



# **IFC** Caribbean 2016

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## Q&A with...



### Thomas Anthony, Antigua & Barbuda Citizenship by Investment Unit

As the popularity of Citizenship by Investment programmes continues to grow, the IFC Caribbean spoke to Thomas Anthony, Acting Chief Executive Officer of the Citizenship by Investment Unit in Antigua to get some insight into the impact of the Programme on the country.

**IFC** Could you give us some background into the development of the Citizenship by Investment Programme in Antigua?

**Thomas Anthony:** The global economic crisis, which started in 2008, had a severe impact on the tourism sector which is the main driver of the economy in Antigua & Barbuda. Reduced disposable income of citizens of our source markets meant less visitors to the twin-island state. In the face of the resulting decline in economic activity, the government considered different options to jump start the economy. One such measure was the economic citizenship offer. This was done mainly to attract foreign direct investment into Antigua & Barbuda.

The CIP was seen as the most effective way to generate renewed interest in the Real Estate market and spur investment in the general economy.

As a result the Antigua & Barbuda CIP Act was passed in April, 2013. The CIU, a creature of the legislation, was staffed on 26 August 2013 and opened to the public on 10 October 2013. The first application was received in November 2013. The first citizenship was granted in February 2014.

**IFC** What is necessary to avail of the programme?

**TA:** With the exception of applicants from countries on the “No Country” list, anyone 18 years and older who commits to making an investment under one of three options can participate in the Antigua CIP, those options are:

**“The CIP was seen as the most effective way to generate renewed interest in the real estate market and spur investment in the general economy”**

1. Contribution to a National Development Fund (NDF),
2. Purchase of Real Estate in an approved project, or
3. Investment in an approved business.

Having done this, an applicant may apply along with his/her dependents for citizenship of Antigua & Barbuda.

Dependents refer to:

- the spouse of the main applicant;
- a child of the main applicant or spouse up to 25 and in fulltime study;
- a special needs child who is at least 18, living with and fully supported by the main applicant;
- parents and grandparents above the age of 65, living with and fully supported by the main applicant.

An application for citizenship must be done through a Locally Licensed agent and is subject to processing and due diligence fees, depending on the age of the dependents. The process normally takes between 60 and 90 days to be completed.

Once the applicant has been informed that they have been approved, she/he then has 30 additional days in which to complete the investment. The Certificate of Registration and passport are issued only after the investment is made and all of the processing and due diligence fees are paid.

The benefits that come with the Antigua CIP include:

- Antigua & Barbuda has visa free access to 133 countries including Canada, United Kingdom and the Schengen Area.
- Citizenship for Life (Requirements: Must visit Antigua for five days within five years; must take the oath of Allegiance; must own the real estate for five years and keep a clean criminal record.) Once the requirements in the first five years are met the applicant becomes a citizen for life.
- There are no restrictions on dual nationality.
- No tax on worldwide income, inheritance, capital gains or investment returns.

**IFC** What advantages does the Antigua CIP have over others on offer elsewhere?

**TA:** Antigua is able to offer:

- Stable Westminster styled democracy.
- Well-established regulatory framework.



- Safety and security.
- Citizenship granted immediately as opposed to a pathway to citizenship.
- More economical (Better value for money).

**IFC** How successful has the CIP in Antigua been and what has it contributed to Antigua, not just economically but culturally and socially?

**TA:** At this stage in the program, we have processed over 700 applications, resulting in more than 1,000 citizenships being granted, and more than US\$100 million flowing into the economy. From a cultural perspective the effect has been negligible given that 95 per cent of these investors do not reside in Antigua & Barbuda. Socially, it is expected that the economic fortunes of normal Antiguan and Barbudans will improve as a result of the program.

**IFC** How does the Antigua CIP compare to other programmes being offered in the Caribbean?

**TA:** Antigua is seen as the premier program in the region by at least two industry leaders – Henley & Partners and Arton Capital. This is primarily because of the robust due diligence process, efficiency and professionalism of the Unit and

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government policy. Also, Antigua & Barbuda is the only country in the region with a program with visa free access to Canada.

**IFC** How do you see the Programme developing in the future?

**TA:** A continued focus on improving our due diligence process in light of global security concerns. Creation of new revenue streams and a focus on sustainability of the program, while we work on achieving our goal of 50 applications a month this year.

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# Antigua & Barbuda At A Glance



## REGULATION

Antigua & Barbuda has a Common Law system based on the UK model. The legal code guarantees investor protection, facilitating an attractive investment environment. In the Latin American Caribbean Region, Antigua & Barbuda is ranked highly for enforcing contracts and protecting investors.

Amendments in the Money Laundering (Prevention) (Amendment Act), 2013 ensures compliance with global standards. This Amendment introduced provisions dealing with the examination of Financial Institutions for AML/CFT Compliance by the Supervisory Authority, the powers of the Supervisory Authority in conducting its examinations, Sanctions that the Supervisory Authority can impose on financial institutions for non-compliance and the Appeal process available to financial institutions.

Prior to the passing of the Financial Services Regulatory Commission Act, 2013, matters relating to the Financial Services Regulatory Commission (FSRC) were embedded in the International Business Corporations Act. This Act now deals with all matters relating to the FSRC and has expanded on the prior provisions. The principal functions of the FSRC are now clearly defined as regulatory, collaborative and advisory. The Act makes provisions for such matters as the appointment of the Board of directors and the conduct of their meetings, staffing, funds and resources. The FSRC is now empowered to make rules to regulate its own internal management as well as rules and guidelines concerning the conduct of its licensees. This Act has streamlined and enhanced the operations of the FSRC.

