

Aspects of golden passport and visa schemes in the EU

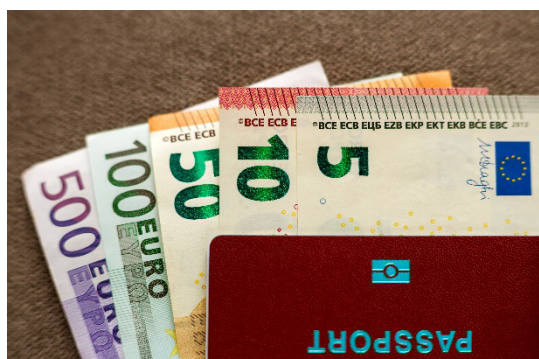
SUMMARY

Citizenship by investment (CBI) and residence by investment (RBI) schemes allow third-country nationals to obtain residence or citizenship in a host country in exchange for a financial contribution.

In the European Union (EU), these schemes erode the principles of sincere cooperation, fairness and non-discrimination. They commodify EU citizenship and residence rights and weaken vetting and due diligence systems, thereby posing risks of corruption, money laundering, security threats and tax avoidance. Additionally, they undermine macro-economic governance.

In 2022, the European Parliament made several specific proposals to abolish CBI (golden passport) schemes and regulate RBI (golden visa) schemes. Meanwhile, the European Commission, which considers CBI schemes illegal under EU law, has taken one Member State to the Court of Justice of the EU and challenged its scheme. The Commission has also submitted several proposals to regulate certain aspects of RBI schemes.

This briefing provides an overview of CBI and RBI schemes in the EU, the Parliament's stance on these schemes and the Commission's actions to address the identified problems. It also covers the situation of Russian nationals who, prior to the Russian invasion of Ukraine in 2022, represented a large share of applicants for CBI and RBI schemes in the EU. In the wake of the invasion, the Commission urged Member States to repeal any existing CBI schemes with immediate effect.



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Introduction

Citizenship by investment (CBI, also known as 'golden passport') and residence by investment (RBI, also known as 'golden visa') schemes allow third-country nationals to obtain residence or citizenship in a host country in exchange for a financial contribution. In 2021, EPRS published a European added value assessment report titled [Avenues for EU action on citizenship and residence by investment schemes](#) (referred to here as the EAVA report). According to the report, between 2011 and 2019, over 132 000 people obtained residence or citizenship in the European Union (EU) through CBI or RBI schemes, generating a total investment inflow of at least €21.4 billion.

The desirability, security and legality of these schemes have been questioned by many. The European Parliament has been an ardent proponent of abolishing CBI schemes and regulating RBI schemes. According to the EAVA report, both of these schemes:

- harm the principle of sincere cooperation;
- commodify EU citizenship and residency rights;
- erode the principles of fairness and non-discrimination;
- weaken vetting and due diligence systems, thereby posing risks of corruption, money laundering, security threats and tax avoidance;
- do not have any adequate safeguards for macro-economic governance.

A November 2023 [report](#) by the Organization for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATF) 'found substantial evidence for the risk of abuse that exists within the RBI and CBI programmes worldwide'. The risks were found to be higher in jurisdictions with no mitigation measures in place. Furthermore, the CBI/RBI market was seen as one with no adequate safeguard measures or regulation, therefore serving as fertile ground for abuse and crimes such as [money laundering](#) and [corruption](#). Considerable reputational damages are in store for the countries offering such investment schemes, the report concluded.

In recent years, especially in response to the financial crisis, several EU Member States have introduced their own CBI schemes (similar to those in some Caribbean states) and RBI schemes. In its resolution of 16 January 2014 on [EU citizenship for sale](#) (2013/2995(RSP)), the Parliament expressed concern about the implications of some of the investment and citizenship schemes in various EU Member States and called on the European Commission 'to assess the various citizenship schemes in the light of European values and the letter and spirit of EU legislation and practice, and to issue recommendations in order to prevent such schemes from undermining the values that the EU has been built upon, as well as guidelines for access to EU citizenship via national schemes'.

In response, the then Vice-President of the Commission, Viviane Reding, stated before the Parliament's plenary that '[Citizenship must not be up for sale!](#)'. She further considered that 'in compliance with the criterion used under public international law, Member States should only award citizenship to persons where there is a "genuine link" or "genuine connection" to the country in question'.

A January 2019 Commission report on [Investor citizenship and residence schemes in the European Union](#) concluded that CBI and RBI schemes raised risks for the Member States and the EU. These risks include tax evasion, weakened security, money laundering, corruption and violations of other EU rules. Shortcomings in the transparency and governance of these schemes only serve to increase these risks. The Commission committed to conducting further reviews of these schemes and to establishing a [group of Member State experts](#) to address issues related to transparency, governance and security. The group was established in April 2019.

