

Case Study: Antigua & Barbuda



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WITH ITS NEAR-PERFECT CLIMATE, BEAUTIFUL COASTLINE, strategic location and investor-friendly Government, the twin-island state of Antigua & Barbuda has always been an attractive place to invest. Independent since 1981, this country of 85,000 people has established itself as a progressive, stable and multi-cultural democracy.

During that time the country has seen successive waves of foreign direct investment, historically in tourism and real estate projects, but more recently in financial services, tertiary education and e-commerce. Fuelled by generous Government incentives, foreign investment has contributed to the rapid development of the economy, resulting in the country having one of the highest GDP per capita in the sub-region.

As a member of the Eastern Caribbean Currency Union, Antigua & Barbuda uses the Eastern Caribbean dollar which has been pegged to the United States dollar for the last 40 years, contributing to long term financial stability.

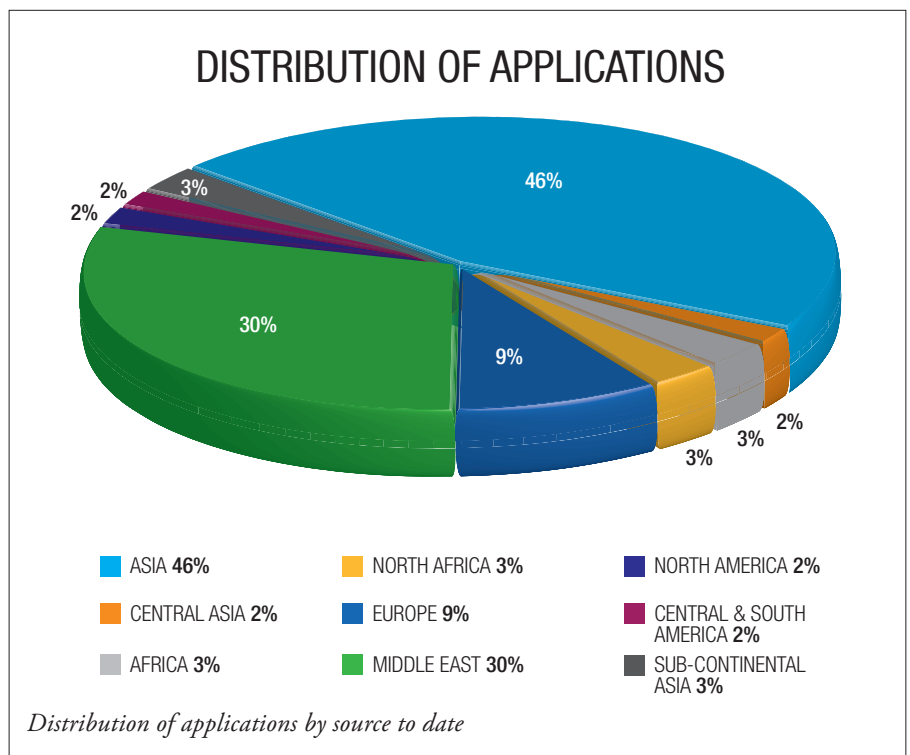
Following recent Parliamentary elections – based on the Westminster system – the newly elected Government has set a clear goal for Antigua & Barbuda: to become the ‘economic powerhouse’ of the Eastern Caribbean. The Government sees its Citizenship by Investment program as one of the key drivers that will lead to the realization of its ambition. With its efficient processing, robust due diligence, wide choice of investment options and the sheer physical attraction of the islands,

the Antigua & Barbuda Citizenship-by-Investment program is fast becoming a jurisdiction of choice.

The Program is administered by a dedicated Citizenship by Investment Unit (CIU), staffed by a team of professionals who are responsible for processing applications and for recommending the approval of real estate and business investment options. The ultimate responsibility for the Program rests with the Office of the Prime Minister.

So what’s in it for investors? The most obvious advantage is the ease of global travel, with an Antigua passport

providing visa free travel to more than 130 countries, including Canada, the UK and the European ‘Schengen’ countries. Also, with security and safety being of increasing concern in certain parts of the world, Antigua can offer a peaceful and stable environment for families looking for an alternative domicile. Antigua is also attractive for persons seeking an alternative lifestyle of healthy outdoor living, especially for those interested in maritime pursuits, with Antigua being internationally renowned for sailing and other water sports.



The Investment Options

The Antigua and Barbuda Citizenship-by-Investment Act was passed by Parliament on March 28, 2013, allowing foreign nationals (along with their spouse, dependent children and parents over the age of 65 years) to acquire citizenship of Antigua and Barbuda by making an appropriate investment in the country.

