

**Choose GRENADA
for Your
Second Citizenship
and Passport**

Marshall J. Langer

Choose GRENADA for Your Second Citizenship and Passport

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Preface

Although Grenada was probably named originally by Spanish sailors for the city of Granada in Spain, it is spelled and pronounced differently. It is called *Grenada* (pronounced GrenAYda; and the people are called *Grenadians* (pronounced *GrenAYdians*).

This book will tell you why you may want a second citizenship and passport and the reasons why you should choose Grenada's economic citizenship program to acquire them. It will tell you why you may also want to establish your residence and perhaps even your domicile in Grenada.

Anyone who plans to become a citizen of Grenada or to live there should know some basic things about the country. This book will help you to learn some of these basics.

I enjoy working on the problems of those who choose to migrate from one country to another whether their motive is personal, political, economic or simply to escape confiscatory taxes. Over the years I have found that a newcomer to a country does better if he has the right to live there because he is a citizen than if he is an alien.

While a reasonable effort has been made to ensure the accuracy of the information provided, neither the author nor the publisher will accept any responsibility for action taken in reliance on it. Appropriate individual legal and tax advice should be sought. Please also bear in mind that the laws and practical applications discussed in this book are constantly changing.

I am indebted to several Grenada government officials and to my colleagues in Europe, North America and the Caribbean for the vast amount of information and assistance they have given me on all aspects of the topic. I wish I could thank each of them individually but there are too many of them. I have, however, singled out some individuals whose input was especially helpful. My thanks go to Dr. The Honourable Keith Mitchell, Prime Minister of Grenada, for taking the time to discuss many relevant issues

and for his confidence in me by appointing me as Grenada Trade and Investment Commissioner. Thanks also to Finance Minister Anthony Boatswain, Information Minister Mark Isaac, Inland Revenue Comptroller Patrick Bubb, Senior Legal Counsel Errol Thomas, GIFSA Executive Director Michael Creft and Ambassador Nadica McIntyre for their assistance in providing useful information that I have incorporated into this book. I must also thank my Shutts & Bowen colleagues, Stephen Gray and Fiona Cloke of London and Tim Murphy of Miami; Denis Kleinfeld of Miami; Erika Nolan of the Sovereign Society; Rosalyn Wilkinson and Marguerite Sheriff of St. George's; my sons, Andrew Langer and Jeffrey Langer; and my wife, Carole, for her inspiration and her patience while this book was being written.

I am planning to set up a new website later this year at choosegrenada.com. The site will contain updates concerning the material in this book and links to other helpful websites. Please contact me if you would like me to notify you when the site is up and running. I also welcome your comments and suggestions concerning anything covered in this book. Please send them to me at my London office at the address below or by e-mail.

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About the Author

Marshall J. Langer is an American-trained lawyer from Florida, now living and working in Europe and the Caribbean. He was previously a partner in Miami's oldest law firm, SHUTTS & BOWEN, and is now *of counsel* to the firm's London and Miami offices. Langer also currently serves as *Government of Grenada Trade and Investment Commissioner*.

Langer is a graduate of the Wharton School of Finance and Commerce of the University of Pennsylvania. At the University of Miami, he became the first *summa cum laude* graduate in the history of the law school. He practiced law in Miami for over 30 years before moving to Europe 15 years ago. He has written extensively on subjects relating to international tax law, and is especially known for his writings on the use of tax havens, tax treaties, and the migration of individuals.

Langer taught for many years at the University of Miami law school, serving as an Adjunct Professor until 1985. He has chaired and spoken at numerous tax institutes and seminars throughout the United States and Europe, as well as in Canada, Japan, Hong Kong, Malaysia, Australia, and the Caribbean. He has also given several seminars at Oxford.

In 1990, Langer was selected as *Outstanding Tax Attorney of the Year* by the Tax Section of The Florida Bar. He continues to consult with private clients and governments on matters relating to the migration of individuals from one country to another, economic citizenship and residence programs, passports, expatriation, residency, domicile, wealth preservation, international tax planning, and the use of tax treaties. He has testified several times by invitation before subcommittees of the U.S. House

of Representatives and the U.S. Senate. He is a member of the *International Academy of Estate and Trust Law*, a member of the Executive Committee of the *International Tax Planning Association* and a *Fellow of the American Bar Foundation*.