Since passing its aforementioned 2014 resolution, the Parliament has expressed concerns over CBI and RBI schemes on numerous occasions and has called for their discontinuation. A [legislative initiative report](#) by Parliament's Committee on Civil Liberties, Justice and Home Affairs (LIBE) from 15 February 2022 found that insufficient progress had been made regarding these schemes and that concrete action was needed. Consequently, the report demanded that the Commission submit a

proposal by the end of its current mandate to completely phase out CBI schemes, using Articles 21(2), 79(2), 114 and 352 of the Treaty on the Functioning of the European Union (TFEU) as its legal basis. The report also called on the Commission to propose a regulation, possibly based on Articles 79(2) 80, 82, 87 and 114 TFEU, which would govern various aspects of RBI schemes and thereby harmonise standards and procedures. The LIBE report also reminded the Commission President, Ursula von der Leyen, of her commitment to [Parliament's right of initiative](#) and her pledge to follow up on Parliament's legislative initiative reports with proposals for legislative acts. The plenary adopted the report in its [resolution](#) of 9 March 2022.

The resolution contained six specific proposals:

- Proposal 1: an EU-wide gradual phasing out of CBI schemes by 2025;
- Proposal 2: a comprehensive regulation covering all RBI schemes in the EU;
- Proposal 3: a new category of EU own resources, consisting of a 'CBI and RBI adjustment mechanism';
- Proposal 4: a targeted revision of legal acts in the area of anti-money laundering and countering the financing of terrorism;
- Proposal 5: a targeted revision of the Long-Term Residence Directive;
- Proposal 6: ensuring that third countries do not administer harmful RBI/CBI schemes.

On 24 February 2022, shortly after the adoption of the LIBE report, Russia invaded Ukraine. While Russian nationals are not typically the largest group in the global citizenship market, at that moment in Cyprus and Malta they accounted for over [50 % and 40 %](#), respectively, of the people who had been granted citizenship through CBI schemes. Therefore, the Parliament's 2022 resolution also called on all Member States to immediately cease their CBI and RBI schemes for all Russian applicants. Parliament also urged Member States to review recently approved applications from Russian nationals to ensure that no 'Russian individual with financial, business or other links to the Putin regime retains his or her citizenship and residency rights or that such individuals are temporarily blocked from exercising those rights'. Additionally, Parliament asked the Commission to evaluate and verify the Member States' assessments, and to propose legislation to completely ban CBI and RBI schemes for Russian nationals who are targeted by EU measures. In a [letter](#) to the Parliament of 7 June 2022, the Commission expressed its support for the Parliament's recommendations for both legislative and non-legislative actions.

Citizenship by investment

Context

The practice of acquiring nationality¹ in exchange for investment, known as *ius pecuniae* (law of the money) or CBI schemes, involves investing a certain amount of money in the respective country's government bonds, companies and/or property. In the EU, several Member States initially had their own CBI schemes but discontinued them after interventions from the Parliament and the Commission. Malta was the only exception, leading to infringement procedures launched against it by the Commission (see below). At the time of the 2022 resolution, only two Member States (Bulgaria and Malta) were offering schemes granting nationality based on a financial investment. Following investigations and document leaks by Al Jazeera ([Cyprus Papers](#)), Cyprus ended its CBI scheme at the end of 2020. An investigative committee, the Nicolatou Committee, was set up and published a [report](#). The report found that out of the 6 779 naturalisations by investment granted between 2007 and 2020, 53.24 % had been granted outside of the law and therefore illegally (p. 753 of the report).

Bulgaria's national parliament [adopted](#) amendments to the Bulgarian Citizenship Act on 24 March 2022; this had the effect of abolishing the CBI scheme and requiring a review of previous naturalisations granted.

Key points on acquiring nationality

Citizenship can be acquired on [many different grounds](#), but there are certain more common procedures for [acquiring nationality](#) next to [naturalisation](#). There are however many differences between the EU Member States as to their conditions.

Ius sanguinis (acquisition of **nationality by descent**, literally law of blood), is the most common way to acquire nationality in the EU, by which a child acquires at birth the nationality of its parents. There used to be differences between *ius sanguinis a mater* and *ius sanguinis a pater*, which were however abolished as they were considered discriminatory. Also, distinctions in acquisition of nationality on the basis of the marital status of the parents are prohibited (ECtHR [Genovese v. Malta](#)).

Unconditional *ius soli* (acquisition on grounds of being **born in the territory of a state**, literally law of the soil), while well-known from the United States' practice, **does not exist in that form in the EU**. When a Member State has a *ius soli* pathway for the acquisition of nationality, it is usually conditional, e.g. that the child would otherwise be stateless (which is an international obligation), or requires that the parents should have resided in that Member State for a certain period prior to the child's birth, or that the parent was also born in the country without acquiring citizenship (third generation *ius soli*).