There are three categories of investment available:

1. National Development Fund (NDF) Option

To qualify for citizenship of Antigua and Barbuda under the NDF option, an investor can make a non-refundable contribution to the National Development Fund of US\$250,000. These funds are then used by the Government to invest in the development of the country, for example in infrastructure, education or other national priorities. Note that there is a limited time offer available through to 30 April 2015 that involves a reduced contribution of US\$200,000 together with reduced Government processing fees.

2. The Real Estate Option

To qualify under the real-estate option, a principal applicant must make an investment in real estate, within an approved development project, with a value of at least US\$400,000. Joint applications can be made, provided each principal applicant invests at least US\$400,000. The real estate must be held for at least five years, after which the asset may be sold to any willing buyer, including a new CIP applicant.

Approved real estate developments may be residential, tourism, commercial or industrial projects. Real estate buyers should note that there are also transaction costs for legal fees and stamp taxes of between 2.5-5% of the transaction price.

There is a wide array of real estate options available, from one bed condominiums in fully functioning resorts, through to stunning building plots and high end luxury villas. There are also options for fractional ownership, and developers have shown a willingness to work with investors to create innovative products that fit their investment criteria.

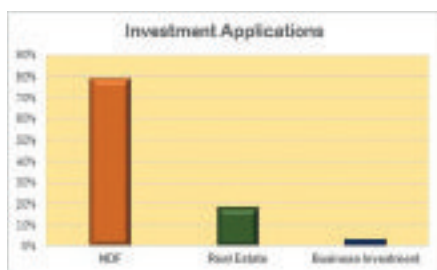
A list of the approved real estate development projects is set out on the official Government website: <http://cip.gov.ag/investment-options/real-estate/>

3. Investment in a Business

To qualify under the business investment option, a single investor must make a

direct investment of at least US\$1,500,000 into an eligible business. Alternatively, two or more investors can make a joint investment in an eligible business totaling at least US\$5,000,000, with each investor contributing at least US\$400,000. Eligible businesses must be pre-approved by the Citizenship by Investment Unit and are assessed on a case-by-case basis. They may be existing or start-up businesses.

The investment must be held for at least five years, after which the asset may be sold to any willing buyer, including a new CIP applicant.



Distribution of investment applications by type to date

The Application Process and Timing

Prospective applicants must engage the services of a Licensed Agent to assist with the application process. Licensed Agents are professionals authorised by the CIU to submit applications on behalf of prospective investors. The Agents are thoroughly versed in the application process and will guide the applicant from inception through to the final issuance of the passport. Applicants can contact a Licensed Agent directly or by way of introduction through an 'Authorised Representative' ie, a company or individual that has been granted permission by the CIU to market the Antigua Citizenship by Investment Program.

Once an Agent has been engaged, the first step is to choose the investment option. The NDF option is of course straightforward, whereas the real estate and business options will involve the preparation and review of contracts that will need to be submitted along with the application.

Having decided on the investment option, the applicant can then begin to complete the relevant application forms, supplied by the Licensed Agent, and to gather the required supporting documentation. Example forms and details of the required supporting documents are included on the Government website: <http://cip.gov.ag/how-to-apply/application-forms/>

The key documents required are:

identification documents, proof of address, police clearance certificate, medical examination report (including HIV test), professional and bank references. Naturally, details of an applicant's source of funds and source of wealth are also required as these will be subject to verification by both the Licensed Agent and the CIU.

Note that applicants will not be eligible for citizenship consideration where they possess a criminal record for which the maximum custodial penalty exceeded six months imprisonment, are under criminal investigation, pose a potential national security risk or have previously been denied a visa to a country with which Antigua and Barbuda has visa free status.

Compiling the application can be a lengthy process, depending on an applicant's individual circumstances. In some cases it can be achieved within two weeks, but a more normal timeline would be four to six weeks. Applicants should bear in mind that the police certificate must be less than six months old at the time of application, and the HIV test and proof of address must be less than three months old.

Once the application is completed, the Licensed Agent will submit the file to the CIU, together with 10 per cent of the Government processing fees and 100 per cent of the Government due diligence fees (see schedule of fees below). Note that all Government fees must be remitted via the Licensed Agent. These fees are non-refundable in the event that the application is declined or withdrawn.

Once the CIU has received the file, they begin the vetting process which includes robust due diligence procedures conducted by specialist third party professional due diligence companies. The CIU's procedures take a maximum of 90 days, although in practice it can be as quick as 50 days, after which the CIU will issue its decision. Any questions arising during the vetting process will be routed through the Licensed Agent for resolution.

