



Brussels, 10 July 2023

Minutes

Group of Member State Experts on Investor Schemes **Investor residence schemes** *1 March 2023 - Brussels*

1. NATURE OF THE MEETING

On 1 March 2023, the Commission (hereinafter: **COM**) organised a second meeting of the Group of Member State Experts on Investor Citizenship and Residence Schemes (hereinafter: the Group) to discuss specifically about investor residence schemes. In addition to **COM**, 25 Member States were represented. The meeting took place in Brussels.

2. OPENING OF THE MEETING AND INTRODUCTION

COM welcomed all the participants, explained the background and the objectives of the meeting, and invited Member States to make comments on the agenda.

COM reiterated the necessity to address the risks of investors residence schemes linked to security, money laundering, tax evasion and corruption and to increase the transparency of these schemes.

COM also recalled that the last meeting of the Group showed the need to continue updating, on a regular basis, the state of play in Member States and to foster the exchanges of information and practices between Member States on this topic.

3. INVESTOR RESIDENCE SCHEMES IN THE EU: DEVELOPMENTS SINCE THE LAST MEETING OF THE GROUP OF MEMBER STATE EXPERTS ON 23 JUNE 2022

COM updated the Group on the developments at EU level relevant for investor residence schemes, including on the negotiations of the recast of the Long-Term Residents Directive and the Anti-money Laundering Package, the preparations of the Anti-Corruption Package, the Rule of Law Report and the 2022 Supranational Risk Assessment (assessment of the risk of money laundering and terrorist financing affecting the internal market and relating to cross-border activities). **COM** also informed that the OECD Handbook, adopted in August 2022, touches upon tax matters related to the investor residence and citizenship schemes, notably the tax residency, and the risk of avoidance of reporting such place of residency.

COM invited the Member States to update the group on the relevant developments at national level.

PT shared that a package of reform to address the current housing crisis in Portugal was announced by the Portuguese Government in February 2023, which include the termination of the investor residence scheme. A Decree-law to be adopted by the Parliament will follow, which will also confirm whether the whole investor residence scheme will be terminated or only in relation with real estate investments. Following this reform, no new applications under the scheme will be processed and renewals of previously granted residence permits will be permitted only under certain conditions.

IE shared that the Irish Government also announced the termination of their investor residence scheme in February 2023; a decision that was informed by internal and external reviews. Similarly, no new applications will be accepted but the applications received prior to the termination of the scheme will be processed. The schemes for entrepreneurs and start-ups will not be affected.

NL also noted that their Cabinet has decided to terminate the programme. The necessary legislative changes are ongoing, and the scheme is expected to be terminated as of October 2023. This decision was informed by the scarce number of applications received as well as by the ongoing discussions at national and EU level on the risks associated with the scheme.

EL shared that their scheme was amended in December 2022 to raise the minimum investment in real estate required in certain regions of the country from 250,000 to 500,000 euros. The amendments will enter into force on 1 May 2023. As per these amendments, investors can still apply via a proxy or a power of attorney, but will be required to enter and reside in the country. All new residence permit applications will also be digitalised.

FR shared that it is currently working on a draft law, which will lay down stricter residence requirements for holders of residence permits under their scheme.

IT and **ES** shared that there are no plans at national level to terminate their scheme, but discussions are ongoing on how to carry out stronger risk assessments. **ES** also shared that 96% of investments in the framework of its scheme is made in real estate. **ES** also informed that it has increased the validity of several residence permits to 3 years, including permits granted under their investor residence scheme.

BG shared that a draft legislation is under preparation. Under the proposed new procedure, the BG agency for investment would be required to issue a prior approval on the investment and ex-post checks would be carried out to ascertain that the investment has been implemented and that it exists for the duration of the residence permit.

PL noted that they do not have an investor residence scheme in place, but that, in 2020, they started the Business Harbour Visa programme, targeting mostly IT specialists and innovative entrepreneurs.

AT, **BE** and **FI**, who do not have an investor residence scheme in place, shared that they do nonetheless take the risks entailed by investor residence schemes very seriously. To this extent, they expressed their appreciation for the work of the Group of Member States Experts and welcomed any effort on countering the risks associated with the scheme.

4. ADDRESSING THE RISKS OF INVESTOR RESIDENCE SCHEMES

COM presented a summary of the replies to the questionnaire provided by Member States on measures addressing the risks of investor residence schemes linked to security, money laundering, tax evasion and corruption. **COM** reiterated the importance of ensuring that all the necessary steps are taken to counteract the risks connected to investor residence schemes. **COM** also reminded how these risks may be exacerbated by the cross-border rights attached to residence permits.