Other Books by Marshall Langer

His first book, HOW TO USE FOREIGN TAX HAVENS, was published by the Practising Law Institute (PLI), New York, in 1975. The third edition, published by PLI in 1985, has a more conservative title, PRACTICAL INTERNATIONAL TAX PLANNING. It is in looseleaf format and is updated every year. A fourth edition, written primarily by his colleagues, Denis Kleinfeld and Edward Smith, is now in preparation.

In 1980, Langer became coauthor (with Rufus Rhoades of California) of a set published by Matthew Bender, now called RHOADES & LANGER, U.S. INTERNATIONAL TAXATION AND TAX TREATIES. Langer and his coauthor update this six-volume looseleaf set quarterly. Langer writes all of the material relating to tax treaties.

Langer has also written two books that were published in the United Kingdom by Scope International. One is called THE SWISS REPORT. The other is THE TAX EXILE REPORT, the sixth edition of which was published in 1997.

At a U.S. Senate Finance Committee hearing on the tax status of expatriates nationally televised on C-Span in July 1995, U.S. Senator Daniel Patrick Moynihan held up a copy of THE TAX EXILE REPORT and said:

“There is now a book by a gentleman – I don’t think it useful to advertise his name but it is The Tax Exile Report – it is a pretty good book. It tells you how to avoid all this.”

To Carole

1

Second Citizenship – Why You Want It and Where You Can Get It

You automatically acquire a citizenship at birth because of where you are born or because of the citizenship of your parents. You can acquire a second citizenship in some other country by naturalization after years of residence or quickly under an economic citizenship program. There are many good reasons why you may want a second citizenship. Several economic citizenship programs are available but some of them have problems.

CITIZENSHIP BASICS

Citizenship Acquired at Birth

Every country has the right to determine who are its citizens. Typically, most people acquire at least one citizenship at birth. In many countries, a baby automatically becomes a citizen of the country at birth if he is born in that country regardless of the status of his parents. A child born in the U.S., for example, is a U.S. citizen even if both of his parents are illegal immigrants. The only U.S.-born children who are not U.S. citizens are those born of a parent who is serving as an ambassador or diplomatic representative of a foreign country in the U.S.

The U.S. also generally gives citizenship at birth to a child born abroad if one or both of his parents are U.S. citizens when he is born. At least one of his parents must have resided in the U.S. sometime before the child was born. If only one of the child's parents is a U.S. citizen and the child is born abroad, the child becomes a U.S. citizen if the citizen parent was ever physically present in the U.S. for at least five years, at least two of which were after the citizen parent was 14 years old.

In some European countries, including Germany, for example, a child obtains citizenship only if at least one of his parents is a citizen when he is born. His place of birth is immaterial. Hundreds of thousands of German-born children of Turkish parents have until very recently never been able to acquire German citizenship even after living in Germany their entire lives. Under a recent change in German law, some of these children will now be given a one-time opportunity to elect German citizenship after they become of age. Those who so elect will lose their Turkish citizenship since Germany does not permit dual citizenship.

You get your first citizenship automatically at birth from one or both of your parents or because you were born in that country. You do not choose your first citizenship any more than you choose your religion. You have it whether you like it or not unless and until you renounce it or otherwise lose it.

Acquiring Citizenship by Naturalization

The laws of most countries permit individuals who meet eligibility requirements to apply for citizenship by naturalization. You may become eligible to apply for citizenship by naturalization due to your ancestry, your

marriage, your ethnic background or religion, or legal residence in the country for a period of years. The period of legal residence required before you can apply for naturalization varies widely from country to country, ranging from a low of two years in Australia to a high of at least twelve years in Switzerland. The period is three years in Canada and New Zealand; and five years in Ireland, the U.K. and the U.S. In some cases, the period can be shortened if your spouse is already a citizen.

Citizenship Gives You Rights and Requires Duties

Citizenship typically gives you rights such as the right to be a resident, the right to work, the right to own land, the right to vote, and the right to hold public office. It may also require duties *even if you are not resident* such as the duty to perform military service, the duty to pay taxes on your worldwide income and gains, the duty to pay high death taxes on your worldwide assets, and the duty to obey extraterritorial laws.