Furthermore, there are multiple categories of persons for whom international agreements, such as the [European Convention on Nationality](#) (Article 6(4)), mandate a facilitated procedure for acquiring nationality.

Several Member States have merit-based facilitated naturalisation procedures, primarily offered in relation to culture, science and sports, but sometimes also on economic grounds. These naturalisation procedures are often not classified as CBI schemes because they do not usually mandate a specific investment amount. In other naturalisation procedures, investment can lower certain conditions for obtaining citizenship. For example, in Romania, the required residence period (8 years) can be reduced by half if an individual invests €1 million (as per Article 8(2)(d) of the [Romanian Nationality Act](#); this same condition, without the investment requirement, also applies to EU citizens and recognised refugees). This procedure is not classified as a CBI either, because it still necessitates a certain period of residence.

In its [letter](#) to the Parliament of 7 June 2022, the Commission stated that it 'considers that the granting of nationality – and thereby EU citizenship – in exchange for a pre-determined payment or investment, without a genuine link with the Member States concerned, is not compatible with EU law, in particular the principle of sincere cooperation enshrined in Article 4(3) of the Treaty on European Union and with the concept of EU citizenship as provided for in Article 20 TFEU'. Since it considered CBI schemes to be illegal, it would make no sense to try and regulate them. The EU's [Single Rule-Book Regulation](#) on money laundering (more on this below), adopted on 31 May 2024, explicitly states in its preamble that the regulation does not apply to CBI schemes since they are 'undermining the fundamental status of Union citizenship and sincere cooperation among Member States'.

CBI at the time of the Maastricht Treaty

EU citizenship was introduced by the Maastricht Treaty, which entered into force in 1993. At that time, Ireland was the only Member State with a CBI scheme, which was initially introduced in 1988 without any formal requirements (these were implemented at the end of 1994). After Ireland abolished its scheme in 1998, the national government set up a review group composed of delegates from different ministries and two external experts. The group released its [report](#) in April 2000, revealing that the scheme had received a lot of negative feedback from the Oireachtas (Irish Parliament) and the media. Criticisms included a lack of genuine identification with the Irish nation,

negative implications on EU citizenship leading to criticism from other EU Member States, the enablement of people with questionable backgrounds to benefit from the scheme, and finally, its providing a 'back door entrance to the European Union' for those who would otherwise struggle to enter.

The review group could not reach unanimity. It concluded that many criticisms were legitimate and that the scheme 'sometimes operated in a haphazard and unacceptable fashion'.

However, the group considered that the scheme had significantly created or preserved Irish jobs.

Malta's CBI scheme

Malta, the only Member State currently running a CBI scheme, has had various such schemes since 2013. Malta's current CBI scheme, which it closed for Russian and Belarussian nationals following Russia's invasion of Ukraine, is governed by the [Granting of Citizenship for Exceptional Services Regulation](#) of 20 November 2020. Part IV of the regulation contains the special provisions applicable to naturalisation for exceptional services by direct investment. In newer versions of the CBI scheme, a residence period is required. This, however, is a legal residence requirement and not a habitual residence requirement. Legal residence can be acquired if the applicant is able to demonstrate their self-sufficiency, and is part of the first stage of the application.

The amount of **direct investment** required depends on the duration of residence:

- €600 000 for a 36-month residence;
- €750 000 for a 12-month residence.

Of these amounts, €10 000 is to be paid as a non-refundable deposit to the [Community Malta Agency](#) (the agency) at the moment of applying for residence. Additionally, applicants need to purchase **property** worth €700 000 or rent property for at least €16 000 per year. Also, a **donation** of €10 000 has to be made to a registered philanthropic, cultural, sports, scientific, animal welfare or artistic NGO or society.

The Maltese [handbook](#) on citizenship by investment acquisition outlines three stages in this process:

- 1 In the residency stage, a power of attorney is given to an agent in the private sector (agent [duly licensed](#) and certified for processing applications) who then performs a tier 1 due diligence of the applicant, after which the agency also does a tier 1 due diligence, obtains a police clearance and files the applicant's residency application. The 12 or 36-month period starts running from the date on which the residence card is issued;
- 2 In the eligibility stage, the citizenship eligibility application is made before the end of the 12- or 36-month residence. The agency performs a tier 2 due diligence and ensures the correctness and completeness of the application. The agency then does a tier 3 and 4 due diligence and presents the application and findings to the minister responsible for citizenship. A decision is then made on the eligibility.
- 3 The citizenship application stage comes after the residence period of 12 or 36 months has ended. The agent sends the citizenship application to the agency, which then updates its due diligence and presents the final findings to the minister, who then decides on whether the applicant can be granted citizenship, and the agency informs the applicant of this decision. If positive, the applicant must then fulfil the requirements related to investment, donations and property. Once these requirements have been fulfilled, the applicant is invited to take the oath of allegiance on Maltese territory and is granted citizenship. Since the property requirements remain in force for 5 years, the agency continues its monitoring during this period.

