Citizenship and residence by investment schemes

2021/2026(INL) - 16/02/2022 - Committee report tabled for plenary, single reading

The Committee on Civil Liberties, Justice and Home Affairs adopted the legislative initiative report by Sophia IN 'T VELD (Renew Europe, NL) with proposals to the Commission on citizenship and residence by investment schemes.

Several Member States operate citizenship by investment (CBI) and residence by investment (RBI) schemes that confer citizenship or resident status on third-country nationals in exchange for primarily financial considerations in the form of ‘passive’ capital investments. Such CBI/RBI schemes are characterised by having minimal to no physical presence requirements and offering a ‘fast track’ to residency or citizenship status in a Member State compared to conventional channels.

Bulgaria, Cyprus, Estonia, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal and Spain currently operate RBI schemes with minimum investment levels ranging from EUR 60 000 (Latvia) to EUR 1 250 000 (the Netherlands).

CBI and RBI schemes pose risks to different extents, including risks of corruption, money laundering, security threats, tax avoidance, macro-economic imbalances, pressure on the real estate sector, thereby diminishing access to housing, and the erosion of the integrity of the internal market.

Since 2014, Parliament has been calling for a ban of CBI/RBI schemes, but so far the Commission has not put forward any proposals. In July 2019, before her election by Parliament, Commission President Von der Leyen committed to responding to requests for legislative proposals by Parliament “with a legislative act in full respect of the proportionality, subsidiarity and better law-making principles”. This legislative initiative of Parliament fully meets all those criteria.

Aims of the initiative

The comprehensive set of measures will lead to the **phasing out of golden passports**, and it will regulate RBI schemes so that they will lose their attractiveness to crooks. The proposed measures will address different aspects of the matter: screening of the applicants, residency requirements, the type of investment, risks of money laundering and tax evasion. It also foresees for the proceeds of the sale of citizenship and residency rights to benefit the Union budget, given that they are based exclusively on the benefits of Union membership.

The report stated that schemes granting nationality on the basis of a financial investment (CBI schemes), also known as ‘golden passports’, are objectionable from an ethical, legal and economic point of view and pose several serious security risks for Union citizens, such as those stemming from money-laundering and corruption.

Members consider that **Union citizenship is not a commodity** that can be marketed or sold and has never been conceived as such in the Treaties.

The Commission is requested to:

- submit, before the end of its current mandate, a proposal for a regulation that would comprehensively regulate various aspects of RBI schemes with the aim of harmonising standards and procedures and strengthening the fight against organised crime, money laundering, corruption and tax evasion;

- include in its proposal targeted revisions of existing Union legal acts that could help to dissuade Member States from establishing harmful RBI schemes by strengthening legal acts in the field of anti-money laundering and by strengthening relevant provisions in the Long-Term Residence Directive.

Members reminded the Commission President of her commitment to Parliament's right of initiative and of her pledge to follow Parliament's own-initiative legislative reports up with a legislative act.

The proposals annexed to the report concern:

- a Union-wide gradual phasing out of CBI schemes by 2025;

- a comprehensive regulation covering all RBI schemes in the Union;

- a new category of the Union's own resources, consisting of a 'CBI and RBI adjustment mechanism';

- a targeted revision of legal acts in the area of anti-money laundering and countering the financing of terrorism;

- a targeted revision of the Long-Term Residence Directive;

- the guarantee that third countries do not administer harmful RBI/CBI schemes.