



Porto, 23<sup>rd</sup> February 2022

## Information Note

### EUROPEAN PARLIAMENT'S DRAFT LEGISLATIVE INITIATIVE ON GOLDEN VISA PROGRAMS

#### Current status and political context

At this point, the draft legislative initiative on Golden Visa Programs is still in an **early stage**. It is an initiative by a single MEP, the Dutch liberal **Sophia in 't Veld**, who is considered by many in the EPP (European People's Party) and PES (Party of European Socialists) as acting for self-promoting purposes.

Sophia in 't Veld is a liberal which means, in the European Parliament families, she is associated as a left-center MEP.

For this matter, and for the time being, Veld's draft legislative initiative is seen in the European Parliament more as an **"agenda-setter"** than as an initiative with concrete effect.

#### Content and next steps

The draft legislative initiative approved by the Committee on Civil Liberties, Justice and Home Affairs of the European Parliament targets specifically, the citizen acquisition through "golden passports" described as "objectionable from an ethical, legal and economic point of view" and posing "several serious security risks", linked to tax evasion and money laundering, as happened in Bulgaria, Cyprus and Malta.

**Residence permits, as operated by Mercan Properties, are not targeted in the same way as the "golden passports"**. The draft legislative initiative sets a distinction between the two regimes, calling for action against the citizenship by investment visas.

In what residence permits are concerned, **the Committee asks for harmonized EU rules in order to define standards and strengthen the fight against economic crimes**. It recommends namely, that the investments need to add value, and make a contribution to the economy, **which corresponds exactly to ours in Portugal**.

Additionally, **the actual content of the draft legislative initiative is very different from the political parties' recent public statements in this matter**. Contrary to what the left parties across Europe, and also in Portugal have been arguing, the document does not mention the abolition of the golden visa programs.

**The draft legislative initiative will be discussed in plenary at the beginning of march (from 7th to 10th)**. It is expected to be approved by MEPs because it is a legislation that aims to fight tax fraud and crime in the EU citizenship acquisition.

According to the European Parliament rules, even if approved, it will not automatically become law nor will force the European Commission or the European Council to advance with legislation.

**The two top bodies of the European Union, with legislative and executive powers, did not make any move on supporting the initiative and have not yet pronounced on the subject.**

### **Portuguese context**

In Portugal, a golden visa program has been in place for ten years, **providing residence permits to foreign investors, and granting access to the citizenship after five years**, unlike countries such as Cyprus, Malta and Bulgaria – that grant immediate citizenship.

From this year on, amendments have been introduced to the program, removing investment permits for residential purposes in greater urban areas like Lisbon and Oporto. The changes in the law have not impacted Mercan Properties' activity as the investment is made in the acquisition of properties for commercial purposes, in the context of rehabilitation.

Likewise, we believe that the current draft legislative initiative, even if approved - which is something that, as mentioned above, is quite far for happening, will not have an impact on our current operations, namely in what is related to the residency permit under the current Portuguese program.

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