The regulation further provides that a maximum of 400 naturalisations through the scheme can be done per year (excluding dependents) and a maximum of 1 500 in total (excluding dependents).

Previous versions were usually renewed when these amounts were about to be reached. The first naturalisations through the 2020 scheme were done in 2022. During the hearing in case [C-181/23 Commission v. Malta](#), the representative for Malta stated that 49 persons had been naturalised through the scheme in 2022 and 259 in 2023. These numbers include dependents.

Case C-181/23 Commission v Malta

Context

To pursue the abolition of CBI schemes in the Member States, the Commission launched two infringement procedures in October 2020 – one against Malta and the other against Cyprus. In parallel, the Commission had also been in contact with Bulgaria in relation to its CBI scheme. As mentioned earlier, Cyprus and Bulgaria discontinued their CBI schemes. Malta did so for Russian and Belarussian nationals, but continued it for other nationals. On 6 April 2022, the Commission sent a reasoned opinion to Malta ([INFR\(2020\)2301](#)) regarding its CBI scheme. This is the final stage before an infringement procedure is referred to the Court of Justice of the EU (CJEU). The Commission considered that granting EU citizenship in return for predetermined payments or investment, without any 'genuine link' to the Member State concerned, was a violation of EU law. On 29 September 2022, the Commission referred the case to the CJEU where it was registered under case number [C-181/23](#).

Hearing

The hearing in the case took place on 17 June 2024. The Commission argued that national competence in matters of nationality should be exercised in accordance with EU law and that EU law prohibits CBI schemes that do not establish a genuine link. The Commission asserted that the interest in the Maltese scheme did not lie in Maltese nationality itself but in the rights derived from EU law. It emphasised the importance of strong mutual trust in matters of nationality law, pointing out that Member States are not allowed to question the nationality granted by another Member State, as per CJEU case law. While both the Commission and Malta agreed that the EU can review certain aspects of nationality law, they disagreed on whether this was applicable to the case at hand. Malta argued that clearly discriminatory rules in nationality law would violate the Charter of Fundamental Rights of the EU and the Treaties, but maintained that CBI schemes did not breach any articles of the Treaties.

Malta also argued that there was a lot of oversimplification and inconsistency in the Commission's assessment of CBI schemes, as it changed its position and arguments several times. Malta also pointed out that the EU had the possibility to legislate on nationality law but had hitherto refrained from doing so. Therefore, in the absence of legislation banning CBI schemes, Malta believed it had the right to have such a scheme. Regarding the requirement of a 'genuine link', Malta argued that this criterion was not mandated by the Treaties and was very vague, also in the light of certain Member States granting nationality to descendants of individuals who had left the country many generations ago.

The Advocate General announced that his opinion is to be expected by 3 October 2024.

Residence by investment

RBI schemes are often referred to as 'golden visas', but they are actually residence permits and not visas. Most Member States have some form of investment or entrepreneur scheme in place (see the table in the Annex). The type and duration of the residence permit can vary greatly among Member States, as can the conditions (these range from €14 000 to several million euros). The types of investment also vary greatly, and different amounts may be required for different areas within the same Member State.

Since the adoption of Parliament's 2022 resolution, several Member States have made changes to their RBI schemes. For example, Ireland abolished its scheme in February 2023, and the Netherlands followed suit in April 2024. Portugal [retained](#) its RBI scheme but removed the option of investing in property. Spain [decided](#) to do the same on 9 May 2024 (although a [legislative proposal](#) initiated on 14 May 2024 is still pending), even though a bill had already been [proposed](#) in February 2023. Both countries argued that RBI schemes were putting pressure on the housing market. While some Member States were discontinuing their RBI schemes, Hungary [reintroduced](#) one that came into effect on 1 July 2024.

The Hungarian RBI scheme offers three investment options:

- buying a minimum of €250 000 worth of investment fund shares issued by a real estate fund;
- acquiring ownership interest in a residential property with a value of at least €500 000 (effective as of 1 January 2025);
- making a financial donation of at least €1 000 000 for educational, scientific research or artistic creation activities to a higher education institution maintained by a public trust with a public service mission.

The terms 'public trust' and 'public service mission' regarding financial donations are also applicable to institutions regulated by the Hungarian [Act IX of 2021](#). These institutions have been excluded from EU funding by [Council Implementing Decision \(EU\) 2022/2506](#) of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary.

Permanent residence

One of the issues highlighted in the 2022 Parliament resolution is that legal residence under RBI schemes did not correspond to actual residence, yet it was still counted towards acquiring a permanent residence right and citizenship. Consequently, the European Parliament called for a revision of the Long-term Residence Directive to exclude residence obtained under an RBI scheme from granting access to long-term residence (LTR) status.