Dual Citizenship

Most people have only one citizenship at birth but some have two or more. You may acquire one citizenship from your father, and another from your mother, and still another from being born within that country, and perhaps entitlement to others from your grandparents. If you have two or more citizenships, you have *dual citizenship*. Many countries permit dual citizenship but others do not. They may require you to choose a single citizenship when you become 18, and they may take away your citizenship if you acquire another one. The trend today is for more and more

countries to permit dual citizenship. Mexico, for example, now permits former Mexicans who have become U.S. citizens to reacquire Mexican citizenship.

WHY YOU MAY WANT A SECOND CITIZENSHIP

Individuals acquire a second citizenship for a variety of different reasons. We live in a world in which crazy things can and do happen. We can all remember when Iraq invaded Kuwait. Until that time, a Kuwaiti passport was an excellent travel document. When the invasion began, it suddenly became virtually worthless. No airline would take anyone whose travel document was a Kuwaiti passport; he was obviously a refugee. A Kuwaiti with millions of dollars in Swiss banks was suddenly unable to travel to Switzerland to get his money. A Kuwaiti with a second passport could, however, probably bribe his way out of the country and use his second passport for further travel.

Crazy things can happen in a first-world country too. Germany was certainly a first-world country when Hitler came to power. Cuba was one of the most promising countries in Latin America before Castro came to power. It is no longer easy to travel on a Cuban passport. It is not impossible that similar developments will occur in your country in the event of a war, stock market crash or serious natural disaster.

Your Passport Belongs to Your Country

Read the fine print in your passport. Your passport belongs to your country, not to you. Your government will tell you where you can travel and where you cannot travel. If

your country has a dispute with another country, it may become difficult or impossible for you to travel to that country. If Britain's war with Argentina had lasted longer, it might have become impossible for anyone to travel anywhere in South America with a British passport. During a recent fishing dispute between Canada and Spain, it became impossible for anyone to enter Spain with a Canadian passport.

You don't acquire fire insurance in the hope that your house will burn down. You buy the insurance and hope you will never have to collect. A second citizenship and passport will give you travel insurance.

YOUR NEW CITIZENSHIP MAY GIVE YOU SEVERAL BENEFITS

It May Give You Improved Visa-Free Travel

Your second citizenship and the passport that comes with it may give you improved visa-free travel. If you come from a second or third world country your new passport from a country whose citizens travel visa-free to 90 or 100 countries should be very helpful. Even if you come from a first-world country your new passport may give you visa-free travel to certain countries that your prior passport did not.

You May Get the Right to Live in Several Countries

Your new citizenship may enable you to do things that you could not do as a visitor or a new resident. It may give you the right to live and work not only in that country but also in a much larger group of countries. An Irish passport, for example, is also a European Union (EU)

passport; Irish citizenship gives you the right to live and work in any EU country. Similar arrangements are being negotiated in other parts of the world including the Caribbean Community (CARICOM).

It May Provide Better Confidentiality

Your new citizenship and passport may also give you better confidentiality. In most countries you must now produce a passport as identification when you open a bank account or an account with a stock broker. If you are a citizen of more than one country, you probably have the right to produce any of your passports for this purpose.

It May Help Your Tax Planning

Your new citizenship and passport may assist you with your tax planning. It may make it easier for you to establish residence and domicile in that country and thereby terminate your prior residence and domicile. This works well for those seeking to leave countries such as Australia, Britain and Canada. It is more difficult for Americans because they are taxed by reason of their citizenship.

WHERE YOU CAN GET A SECOND CITIZENSHIP

Acquiring a Second Citizenship After Years of Residence

Countries such as Canada, the U.S., the U.K., Belgium, Australia and New Zealand will sell you residence that leads to citizenship after a few years of residence, but these programs are often unsatisfactory because they take too long, they may have high tax costs, the results may be

uncertain, it may not be clear how much time you must actually spend there each year, the law may change while you are resident, and the required residence may disrupt your business and family life. You want the second citizenship now, not later.

