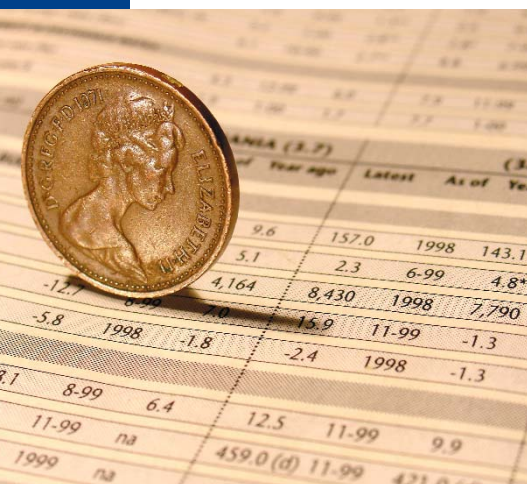




Invest in a Tax-Haven - A guide to immigration to the UK by Investing



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Like most countries, the UK welcomes wealthy individuals and, if new proposals currently under consultation are approved, the UK will make it even easier for High Net Worth individuals (HNWI's) to settle here.

Under current rules wealthy non-EEA nationals wishing to acquire residency in the UK may do so by obtaining an "Investor visa".

The requirements are that the applicant:

- EITHER
 - Has money of his/her own under his/her control and disposable in the United Kingdom amounting to no less than £1 million
- OR
 - Owns personal assets which, taking into account any liabilities to which he/she is subject, have a value exceeding £2 million; and has money under his control in the United Kingdom amounting to no less than £1 million, which may include money loaned to him/herself provided that it was loaned by a financial institution regulated by the Financial Services Authority
- Intends to invest not less than £750,000 of his/her capital in the United Kingdom by way of United Kingdom Government bonds, share capital or loan capital in active and trading United Kingdom registered companies (other than those principally engaged in property investment and excluding investment by the applicant by way of deposits with a bank, building society or other enterprise whose normal course of business includes the acceptance of deposits)
- Intends to make the United Kingdom his/her main home
- Is able to maintain and accommodate him/herself and any dependants without taking employment (other than self-employment or business) or recourse to public funds
- Holds a valid United Kingdom entry clearance for entry in this capacity

Effective lobbying from private bankers persuaded the Home Office of the benefits of allowing applicants to borrow the £1 million subject to evidence of £2 million of unencumbered assets located anywhere in the world, thus obviating the need for applicants to liquidate high-performing assets in other jurisdictions.

The very same private bankers now provide highly competitive loan products secured by the underlying investment portfolios required by the Home Office at little cost. Some banks have even developed specific "investor" products which cost little more than £50,000 net over a 5 year investment plan - a small price for securing a UK "Green Card".

The Home Office does allow applicants to invest £250,000 of the total £1 million in a property, but current property valuations in central London will hardly permit an "investor" lifestyle.

In the writer's experience, the financial requirements of the investor category poses little or no problem for most HNWI's. The biggest hurdle for would-be investors lies in having to make the UK their main home. The Home Office generally expects an investor to remain in the UK for 75% of each of the 5 years leading to permanent residency. In an increasingly global world where the average HNWI has homes in each continent, this requirement to be present in the UK poses more physical problems than fiscal ones.

Home Office consultation documents currently under review indicate a possible reduction of the 5-year residence requirement for gaining permanent residency to 2 years. This change alone will make the investor route and hence the UK, significantly more attractive to HNWI's. Expedient clarity and implementation of such a change is eagerly anticipated not just by putative investors globally, but also by the teams of advisors serving this niche market.

Current practice usually allows this residence requirement to be overcome in part by the less mobile spouse being the main applicant and choosing to remain in the UK to satisfy residence requirements. This "sacrifice" then allows the more mobile spouse to travel more freely whilst retaining the benefits of being a dependent to the main investor.

In an increasingly competitive world many wealthy parents choosing to educate children at British Universities freely give a gift of £1 million to their child to facilitate an Investor application so that a masters-graduate will only need to spend an additional year in the UK to acquire permanent residency. This is often seen as a qualification of equal value to the academic ones.

Considering the UK's eminent position as one of the few tax havens which passes the "smelltest", the Investor visa provides a highly flexible way of securing residence in, and ultimately citizenship, of the UK.

Speedy confirmation by the Home Office of its plans to reduce the time period of attaining permanent residency to 2 years will simply add to the UK's continued attractiveness to an increasing pool of global HNWI's.

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