The Commission, in its [proposal](#) of 27 April 2022 for a recast of the LTR Directive, introduced a requirement for Member States to establish appropriate control mechanisms to ensure that the legal and continuous residence requirement is duly monitored, with particular regard to applications submitted by third-country nationals holding and/or having held a residence permit granted through any form of investment in a Member State. The goal was to prevent the abusive acquisition of EU LTR status. The proposal also included a new provision allowing the accumulation of residence periods in different Member States. However, it specifically excluded periods of residence obtained through an RBI scheme.

The Parliament's [position](#) brought about a change and the control mechanism was subsequently removed. Instead, it proposed to completely exclude RBI schemes from the scope of the directive by adding the relevant wording in Article 3(2) and maintaining the RBI schemes' explicit exclusion from accumulation. The Council, on the other hand, in its [negotiating mandate](#), while maintaining the mention of RBI in the preamble, deleted the exclusion of accumulation. This is because it had restricted the possibility of accumulation to certain EU residence permits only (i.e. permits issued to blue-card holders or to other highly skilled individuals, researchers, individuals under inter-corporate transfers and family members of these permit holders). Trilogues between the Parliament and the Council on the LTR are [ongoing](#).

Money laundering

Many CBI and RBI schemes work with private companies that specialise in handling applications under the schemes and communicate with the authorities on behalf of the applicants. The [5th Anti-money Laundering Directive](#) introduced a new requirement for [obliged entities](#) to perform enhanced

due diligence on customers who are third-country nationals seeking residence rights or citizenship in a Member State in exchange for capital transfers, purchase of property or government bonds, or investment in corporate entities within that Member State. In 2021, the Commission [proposed](#) a regulation that would designate 'investment migration operators' as obliged entities and categorise RBI scheme applicants as higher risk. 'Investment migration operators' are defined as 'private companies, bodies or persons acting or interacting directly with the national authorities competent for granting rights of residence on behalf of third-country nationals or providing intermediary services to third-country nationals' for the purpose of an RBI scheme. The proposal excluded CBI schemes, stating that 'such schemes must be considered as undermining the fundamental status of Union citizenship and sincere cooperation among Member States'. In its [position of 14 April 2023](#), the Parliament sought to explicitly ban CBI schemes and introduce minimum requirements for RBI schemes (amendment 117).

After trilogue negotiations, the [single rule book](#) (as the regulation is more popularly known) was adopted on 31 May 2024. It reverted to the Commission's original wording regarding CBI schemes, stating that they are incompatible with the Treaties.

Regarding RBI schemes, in line with the proposal, investment migration operators were included in the list of obliged entities (Article 3(3)(l)) and such applications were classified as involving a higher risk, in Annex III. Additionally, a new Article 41 was introduced with specific provisions regarding RBI schemes. This article requires **enhanced due diligence** measures to be implemented, including, as a minimum, the following steps:

- obtaining additional information about the customer (in the case of RBI schemes the applicant and dependants who are part of the application) and the beneficial owners;
- obtaining additional information about the source of funds and source of wealth of the customer and the beneficial owners;
- obtaining approval from senior management to establish or continue the business relationship;
- conducting enhanced monitoring of the business relationship by increasing the number and timing of controls, and identifying patterns of transactions that require further scrutiny.

EU licensing of intermediaries

In its 2022 resolution, the Parliament considered that the role of intermediaries in the development and promotion of CBI/RBI schemes, as well as in the preparation of individual applications, often lacks transparency and accountability. This creates a conflict of interest that is prone to abuse. Therefore, the Parliament deemed it necessary to implement a strict and binding regulation for these intermediaries, going beyond mere self-regulation and [codes of conduct](#). Regarding the procedure of due diligence and auditing of intermediaries, their owners and related companies, the Commission considered that existing EU legislation – the [MiFID 2 Directive](#), the [Investment Firm Regulation](#), the [Solvency II Directive](#), [Insurance Distribution Directive](#), the [Capital Requirements Directive](#), the [Capital Requirements Regulation](#) and the [IORP II Directive](#) – already addresses this issue for financial intermediaries.

Russian invasion of Ukraine

As mentioned earlier, in the years prior to the war in Ukraine, Russian nationals constituted a large number of the applicants under CBI and RBI schemes in EU Member States. Parliament's 2022 resolution was issued shortly after Russia's full-scale invasion of Ukraine, [urging](#) Member States to immediately suspend these schemes for Russian and Belarussian nationals and to reassess previously granted citizenship and residence permits.