Avoid Any Program That Offers a Passport Without Citizenship

From time to time reports surface that some country is offering passports based on residence rather than citizenship. Such passports have been issued in the past by both Costa Rica and Uruguay, both of which have since discontinued issuing them. While international law may permit a country to issue such passports, other countries frequently refuse to recognize them. Most countries grant visa-free travel only to *nationals* of a country carrying that country's passport. Some countries such as Hong Kong and the U.K. are more specific and expressly deny visa-free travel to anyone holding such a passport. Avoid any passport program that offers you a passport without citizenship.

You should also avoid acquiring "instant citizenship" and a passport in a country such as Paraguay whose constitution requires three years of residence in the country. Stay away from anyone who offers to back-date your documents to show that you were resident there at a time when you were not. You will probably be committing fraud not only in that country but also in every country in which you use the tainted passport.

Acquiring a Second Citizenship Without Prior Residence

Several countries have laws that permit the government to grant economic citizenship immediately to a qualified person who makes a substantial investment in the country. These include Ireland, Belize, St. Kitts and Nevis, Dominica and Grenada. We will look more closely at each of these programs, some of which are now on hold. Similar programs in countries such as Cape Verde and Seychelles have been completely terminated.

Ireland's Investment Program Is Now on Hold

Until a few years ago, Ireland had a procedure to permit a wealthy individual to obtain immediate Irish (and EU) citizenship by investing IR£ 1 million (then about US\$ 1.7 million) in a politically-favored business. A number of wealthy individuals took advantage of this program while it lasted. The law is unchanged but the program is now on hold. You can still obtain Irish (and EU) citizenship and an Irish (EU) passport by descent if any of your parents or grandparents was born in Ireland. If you are eligible, apply immediately at your nearest Irish Embassy or Consulate.

Belize Is Still Haunted by Its Past History

Belize had a satisfactory economic citizenship program from 1984 until 1989, no program from 1990 to 1994, and has once again had a relatively satisfactory program since 1995. The problem is that numerous Belize passports were sold during the hiatus period from 1990 to 1994, but these passports were not sold by the government and none of the money went to the public treasury.

Consequently, Canada, Switzerland and some other countries no longer grant visa-free travel to Belize citizens. It will take a long time for Belize to recover from its past history.

St. Kitts and Nevis Has Become Too Expensive

St. Kitts and Nevis has had a well-run economic citizenship program for several years but the cost was substantially increased in 1996 and it is now much too expensive. You must either invest US\$ 250,000 in qualified local real estate or US\$ 200,000 in a 10-year government bond that bears no interest and may never be repaid. In addition, the applicant must pay substantial registration fees for himself and each eligible family member, plus legal fees. Each eligible family member becomes a citizen for life and obtains a passport that gives visa-free travel to over 90 countries, including Britain, Canada, Switzerland and most British Commonwealth countries. Unless you desperately want to buy real estate in St. Kitts or Nevis the current program is much too expensive. Some clients have complained that the qualified real estate has been overpriced.

Dominica May or May Not Reinstate Its Program

Dominica had a reasonably well-run program for several years. It began under a prior government by requiring an investment in a hotel project that has never been completed. In 1996, a new government substituted a re-engineered program under which an applicant made a donation directly to the government. A family consisting of a husband, wife, and two children under 18 were able to obtain citizenship for a single payment of about US\$ 75,000

(which included a US\$ 50,000 donation to the Dominica government and US\$ 25,000 to pay government registration fees and all other legal fees and costs).

The primary applicant generally had to come to Dominica for an interview but other family members did not have to do so. Residence in Dominica was not required. Each eligible family member became a citizen for life and obtained a fully-renewable ten-year passport that gave visa-free travel to over 90 countries, including Britain, Canada, Switzerland and most British Commonwealth countries.

A new Dominica government was elected in early 2000 and the newly-elected prime minister announced publicly that he was terminating the program. There have been rumors since then that the new government needs the revenue and that it may reconsider and recommence some form of economic citizenship program but no details have been released.

