Citizenship and residence by investment schemes

2021/2026(INL) - 09/03/2022 - Text adopted by Parliament, single reading

The European Parliament adopted by 595 votes to 12, with 74 abstentions, a resolution 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).

Parliament considers 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.

The **lack of common standards and harmonised rules** governing schemes granting residence on the basis of a financial investment (RBI schemes) may also pose such security risks, affect the free movement of persons within the Schengen area and contribute to undermining the integrity of the Union.

Members welcomed the commitment announced by the Member States to take measures to limit the sale of **citizenship to Russians connected to the Russian government**. They called on all Member States to stop applying their citizenship by investment and residence by investment schemes to all Russian applicants with immediate effect.

Proposed regulation

Parliament called on the Commission 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, covering, inter alia, the following elements:

- increased **due diligence and rigorous background checks** of the applicants and, where necessary, their family members, including the sources of their funds, mandatory checks against the Union large-scale justice and home affairs IT systems and vetting procedures in third countries;

- the regulation, proper certification and scrutiny of intermediaries as well as limitation of their activities and, in the case of CBI schemes, the cessation of their services;

- **harmonised rules** and obligations on Member States to report to the Commission regarding their RBI schemes and applications thereunder;

- **minimum physical residence requirements** and minimum active involvement in the investment, quality of investment, added value and contribution to the economy as conditions for acquiring residence under RBI schemes;

- a **monitoring mechanism** for the ex-post control of successful applicants' continued compliance with the legal requirements of RBI schemes.

Parliament asked the Commission to 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.

Proposals for a comprehensive legislative package

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 residence by investment schemes in the EU;

- a new category of EU **own resources**, consisting of a citizenship by investment and residence by investment adjustment mechanism' to compensate for the negative effects of these programmes on all Member States, through a fair contribution to the EU budget;

- a targeted revision of the legal acts in the areas of **anti-money laundering and combating the financing of terrorism** (addition of the public authorities responsible for processing applications under the residence for investment schemes to the list of obliged entities under legal acts in force; improved exchange of information on applicants; enhanced due diligence measures);

- a targeted revision of the Directive to **long-term residents** which would restrict the scope of the Directive, expressly excluding beneficiaries of residence for investment schemes;

- ensuring that **third countries** do not administer harmful residence and citizenship-by-investment schemes.