

REPUBLIC OF VANUATU
BILL FOR THE
CITIZENSHIP (AMENDMENT)
ACT NO. OF 2016

Explanatory Note

This Bill amends the Citizenship Act (the “Act”) [CAP 112].

The Government wishes to offer citizenship for investors in a program to be known as the Real Estate Option Program (“REO Program”). The REO Program was previously as an amendment to the Act in 2014

The fees to be generated for the Government by the REO Program will be substantial and are projected to be at least in the hundreds of millions of US dollars. The REO Program has the added benefit, in addition to the fees generated for the Government, of directly providing employment and expansion of infrastructure at no cost to the Government.

The project, in addition to any land rent, must pay an additional amount of 2% of the gross revenue derived from all income producing activity (turnover rent) to the custom land owners.

The New International Airport to be built on Efate presents a tremendous opportunity to provide extraordinary growth in the economy of Vanuatu with the expected influx of up to one million tourists each year.

Vanuatu, however, will not be able to realize the full potential of the new Airport unless steps are taken now to facilitate the investment in and construction of hotels, resort, restaurants, shopping centres, health and tourism facilities. The need for this investment and construction is now very urgent with the Airport expected to be operational.

It is the role of private enterprise to invest in and build these facilities. However, it is the role of the Government to provide the necessary assistance and environment for private enterprise to bear the risk and undertake this vital investment that will be of tremendous benefit to all Ni-Vanuatu.

Vanuatu exists within the Global Economy and, to attract the necessary major investment, it must compete with the rest of the world in offering incentives to Major Investors. Without the assistance of the Government these major investors will go elsewhere.

With this in mind the Government has developed a policy to attract both major and minor investors by designating important projects that meet stringent Government imposed conditions as Vanuatu Government Approved Projects (the “VGAP”) and offering investors the projects, the opportunity to secure residency and citizenship.

The overriding consideration with the Policy is that all investment facilitated by the policy must provide substantial benefit to Vanuatu in terms of expansion of infrastructure, growth of the economy and increase employment. In addition, there must be commitment by the Major Investor to build new and expand existing health and education facilities within Vanuatu.

As the thrust of the policy is to maximize economic growth with a focus on providing the necessary infrastructure to cater for growth of the tourism industry, the Major Investor will be only be allowed to sell constructed houses, apartments and condominiums and will be prohibited from selling vacant land.

There will be no geographical limitation within Vanuatu with respect to the location of any project that may achieve VGAP status.

The benefits to Vanuatu of this program include, but are not limited to, the following:

- Provision of hotel and resort accommodation to cater for expected influx of tourists as a result of commencement of operation of the New International Airport;
- Creation of employment in construction of the improvements project;
- Creation of employment in the ongoing operation of the resort/hotel operation and related businesses located within the project;
- Creation of employment and business opportunities for businesses that supply support services to the project, including food supply, retail, tourism and recreation activities;
- Expansion and improvement of Infrastructure including road, telephone, electricity and water networks;
- Investment in improvement of access to Education and Health facilities for all Ni-Vanuatu;
- Substantial increase in revenue for the Government derived from:
 - VAT and duty on goods and services consumed in the operation of the project;
 - Application and processing fees payable under the REO program;
 - Increased revenue payable directly to Custom Land owners from turnover derived from operation of any commercial enterprise on the land contained within the project.

To make the VGAP and REO Program work, it will require an amendment to the Act to create a new category of citizenship to be known as a “Real Estate Option Program”. In addition, other matters related to applications for residence visa and citizenship and related matters of the REO Program will be included in Regulations under this Act and the Immigration Act No. 17 of 2010.

Further amendments in this Bill include an amendment to definition of “resident dependant” to ensure the Contribution Program and other Citizenship Programs are attractive in the market.

Item 1 inserts the definition of “resident dependant” to include a natural or adopted son or daughter of an applicant or applicant’s spouse between the age of 18 to 25 years or the lawful mother or father of the applicant or applicant’s spouse over the age of 50 years.

Item 1 amends paragraph 13B(2)(a) by deleting the words “Capital Investment Immigration Plan” and substituting it with “Real Estate Option Program”.

Item 2 repeals 13B(5)(aa) and substitutes it with a new paragraph (aa) to provide that a resident dependant can become a citizen if the applicant is granted citizenship as defined in item 4.

Item 3 repeals section 13C and substitutes it with a new section 13C to provide for the requirements for application of a citizenship by an investor under the Real Estate Option Program. It is the Government’s intention that the provision relating to the Citizenship Program on the Capital Investment Immigration Plan set out under section 13C be repealed.

Item 4 adds at the end of section 13D a new subsection (5) to provide for the definitions of “children” and “resident dependant”.

Prime Minister



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Arrangement of Sections

1	Amendment	2
2	Commencement.....	2

REPUBLIC OF VANUATU

BILL FOR THE CITIZENSHIP (AMENDMENT) ACT NO. OF 2016

An Act to amend the Citizenship Act [CAP 112].

Be it enacted by the President and Parliament as follows-

1 Amendment

The Citizenship Act [CAP 112] is amended as set out in the Schedule.

2 Commencement

This Act commences on the day on which it is published in the Gazette.

SCHEDULE

AMENDMENTS OF CITIZENSHIP ACT [CAP 112]

1 Paragraph 13B(2)(a)

Delete “Capital Investment Immigration Plan”, substitute “Real Estate Option Program”

2 Paragraph 13B(5)(aa)

Repeal the paragraph, substitute

“(aa) any of his or her resident dependant; or”

3 Section 13C

Repeal the section, substitute

“13C Requirements for application of a citizenship by an investor under the Real Estate Option Program

- (1) An investor under paragraph 13B (2)(a) may apply for and be granted citizenship if:
- (a) the investor makes an application for a residence visa under the Real Estate Option Program in the Immigration Visa Regulation Order No. 180 of 2011 and complies with the requirements of the Program; and
 - (b) the investor:
 - (i) must have obtained a residence visa under the provisions of the Immigration Act No. 17 of 2010 and the Immigration Visa Regulation Order No. 180 of 2011; and
 - (ii) must have invested the prescribed amount under the Real Estate Option Program, in a Vanuatu Government Approved Project (VGAP) which can only consist of a lot or lots in a strata plan registered by the Director of Lands under the Strata Titles Act [CAP 266]; and
 - (iii) must hold the investment made in the VGAP in a local company purchased from the Vanuatu Financial Services Commission.

- (2) Citizenship may be granted within 3 months if the investor under subsection (1) pays the prescribed fee under the Real Estate Option Program.”

4 At the end of section 13D
Add

“(5) For the purposes of this section:

“children” is taken to have the same meaning as “child” under section 2;

“resident dependant” includes the following:

- (a) a natural or adopted son or daughter of an applicant or spouse who is or between the age of 18 to 25 years and is:
- (i) residing with or dependent upon the applicant or his or her spouse; and
 - (ii) attending full time education; or
- (b) the lawful mother or father of the applicant or applicant’s spouse who is:
- (i) residing with and is dependent upon the applicant or his or her spouse; and
 - (ii) over the age of 50 years.”