On 28 March 2022, the Commission issued a [recommendation](#) urging Member States to immediately revoke any existing CBI schemes and to implement strong checks to address the risks posed by RBI

schemes. The Commission also recommended that where a person concerned is or becomes subject to EU restrictive measures, or where it is otherwise determined that the person concerned significantly supports, by any means, the war in Ukraine or other related activities of the Russian government or the Lukashenko regime that breach international law, the Member State concerned should immediately assess whether naturalisation should be revoked for these persons. This assessment should be done in accordance with the principles established by CJEU case law (C-135/08 [Rottmann](#), C-221/17 [Tjebbes](#)), including the principles of proportionality and the protection of fundamental rights. Equally, where such a person had obtained a residence permit through an RBI scheme, the Commission recommended that the permit be revoked or not renewed. Member States were also asked to report on the implementation of this recommendation by the end of May 2022, and to keep the Commission informed on a regular basis from May onwards. The Commission noted that Malta had [suspended](#) its CBI scheme for Russian and Belarusian nationals on 2 March 2022. In its second letter, of 2023, the Commission explained that it had been informed of the following developments in the Member States.

- Cyprus reported that it had revoked the nationality of nine investors and 34 family members due to their being subject to EU sanctions.
- Bulgaria reported that no Russian or Belarusian nationals subject to sanctions had applied for or obtained Bulgarian citizenship.
- Malta reported that it had revoked the nationality of two Russian nationals, one of whom was subject to EU sanctions and the other to US sanctions.

Furthermore, regarding RBI schemes (Slovakia and Poland reported that they did not have an RBI scheme), the Commission had been informed of the following developments.

- Bulgaria, Czechia, Estonia, Ireland (information provided for Russian nationals only), Spain, Croatia, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands and Romania explained that there were no Russian or Belarusian nationals subject to sanctions holding a residence permit obtained through an RBI scheme. Czechia, Ireland (information provided for Russian nationals only), Croatia, Luxembourg, the Netherlands and Romania also reported that no Russian or Belarusian nationals held any such permits at all.
- Cyprus and Hungary further explained that there were no Russian or Belarusian nationals subject to sanctions holding any kind of residence permit;
- Spain explained that only one Russian national subject to sanctions held a visa under a different scheme (non-profit residence permit);
- Greece and France were still in the process of conducting their assessments.

Concerning the suspension of RBI schemes:

- Czechia, Estonia, Ireland, Greece, Spain (only Russian nationals), Latvia, Luxembourg, Malta and Portugal stated that they had suspended their schemes to all Russian and Belarusian nationals;
- Italy and Romania had suspended it solely to those on the sanctions list.

CBI and RBI adjustment mechanism

In proposal 3 of its 2022 resolution on the CBI and RBI adjustment mechanism, Parliament considered that since the risks of CBI and RBI schemes run by a few Member States were shared by all EU Member States and institutions, a common mechanism should be introduced to offset the negative consequences through a fair contribution to the EU budget. In order for that mechanism to be effective, the levy payable to the EU should be set at a meaningful percentage of the investment made in Member States as part of CBI and RBI schemes.

The proposal recommended using two TFEU articles as the legal basis for the mechanism: [Article 311 TFEU](#) on the establishment of new categories of own resources and [Article 80 TFEU](#), which

introduces 'the principle of solidarity and fair sharing of responsibility, including its financial implications, between the Member States', including in the area of immigration.

Proposal 3 corresponded to policy option 2 in the EAVA report. This policy option considered that implementing a 100 % own resources tax on CBI and RBI schemes would make them unprofitable for the state, as instead of generating income they would cost it money. As a result, Member States would be forced to abandon their schemes, which would effectively constitute a ban. In its second reply to the resolution, the Commission stated that 'since CBI schemes are considered illegal and RBI schemes raise some risks that need to be addressed, it would not be appropriate to propose a financial contribution in the form of an own resource that would provide sustainable financing to the EU budget'.

External dimension

When a third country that has a visa waiver agreement with the EU runs a CBI scheme, individuals who acquire the nationality of this third country also acquire the right to visa-free entry into the Schengen area. Countries that have a visa waiver are listed in Annex II of [Regulation 2018/1806](#). Several of these countries run CBI schemes, potentially creating a loophole affording entry into the EU through the acquisition of citizenship from one of these countries.

The suspension of the visa waiver has multiple stages, as provided for in Article 8:

- following a notification from a Member State or a monitoring report based on an extensive analysis, the Commission can adopt an implementing act that temporarily suspends the exemption from the visa requirement for the nationals of the third country concerned for a period of **9 months**;
- if the situation persists, the Commission adopts, at the latest 2 months before the expiry of the previous 9-month period, a delegated act that temporarily suspends the application of Annex II for a period of **18 months** for all nationals of the third country concerned;
- the Commission can then make a legislative proposal to amend the regulation in order to move the country from Annex II to Annex I. At the same time, the delegated act is extended by another **6 months**.

Concurrently to this procedure, there is also the procedure for suspension of the agreement itself.

For example, this was the case for Vanuatu, for which the Commission initiated the suspension mechanism provided for in Article 8 of the regulation (see text box). This was the first time that the suspension mechanism had been invoked.