Finally, **COM** reminded the importance of the Commission Recommendation of 28 March 2022 (hereinafter: Commission Recommendation) ⁽¹⁾ and provided an update on its implementation by Member States.

COM invited the Member States to provide their insights to the Expert Group on this matter.

IT and **EL** described how the risks of investor residence schemes are addressed at national level and the role and cooperation between the different national authorities in this context (**IT**: the Investor Visa for Italy Committee and the Revenue Agency; **EL**: the Ministry of Migration, the Strategic Committee on the fight against money laundering and terrorist financing, the Bank of Greece and the tax authorities).

EL shared that they are in the process of renewing their National Risk Assessment, which will cover their investor residence scheme.

On the implementation of the Commission Recommendation, **EL**, **ES**, **IT**, and **PT** confirmed that the measures communicated are still in place. **IT** and **ES** explained there is no update in this regard. **EL**, **PT**, **ES** and **FR** also shared some challenges in implementing parts of the Recommendation.

5. TRANSPARENCY AND AVAILABILITY OF DATA: UPDATE

COM reminded the participants that the 2019 Commission report highlighted the lack of transparency and governance of investor residence schemes, the importance of the oversight of intermediaries and the need to collect and publish data on the number of applications received, approved, and rejected under their scheme. **COM** presented a summary of the replies to the questionnaire provided by the Member States on transparency and the availability of data.

COM invited the Member States to update the Group on this matter.

EL, **IE** and **LT** shared that they publish data on the number of applications received, approved, and rejected on a regular basis. **IE** clarified that publication of this data is upon receipt of a parliamentary or press request. **IE** noted that the number of applications received has significantly risen in the past 2 years and that a significant number of applications were submitted by Chinese nationals.

⁽¹⁾ Commission Recommendation of 28 March 2022 on immediate steps in the context of the Russian invasion of Ukraine in relation to investor citizenship schemes and investor residence schemes, 28 March 2022, C(2022) 2028 final.

LT explained that the data for 2022 was published in the Migration Yearbook and that data on family members of investors is not collected separately but is included in the general data on permits granted to family members.

EL, PT and **NL** shared updates on the number of residence permits issued under their scheme. **EL** explained that it carries out an analytical review of the data on a monthly basis to meet inquiries by the general public and the national Parliament. On transparency, **EL** stated that the supervision on the real estate market agents is carried out by accountants, which are required to carry out a due diligence to this end.

EE and **ES** raised the need to disaggregate data on the number of residence permits granted under investor residence schemes depending on the type of investment. **EE** and **LT** also wondered whether start-up visa schemes should be considered investor residence schemes and **MT** suggested to work in this Group on a common definition of investor residence schemes.

COM clarified that the definition used by the Commission is the one included in the 2019 Commission Report on Investor Citizenship and Residence Schemes in the EU.

6. ASSESSMENT AND EVALUATION BY MEMBER STATES OF INVESTOR RESIDENCE SCHEMES: ECONOMIC IMPACT AND RISK-ASSESSMENT

COM reminded that some Member States suggested during the last meeting to exchange in this Group on assessments and evaluations of investor residence schemes conducted by Member States. **COM** presented to the participants a summary on the replies on the assessments and the evaluations carried out by Member States.

COM invited the Member States to update the Group on this matter.

ES shared that, in compliance with their relevant national legislation, regular evaluations on their investor residence scheme and on its impact are carried out by the competent national authorities. The evaluation entails a quantitative analysis, a legal evaluation, and an assessment of the economic and public impact of the scheme. **ES** explained that the evaluations have informed legislative amendments aimed at improving specific areas of the scheme and at limiting the associated risks.

IE shared that it has been carrying out internal evaluations on a yearly basis since 2018. The last evaluation has not been published yet.

7. CONCLUSIONS AND WAY FORWARD

COM summarised the discussions held during the meeting and asked Member States if they had last comments.

EL and **IT** shared that they deem important to cooperate with the other Member States and exchange information within this Group in order to avoid possible abuses and increase transparency of investor residence schemes.

COM shared with the participants that it would reflect on the next steps for the Group, with a view to ensuring the further exchange among Member States on the main characteristics of their schemes, as well as focusing on specific aspects related to their risks, as the need arises.