

IMC Response to European Parliament Report on Financial Crimes, Tax Evasion and Tax Avoidance

Press Release

Geneva, 26 March 2019

Investment Migration Council (IMC) calls for EU support in raising industry standards for Citizenship and Residency-by-Investment.

Phasing out the €20 billion industry, as MEPs ask, would threaten vital investments and development in peripheral economies.

The Investment Migration Council (IMC) notes the European Parliament's adoption of the TAX3 Committee report 'Financial Crimes, Tax Evasion and Tax Avoidance' earlier today.

The IMC understands and shares MEPs' concerns about Investment Migration, however we oppose the Parliament's call for Investment Migration programmes to be phased out. Instead we call on the EU to support implementation of better standards and oversight. Citizenship and Residency-by-Investment (*collectively called Investment Migration*) are responsible for significant investments in peripheral economies and are a force for good when managed effectively.

The IMC shares concerns on issues such as transparency, due diligence and the potential for illegal activities that can occur in the minority of cases when investment is abused. We support the calls from both the TAX3 Committee, and the European Commission reports published earlier this year for enhanced transparency, better risk management, control systems and oversight mechanisms across the sector, as well as enhanced customer due diligence and better information-sharing about applicants between industry and governments.



However, the IMC is disappointed that the Parliament has recommended that Investment Migration be entirely phased out. Investment Migration is a €20 billion industry that generates significant societal and economic benefits, including job creation and notable contributions to GDP.

As the International Monetary Fund (IMF) recognised in its 2015 report ‘A Passport of Convenience’ and multiple Country Reports, Investment Migration makes a clear contribution to tax revenues. Likewise, the European Parliamentary Research Service (EPRS) report published in 2018 shows that net Citizenship and Residency-by-Investment inflow contributes up to 2.5% percentage points to the GDP in small EU economies, where investment is difficult to source.

Beyond Europe these contributions can be even larger, effectively creating a lifeline to foreign investment and development finance. Phasing out Investment Migration will effectively cut off a large source of investment for these countries.

Bruno L’ecuyer, Chief Executive of the IMC, said:

“We’re sympathetic to MEPs’ concerns and understand where this report is coming from, however phasing out the industry is not the right answer. Citizenship and Residency-by-Investment programmes are crucial to peripheral economies, as shown by the IMF and the European Parliament’s Research Service. The best solution is for industry and policymakers to collaborate in raising standards across the board to mitigate the risks of abuse. Our work on this is already underway - we’ll be sharing our results proactively and look forward to engaging further with the EU institutions.”

The IMC are in the process of finalising mandatory educational qualifications for Investment Migration professionals. We are also working with IMC industry members to provide better and more reliable data on our sector with research on key areas: National Security and Investment Migration; Societal Benefits of Investment Migration; Financial Crimes and Investment Migration.

We will share our findings with the European Commission, European Parliament, OECD and IMF to enhance cooperation and information-sharing.

Good policymaking is built on solid factual debate and constructive consultation with industry. We therefore call for the IMC’s inclusion in the EU policymaking process. A rigorous, fair and formalised system for Investment Migration is in the interests of the individual, the country and the wider society, and we look forward to cooperating with the institutions to help deliver it.



Notes to Editor

About the Investment Migration Council

The Investment Migration Council (IMC) is the worldwide association for Investment Migration, bringing together the leading stakeholders in the field and giving the industry a voice. The IMC sets the standards on a global level and interacts with other professional associations, governments and international organisations in relation to investment migration. The IMC helps to improve public understanding of the issues faced by clients and governments in this area and promotes education and high professional standards among its members.

The IMC is constituted as a not-for-profit association under Swiss law. Based in Geneva, it has representative offices in New York, London and the Cayman Islands. Managed by a Secretariat under the direction of a Governing Board, the IMC also has a non-executive Advisory Committee, in which the most important industry stakeholders are represented. The IMC is funded by membership fees, donors and income from activities such as events, education, training, and publications.

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