St. Vincent's Opposition Attacks Its Proposed Program

St. Vincent and the Grenadines set up a program that offered "*honorary citizenship*"; this was totally unacceptable to those who want a second citizenship. Honorary citizenship is about as effective as honorary pregnancy. The government has recently discussed the possibility of offering full economic citizenship but the leader of a significant opposition party has announced that he is opposed to the program and that he will try to cancel these citizenships and passports when his party achieves power. It may be doubtful that he can do so but you don't want to be the test case.

Grenada Has an Excellent Program

Grenada now offers a well run economic citizenship program that offers full citizenship. The basic details of Grenada's program are discussed in the next chapter. In that chapter, the author explains why he believes that Grenada has the best economic citizenship program currently available anywhere in the world.

2

Why Grenada Has the Best Economic Citizenship Program

The Grenada economic citizenship program is simple to understand, predictable, efficient and legal. The author explains why he believes that Grenada has the best economic citizenship program now available.

The Grenada Program in a Nutshell

Grenada originally offered only “*honorary citizenship*” but it amended its legislation and it now offers a well-run program that offers full citizenship. The prices mentioned here are available only through a few government-approved agents if they package groups of applicants at the same time. A family consisting of a husband, wife and up to three children under 25 can obtain citizenship for a single payment of US\$ 55,000 (which includes a substantial donation to the Grenada government and all other legal fees and costs). No trip is required; new citizens are encouraged to visit Grenada but they need not live there. An economic citizen has some restrictions; for example, he cannot vote or hold office until he has lived in Grenada for six years.

Each eligible family member becomes a citizen for life and obtains a fully-renewable five-year passport that gives visa-free travel to about 100 countries. A single person can obtain the same benefits for a total cost of only US\$ 45,000.

Grenada takes great care to make sure that applicants are self-supporting, honest individuals with no HIV or other contagious diseases and no criminal record. It requires each adult applicant to furnish fingerprints and the government runs checks with organizations such as the FBI and Interpol on each applicant. Although Grenada does not require an applicant to be a resident before it grants him economic citizenship, it encourages him to become a resident afterward.

What Grenada Offers

Grenada offers you many benefits if you become an economic citizen including these:

- Citizenship in a British Commonwealth country for you and your family at a reasonable cost.
- A passport for each new citizen that provides visa-free travel to about 100 countries, including Britain, Canada, Finland, Ireland, Norway, Sweden, Switzerland and most British Commonwealth countries.
- The right to become a permanent resident and to live and work in Grenada, but no obligation to do so.
- No taxation based on factors such as your citizenship, residence or domicile.
- No income tax on your income from foreign sources even if you become resident and domiciled in Grenada and even if you remit your foreign-source

income to Grenada.

- No tax on your capital or capital gains even if you become resident and domiciled in Grenada.
- No income tax on your first EC\$ 60,000 (about US\$ 22,000) of local income even if you become resident and domiciled in Grenada.
- An optional *resident taxpayer's card* if you claim residence and pay EC\$ 6,000 (about US\$ 2,200) or more income tax each year; you would pay that amount, for example, if you declared local taxable income of EC\$ 80,000 (about US\$ 30,000) a year.
- The ability to claim domicile in Grenada with no unfavorable local tax consequences.
- No gift or inheritance taxes in Grenada even if you become a citizen, a resident and are domiciled in Grenada.
- Great Caribbean weather – outside the normal hurricane zone.

Why Grenada's Program Is Better

Consider these additional factors when you compare the Grenada economic citizenship program to those of other countries:

- Grenada does not require years of residence and paying taxes before citizenship is granted as is the case in countries such as Canada, the U.K. and the U.S.
- Grenada does not have a tainted history like that of Belize; the grant of citizenship and issuance of passports has always been tightly controlled by the Grenada government.
- Grenada has not priced itself out of the market as has

- happened in St. Kitts and Nevis.
- Grenada has not terminated its program or placed it indefinitely on hold as has happened in Dominica and Ireland.
 - No one in Grenada has threatened to take away any citizenship or passport that has been lawfully granted by the government as has happened in St. Vincent and the Grenadines.

The Bottom Line

The Grenada economic citizenship program is simple to understand, predictable, efficient and legal. For the reasons discussed above, I believe that *Grenada has the best economic citizenship program now available.*