The Commission [considered](#) that the case of Vanuatu clearly demonstrated the difficulties of using such a mechanism because the procedure was too cumbersome and the thresholds were too difficult to meet. As a result, the procedure did not prevent irregular migration or address the security risks stemming from visa-free travel.

The [Fifth report under the visa suspension mechanism](#) and the [2022 enlargement package](#) made specific recommendations regarding **candidate countries** to abolish existing CBI schemes and , and refrain from introducing new ones. Albania, Montenegro and North Macedonia were specifically mentioned. Following this, Albania [suspended](#) its plans to introduce a CBI scheme, Montenegro decided to [phase out its existing scheme](#), while North Macedonia kept its [scheme](#) in place. In 2023, the Commission [advised](#) the country against systematically granting citizenship solely on economic interests (CBI schemes), citing potential risks, such as weakened security, money laundering, tax evasion, terrorist financing, corruption and organised crime infiltration, which are incompatible with EU law.

As mentioned earlier, in its 2022 resolution on CBI and RBI schemes, the Parliament suggested that third-country CBI schemes should be included in Regulation (EU) 2018/1806 as a specific element to be taken into account when determining whether to include a particular third country in the

annexes to the regulation. This consideration should also be integrated into the visa suspension mechanism.

Furthermore, Regulation (EC) No 810/2009 (the Visa Code) should include an article on cooperation with third countries to phase out their CBI schemes and to bring their RBI schemes in line with the standards for RBI schemes that the Parliament had called for. Candidate and potential candidate countries should be required to completely phase out their CBI schemes, with strict regulation of RBI schemes being a prominent and integral part of the accession criteria.

Consequently, on 18 October 2023 the European Commission made a [proposal](#) to amend Regulation (EU) 2018/1806 in order to [revise the suspension mechanism](#).

The proposal introduces several grounds for suspension, including 'the operation, by a third country listed in Annex II, of an investor citizenship scheme, whereby citizenship is granted without any genuine link to the third country concerned, in exchange for pre-determined payments or investments'. The Council [mandate](#), adopted on 13 May 2024, left the proposal on CBI schemes unchanged.

The case of Vanuatu

The exemption from the visa requirement for nationals of Vanuatu has been in effect since 28 May 2015 when the agreement between the EU and Vanuatu was signed and started to apply on a provisional basis.

Three days earlier, on 25 May 2015, Vanuatu launched a CBI scheme.

The Commission had significant concerns about this CBI scheme, which was operating on an increasingly large scale, required no residence and had very low rejection rates. Furthermore, the Commission was particularly worried about the fact that persons listed in Interpol databases were being granted citizenship under the scheme.

On 3 March 2022, the Council adopted its [Decision 2022/366](#), which partially suspended the agreement and limited its applications to passports issued before 25 May 2015. On 27 April 2022, the Commission adopted [Implementing Regulation 2022/693](#), which had the same effect as Regulation 2018/1806 and applied for 9 months.

Following this, the Commission started an enhanced dialogue with Vanuatu. However, there was no meaningful engagement from Vanuatu's side.

Consequently, on 8 November 2022, the Council suspended the agreement with Vanuatu for all nationals, by adopting its [Decision \(EU\) 2022/2198](#) that repealed its decision from 3 March that year.

Subsequently, in its [Delegated Regulation \(EU\) 2023/222](#), the Commission added a footnote to Vanuatu in Annex II, stating that it had been suspended from 4 February 2023 until 3 August 2024 (18 months).

On 31 May 2024, the Commission issued a [report](#) on the suspension of Vanuatu and submitted a [proposal](#) to amend Regulation 2018/1806 in order to move Vanuatu from Annex II to Annex I. Simultaneously, it proposed to adopt a [delegated regulation](#) extending the original delegated regulation by another 6 months.

MAIN REFERENCES

de Groot D., Meenakshi M. and Navarra C., [Avenues for EU action on citizenship and residence by investment schemes - European Added Value Assessment](#), EPRS, European Parliament, 2021.

Scherrer A. and Thirion E., [Citizenship by investment \(CBI\) and residency by investment \(RBI\) schemes in the EU](#), EPRS, European Parliament, 2018.

ENDNOTES

- ¹ Nationality means the [formal link](#) between a person and the State. Citizenship has the same meaning, but is in some academic fields used for the rights attached to nationality. In this briefing nationality and citizenship are used interchangeably. In certain Member States' languages, nationality has a slightly different meaning, referring to ethnicity.