For successful applicants, the CIU will issue an 'approval in principle' letter and the applicant then has 30 days in which to complete their investment by sending their funds to the NDF or by completing their real estate or business investment. They must also submit the remaining 90 per cent of the Government processing fees. Once the completion of the investment and the payment of Government fees are confirmed, the passport application can be submitted

and the passport is normally produced within two to three weeks.

Applicants are not required to travel to Antigua and Barbuda during the application process unless an interview is requested by the CIU. Successful applicants are required to take the Oath of Allegiance, which can be done at the earliest practical opportunity either in Antigua or at an Antiguan overseas Embassy or Consulate.

In terms of residency requirements, successful applicants will have an obligation to spend at least five days in Antigua and Barbuda during the five year period after obtaining Antiguan Citizenship. Failure to do so will preclude the new citizen from renewing their passport.

Government Fees

In addition to the above investment options and Licensed Agent fees, the processing and due diligence fees shown following are payable to the Government of Antigua and Barbuda.

Despite being a relatively new entrant in the alternative citizenship space, Antigua

Government fee – Principal Applicant	US\$50,000
Government fee – Spouse	US\$50,000
Government fee – Dependent child aged 0-11	US\$25,000
Government fee – Dependent child aged 12-17	US\$25,000
Government fee – Dependent child aged 18-25	US\$50,000
Government fee – Dependent parent aged over 65	US\$50,000
Due diligence fee – Principal Applicant	US\$7,500
Due diligence fee – Spouse	US\$7,500
Due diligence fee – Dependent child aged 0-11	US\$0
Due diligence fee – Dependent child aged 12-17	US\$2,000
Due diligence fee – Dependent child aged 18-25	US\$4,000
Due diligence fee – Dependent parent aged over 65	US\$4,000
Passport fee – each person	US\$300

Limited time offer under NDF Investment option: Principal Applicant US\$50,000, Spouse US\$50,000 and Two dependents free until 30 April 2015

& Barbuda’s Citizenship by Investment Program is already proving very popular with investors. Speedy processing, an attractive Limited Time Offer and the quality of real estate offerings are combining to provide the Program with a

serious competitive advantage.

Once again, Antigua & Barbuda seems destined to punch above its weight in the international arena as it strives to become the economic powerhouse of the Eastern Caribbean. ■

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Antigua & Barbuda Program Brief

Type of Program	Citizenship-by-investment.
Type of Investment/s	Donation to National Development Fund (NDF), Investment in real estate, or business investment.
Minimum Investment	NDF: US\$250,000 (Non-refundable)*. Real Estate Investment: US\$400,000. Business Investment: US\$1.5 million individually, or \$400,000 as part of a consortium. investment of at least US\$5m. <i>*Disclaimer: US\$200,000 for applications prior to April 30, 2015.</i>
Dual Nationality Permitted	No Restrictions.
Personal Visit Required	None Required, unless requested by CIU.
Minimum Stay	5 days in 5 years.
Capital Gains Taxes	No.
Personal Income Taxes	Below EC\$42,000 per annum – 0%. EC\$42,001 – EC\$186,000 per annum – 8%. Above EC\$186,000 per annum – 25%. <i>*Disclaimer: Limited to income arising in or derived from Antigua & Barbuda.</i>
Business & Corporate Taxes	25% of net profits. <i>*Disclaimer: Concessions are available to qualifying companies.</i>
Property Taxes	Yes, based upon the property's current market value with the applicable tax rate dependent upon the classification of the property (residential or commercial).
Documents Required	<ul style="list-style-type: none"> • Medical certificate (including HIV clearance) • Police clearance certificate or Certificate of no criminal record • Copy of existing passport/s and national ID card (if applicable) • Marriage certificate, if applying with spouse • Birth certificate • Professional and bank references • Proof of residential address <i>*Disclaimer: All documents must be certified if original is not provided.</i>
Application Fees	<ul style="list-style-type: none"> • Government Fee: US\$50,000 per person • Due diligence fee: US\$7,500 per person • Passport fee: US\$300 per person <i>*Disclaimer: The above relates to the principal applicant and spouse. For details on fees for dependents, visit www.cip.gov.ag.</i>
Processing Time	2-3 Months.
Passport Validity	5 Years.
Restricted Countries	Iraq, Yemen, Somalia, Afghanistan, North Korea, Iran*. <i>*Disclaimer: Citizens of Iran may apply under certain circumstances.</i>
Visa Free Travel	Approximately 130 countries.