS[15]	Botswana	RBI	Residence permits can be obtained in Botswana through investment starting at around 43.000 EUR.
	Dominica	CBI	Dominica has a citizenship-by-investment scheme.

[14] Barbados was not listed as jurisdiction under annex A in the Financial Secrecy Index, since we now use more updated information about exchange relationships.

[15] The U.S. is not participating in the CRS and it also has a residence by investment program where it will give green cards to individuals who invest at least 500.000 USD. Nevertheless, we consider that the U.S. residency by investment scheme would be unlikely to be used to avoid CRS reporting because anyone holding a green card would be considered reportable under the U.S. FATCA framework (the U.S. equivalent of the CRS). This doesn't mean that the U.S. poses no risks for avoiding the CRS. On the contrary. While the U.S. residency scheme is unlikely to be used to avoid the CRS, a much cheaper option is offered: any individual could simply hold their money in U.S.

	Dominican Republic	RBI	Permanent residency can be obtained via real estate investment of 200.000 USD.
	Guatemala	CBI	Guatemala has a citizenship-by-investment programme requiring a donation of 65.000 USD.
	Paraguay	RBI	A residence permit can be obtained in Paraguay after a deposit of 5200 USD in a bank account in Paraguay.
	Philippines	RBI	The "Special Investor's Resident Visa" can be obtained through an investment of 75.000 USD in a local company in certain sectors and entitles to indefinite residency.
	Thailand	RBI	Residence visas can be obtained in Thailand by paying fees starting at 15.000 USD.
	Ukraine	RBI	There is a Residency-by-Investment scheme available starting at 100.000 EUR.
	Vanuatu#	CBI	Vanuatu has a citizenship-by-investment programme.
	Comoros*	CBI	Citizenship of the Comoros can be obtained at a fee of 45000 USD.
	Serbia*	CBI	Serbian citizenship can be obtained through payment of 100000 EUR.
No personal income tax	Antigua & Barbuda	CBI	Antigua and Barbuda offers four different citizenship-by-investment schemes starting at 250.000 USD. There is a physical residency requirement of 35 days per year during the first 5 years.
	Bahamas	RBI	A Bahamas permanent residency permit can be obtained via a real estate investment of more than 250.000 USD.
	Bahrain	RBI	Residence permits can be obtained by purchasing real estate in a tourist zone with a value of more than 133.000 USD or by investing in company shares in Bahrain of a value of more than 266.000 USD.
	Monaco	RBI	Residency permits are offered to individuals who deposit 500.000 EUR in a bank account and purchase real estate with a value of at least 500.000 EUR.
	St Kitts and Nevis	CBI	St Kitts and Nevis has a citizenship-by-investment programme.
	United Arab Emirates (Dubai)	RBI	There is a Residency-by-Investment scheme available starting at 272.000 USD.
Tax only source income or	Ireland	RBI	Investors can get residency permission through investments starting at 1M EUR. There is no residency requirement to maintain status, except for a visit once a year.

banks and this way avoid the CRS (given that the U.S. is not a participating jurisdiction, U.S. banks will not exchange any information pursuant to the CRS). The U.S. may still exchange information on non-resident account holders if it has a FATCA-based inter-governmental agreement with the country where the account holder is resident. However, since the U.S. will not send information to other countries at the beneficial ownership level, any individual could avoid being reported both under the CRS and under FATCA if he/she holds money in U.S. banks through an entity (not in their own name; see here and here for more details). For this reason, the U.S. represents a major risk to the CRS, not because of its residency by investment scheme, but because of its refusal to join the CRS or to exchange with other countries as much information as it receives from them under FATCA-based agreements.

