

REPUBLIC OF VANUATU

BILL FOR THE CITIZENSHIP (AMENDMENT) ACT NO. OF 2021

Explanatory Note

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

The Real Estate Option Program (“the REO Program”) was a Program that existed in 2014 but was then repealed by Parliament in 2015. The purpose of this amendment is to reinstate the REO Program under the Act.

Vanuatu exists within the Global Economy and, to attract the necessary major investments, 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”).

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 in employment. In addition, there must be commitment by the major investor to build and expand existing health and education facilities within Vanuatu.

As the aim 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 only be allowed to sell constructed houses, apartments and condominiums and will be prohibited from selling vacant land.

A “real estate option” is an agreement that grants the party owning the option (“the optionee”), the exclusive, unrestricted, and irrevocable right to purchase property from the party selling the option (“the optionor”), during the specified period of time that the option is in effect. When an optionee buys a real estate option, he or she buys an exclusive, unrestricted, and irrevocable right and option to purchase a property at a fixed purchase price within a specified option period.

The advantage of the REO Program is that Vanuatu, like other countries, has a greater potential to attract retired investors or wealthy individuals in the real estate option sector. Its prestige scenic and natural environment is an inherited asset that entices foreign investors and wealthy individuals to come to Vanuatu and seek a place for a peaceful holiday from busy working environments. This investment model enables the investor to tap the real estate market without the responsibilities of managing physical property.

The benefits of this REO Program include, but are not limited to, the following:

- (a) it creates employment opportunities in the ongoing operation of hotels and resorts; and
- (b) it creates employment and business opportunities for businesses that supply support services to projects, including food supply, retail, tourism and recreation activities; and
- (c) it expands and improves infrastructure including roads, telephones, electricity and water networks; and
- (d) it invests in the improvement of access to education and health facilities; and
- (e) it increases revenue for the Government derived from:
 - (i) VAT and duty on goods and services consumed in the operation of the project; and
 - (ii) application and processing fees payable under the REO Program; and
 - (iii) increased revenue payable directly to custom land owners from turnover derived from operation of any commercial enterprise on the land contained within the project.

Prime Minister



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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)(c)

Delete “.”, substitute “; and

- (d) an investor under the Real Estate Option Program who complies with the requirements set out under section 13F.”

2 After section 13E

Insert

“13F. Application for citizenship by an investor under the Real Estate Option Program

- (1) The Minister is to prescribe by Regulation, the requirements for an application for citizenship by an investor under the Real Estate Option Program.
- (2) The prescribed fees payable by an applicant under the Real Estate Option Program covers the applicant, his or her spouse and 2 children.
- (3) The Minister may prescribe additional fees for any other child or resident dependant of the applicant.
- (4) The Commission must within 3 months of receiving an application under this section, make a decision on whether or not to approve and grant a citizenship.”