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eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://ethinktank.eu> (blog)

Annex – Residence by investment schemes

MEMBER STATE/ TYPE OF INVESTMENT	LAW/ POLICY	GOVERNMENT BONDS/BUDGET	REAL ESTATE	COMPANY	EDUCATION/ CULTURE	BANK ACCOUNT	INVESTMENT FUND
Austria	N/A						
Belgium	N/A						
Bulgaria	Articles 24(20) 25(6) of the Law on foreigners			For a long-term residence permit: BGN250 000 (not less than 50 % of company shares) For a permanent residence permit: BGN2 m in shares or concession contracts with a contract value of not less than BGN1 000 000			BGN1 m (with extra conditions set out in Art. 25(6)(c) and (d))
Croatia	Articles 110(3) and 113 of the Law on Foreigners and Article 36 of the Ordinance on the stay of third-country nationals in the Republic of Croatia (with an amendment NN 155/2022)			51 % of shares of minimum value €26 544 56			
Cyprus	Immigration Permits for Investors		€300 000	€300 000			€300 000
Czech Republic	Long-term Residence Permit for the Purpose of Investment			75 m CZK + 20 new jobs			
Denmark	The Startup Denmark scheme does not provide for specific amounts of investment						
Estonia	§ 197 ² Aliens Act			€1 m			€1 m
Finland	N/A	x	x	x	x	x	x

MEMBER STATE/ TYPE OF INVESTMENT	LAW/ POLICY	GOVERNMENT BONDS/BUDGET	REAL ESTATE	COMPANY	EDUCATION/ CULTURE	BANK ACCOUNT	INVESTMENT FUND
France	'Talent-porteur de projet' for investors is regulated in Article L421-16 of the Foreigners Act			€300 000 in assets + 10-30 % shares in a company			
Germany	§ 21 Aufenthaltsgesetz concerning residence for self-employed does not provide for specific amounts						
Greece	Nomos 4251/14 Article 20(B). Greece changed the Migration Code to Nomos 5038/2023 , which entered into force on 31 March 2024 . This introduced a new PART E PROVISIONS OF RESIDENCE PERMITS FOR INVESTMENT REASONS (RESIDENCE PERMIT TYPE 'B') (Articles 94-100)		€400 000-800 000 €250 000 for a building requiring renovation or transforming an industrial building into residential	€500 000			
Hungary	Residence permit for guest investor		€500 000		€1 m		€250 000
Ireland	Closed the Immigrant Investor Programme (IIP) as of 15 February 2023						
Italy	Decreto legislativo 25 luglio 1998, No 286 , Article 26bis	€2 m		€500 000 Or €250 000 in a start up	€1 m		
Latvia	Sections 23(28) and (29) of the Immigration Law	€10 000 (required in combination with one of the other possibilities) €250 000 state bonds + 38 000 to budget	€80 000-250 000	€50 000-100 000 (depending on company size)		€280 000	

MEMBER STATE/ TYPE OF INVESTMENT	LAW/ POLICY	GOVERNMENT BONDS/BUDGET	REAL ESTATE	COMPANY	EDUCATION/ CULTURE	BANK ACCOUNT	INVESTMENT FUND
Lithuania	Article 45 of the Migration Act			€14 000			
Luxembourg	Conditions of residence for investors from third countries			€500 000		€20 m	€3 m
Malta	Malta Residence and Visa Programme		Cumulative conditions of real estate together with other contributions For real estate: - owned: 270 000-320 000 - rented (annual): €10 000-12 000				
Netherlands	The RBI scheme was abolished , effective as of 17 April 2024	x	x	x	x	x	x
Poland	Article 142 of the Law on Foreigners provides for residence for conducting a business activity, but no specific investments are mentioned						
Portugal	Portugal has retained its RBI scheme while removing the option of investing in property			€500 000 Or 10 jobs	€500 000 (research) €250 000 (culture)		€500 000
Romania	Article 71(4) of Emergency Ordinance No 194 of 12 December 2002			€1 m or 100 jobs			

MEMBER STATE/ TYPE OF INVESTMENT	LAW/ POLICY	GOVERNMENT BONDS/BUDGET	REAL ESTATE	COMPANY	EDUCATION/ CULTURE	BANK ACCOUNT	INVESTMENT FUND
Slovakia	In the Act on Residence of Foreigners there are no specific investment requirements for a temporary residence permit (Article 22) or permanent residence in the interest of the state (Article 43(1)(e)). Act No 175/1999 Coll. on Measures Concerning the Preparation of Major Investments Act has provisions regarding the making of major investment in exchange for a permanent residence permit			€100 m and 300 jobs			
Slovenia	While Article 51 of the Aliens Act provides for residence permits in the interest of Slovenia and Article 20(1) provides for a long-stay visa in the economic interest of Slovenia, no specific amounts are required						
Spain	Spain decided to remove the option of investing in property on 9 May 2024, even though a bill had already been proposed in February 2023. However, this change has not yet been adopted. The current scheme is laid out in Article 63 of Law 14/2013 on support for entrepreneurs and their internationalisation, adopted on of 27 September 2013	€2 m	€500 000	€1 m		€1 m	€1 m
Sweden	N/A	x	x	x	x	x	x