foreign income when remitted to the jurisdiction			Ireland taxes income by non-domiciled residents only when it is remitted to Ireland.
	Korea	RBI	Residence permits can be obtained in South Korea through an investment starting at 450.000 USD.
			Non-permanent residents (those who are present for less than 60 out of 12 months) are only taxed on the income remitted to Korea.
	Malaysia (Labuan)	RBI	Malaysia issues a 10-year visa with proof of financial assets of 82.000 USD
			Malaysia taxes its residents on a territorial base.
	Malta	CBI	Malta has a citizenship-by-investment programme.
			Malta taxes income by non-domiciled residents only when it is remitted to Malta.
	Mauritius	CBI	Mauritius has a citizenship-by-investment program.
			Worldwide income is taxed on a remittance basis.
	Panama	CBI	Panama has a citizenship-by-investment programme.
			Panama taxes its residents on a territorial basis.
	Seychelles	RBI	Residency permits can be obtained through real estate investments.
			Income of residents is taxed on a territorial base.
Moderate risk: certain kinds of investment income is exempt	Andorra	RBI	Andorra has a Residency-by-Investment scheme, where residency status can be acquired through an investment of 250.000 USD. In theory, the individual needs to be physically present for more than 183 days a year in Andorra, but there are no strict controls.
			Only the gains resulting from the sale of real estate in Andorra are taxed, other capital gains are exempted.
	Aruba	RBI	An annually renewable residency permit can be obtained in Aruba for persons of independent means who can prove that they earn more than approximately 55.000 USD from interest rates or real estate in OECD countries.
			Most capital gains, except from shares that represent an interest of more than 25% in the business and from business activities, are exempted.
	Bulgaria	RBI	Bulgaria offers permanent resident status to people from non-EU countries through various investment programmes starting at 70.000 USD. There is no residency requirement.
			Interests and discounts on bonds are exempt from taxation.
	Curacao	RBI	According to various sources, it is enough to prove sufficient means in order to obtain a residency permit in Curacao.
			Curacao does not tax capital gains from privately held assets.
	Gibraltar	RBI	Gibraltar offers residency status to high-net-worth individuals and "self-sufficiency" residency permits. There is no requirement of physical presence to maintain the status.
			Gibraltar does not tax capital gains.
	Greece	RBI	Greece offers permanent resident status through business or real estate investment starting at 250.000 USD.
			Capital gains on listed shares are exempt if less than 0,5% of the company's shares are held by the individual.
	Grenada	CBI	Citizenship-by-Investment programme requiring an investment of more than 200.000 USD; no residency requirement.
			Grenada does not tax capital gains.
	Guernsey	RBI	Investors can get a residency permission against investments starting at 1M GBP of which 750.000 must be in British government bonds or shares of trading companies.
			Guernsey does not tax capital gains.
	Italy	RBI	Italy offers investor visas for individuals investing around 300.000 EUR in real estate or similar.

			Newly resident high-net-worth individuals may apply to pay a lump-sum "substitute tax" of 100.000 EUR on their foreign source income.
	Jersey	RBI	Jersey has a residency-by-investment program starting at 136.000 USD.
			Jersey does not tax capital gains.
	Netherlands	RBI	The Netherland gives residency permits to individuals who invest at least 1.250.000 EUR into a Dutch company or fund.
			The Netherlands does not tax capital gains, except from business activities and substantial shareholdings.
	Portugal (Madeira)	RBI	Portugal offers residency permits through investments starting at 250.000 EUR.
			Portugal has a "non-habitual residents" tax regime, which allows for an exemption of investment income from taxation.
	South Africa	RBI	Residency permits are granted to individuals with a net worth of more than around 900.000 USD.
			Dividends from foreign companies are not taxed if more than 10% of the shares are held by the individual.
	Switzerland	RBI	Swiss residency permits can be obtained by financially independent persons.
			Except for real estate, capital gains are not subject to taxation in Switzerland.
Lower Risk: they do not meet any of the above criteria	Australia	RBI	Australia offers investor visas. Residency requirements vary but generally do not exceed 40 days per year.
	Austria	CBI	Austria has a citizenship-by-investment programme requiring an investment of more than 3M EUR; no residency requirement.
	China	RBI	Individuals can apply for permanent resident status in China, if they make investments of more than 500.000 USD in certain industries have been maintained for 3 years.
	Colombia*	RBI	It is possible to obtain a permanent residency visa through an investment of around 140.000 USD in real estate or Colombian company shares. There is no requirement to reside in Colombia.
	Latvia	RBI	Latvia provides residency permits through investments starting at approximately 40.000 USD, requiring physical presence of 1 day per year.
	Mexico	RBI	Renewable temporary resident permits can be obtained against real estate investments of approximately 175.000 USD.
	New Zealand	RBI	New Zealand offers investor visas through investments starting at 2.1M USD. There is a physical residency requirement during the first four (three when higher amounts are invested), but it is only 146 days per year (only 88 days over three years in the case of higher amounts). Moreover, there is evidence of exceptions when investment can also lead to citizenship, such in the case of the US American millionaire Peter Thiel.
	Spain	RBI	Residence permits can be obtained in Spain through investment starting at 500.000 EUR.
	Turkey	CBI	Turkey has a programme where citizenship can be obtained through real estate investment among other options.

* Countries not covered by the Financial Secrecy Index
# Countries that in addition to other risk factors also levy no income tax

Source: TJN's Financial Secrecy Index, key indicator 12, principally based on

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- PWC Tax Summaries 2017. Available at http://taxsummaries.pwc.com/, data as of 31/10/2017
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