## BANKS

Antigua & Barbuda's banking sector is the second largest in the Eastern Caribbean region, accounting for one fifth of the region's deposits, assets, and loans. The sector is dominated by both domestic and international banks, which are principally headquartered in Canada and the Caribbean. Historically the presence of strong foreign banks in the Eastern Caribbean Currency Union (ECCU), of which Antigua & Barbuda is a member, has been a powerful source of strength. However, the industry has been progressively changing with the entry of more assertive Caribbean banks. In total there are eight commercial banks operating competitively in Antigua & Barbuda. Institutions are well-developed, and depositors and borrowers have access to a diversified range of financial services.

## SHIPPING

Antigua & Barbuda operates a fully-fledged international registry with nearly 1400 registered ships aggregating to more than 11 million gross tons. The registry is ranked among the top 20 in the world's merchant fleet in numerical terms and is internationally well recognised by ship owners, international ship financing banks, Port States, Flag States and the International Maritime Organization (IMO).

Currently there are approximately 240 yachts of varying sizes registered in Antigua & Barbuda. Ships and yachts registered under the Antigua & Barbuda flag are welcome in all ports around the world.

The Antigua & Barbuda flag is listed on the 'white' list for the Paris Memorandums on Port State Control which means that the flag is recognised as a quality flag.

Antigua & Barbuda has a worldwide coverage of over 200 inspectors for its commercial ships and has signed agreements with nine Recognised Organisations and Recognised Security Organisations, all of whom are International Association of Classification Societies (IACS) members, who act for and on behalf of the Administration to perform statutory surveys, inspections and issue statutory certificates on its behalf.

Antigua & Barbuda continues to be on the IMO "white" list of flag States for the STCW Convention to which it gives full and complete effect.

The laws relating to Merchant Shipping in Antigua & Barbuda are in two main forms. Primary legislation which is the Merchant Shipping Act (amended in 2014 to bring the legislation in line with developments at an International level) and which is made by the Parliament and Secondary legislation which is made by the Minister in conjunction with Parliament in accordance with powers to do so that are contained in the Act. Secondary legislation is in the form of Merchant Shipping Regulations.

## CORPORATE MANAGEMENT & TRUST SERVICE PROVIDERS

All persons/entities engaged in providing services defined in the Corporate Management & Trust Service Providers Act (eg, incorporating companies under the International Business Corporations Act, providing registered agent/office and director services for such companies etc) are now required to be licensed by the Financial Services Regulatory Commission on an annual basis. As part of the licensing requirements such persons/entities are required to be compliant with the AML/CFT requirements under the various relevant laws including the Corporate Management & Trust Service Providers Act, the Money Laundering (Prevention) Act and The Prevention of Terrorism Act.





## TAXATION

Antigua & Barbuda has signed up to the Multilateral Competent Authority Agreement and has completed the OECDs Phase 2 review which rates Antigua & Barbuda as overall partially compliant with the international standard. Antigua & Barbuda are committed to implement the recommendations made within the review.

Antigua & Barbuda's corporate income tax rate is 25% and exemption from payment or reduction in the rate is allowed depending on the level of capital investment and number of jobs to be created in new investment proposals. Further, exemption from or reduction in the rate of import duty on raw materials, components and machinery and equipment can also be granted.

Antigua & Barbuda Prime Minister Gaston Browne has also announced the abolishment of Personal Income Tax, effective April 2016.

## INTERNATIONAL BUSINESS COMPANIES (IBCS)

IBCs are formed under the International Business Companies Act and are guaranteed to be exempt from taxation for 50 years.

IBCs have following requirements, one director required with corporate directors permitted, one shareholder required with corporate shareholders permitted, no paid up share capital required, a registered address in Antigua & Barbuda is required, and bearer shares are permitted but must be deposited with a custodian.

## FATCA

Antigua & Barbuda, as well as other members of the Eastern Caribbean Currency Union (ECCU) have officially formalised the sharing of financial account information with the United States.

Laws are set to go to parliament to facilitate the Foreign Account Tax Compliance Act (FATCA). An Eastern Caribbean Central Bank (ECCB) release said most of the ECCU countries have reached an agreement on implementing FATCA.

The ECCB said the agreement, which allows the information to be communicated, creates a legal framework for the sharing of information in accordance with the requirements of FATCA.

## CITIZENSHIP BY INVESTMENT

Under the Antigua & Barbuda Citizenship by Investment Act, 2013, there are three options for obtaining citizenship in return for varied levels of monetary investment in the country. These options are (i) Real Estate Investment (minimum US\$400,000.00) in an approved development area, (ii) National Development Investments (minimum US\$250,000.00 to the National Development Fund) and (iii) Investment in Business (minimum of approximately US\$1.5million). Launched in October 2013, the programme is managed by the Citizenship by Investment Unit. All applications for citizenship under the Act have to be made through a licensed Agent resident in Antigua & Barbuda.

## ADDITIONAL MATERIAL AVAILABLE FROM THE IFC MEDIA ARCHIVE

### Case Study: The Antigua & Barbuda Citizenship by Investment Program

Robert Wilkinson provides a case study showcasing the attractiveness of the Antigua & Barbuda Citizenship by Investment Program. (01/03/2015)

### Antigua & Barbuda: Adhering to International Standards

Alice Roberts examines how Antigua & Barbuda continues to respond and adapt to ever changing international regulatory standards to remain one of the region's most competitive IFCs.

### Antigua: Sun, Sand and Service

Brian Stuart Young provides us with an update of recent events taking place in Antigua while highlighting a number of new opportunities for Investors in Antigua.

### Antigua: A Caribbean Centre for Commerce

An analysis of how this Caribbean centre thrived despite the gale forces of a global economic ill wind.