STATISTICS

GFSM 2014 update

Proposed Recommendations Document:

1.4 Citizenship-by-Investment (CBI) Programs

Summary Details

Links to Related Guidance/Discussion/Issue Notes and Latest Manuals: GN B.8 Recording Citizenship-by-Investment Programs Draft *2025 SNA* and Draft *BPM7*	
Global Consultation(s):	BP Consultation: June 2021 GFS Consultation: August 2021
Discussions at the Advisory Expert Group on National Accounts (AEG) / Balance of Payments Committee (BOPCOM) Meeting(s):	BOPCOM: June 2021
Discussions at GFSAC Meeting(s):	To be determined
Summary of Proposed Recommendations: The proposed recommendation is to treat nonrefundable contributions to government (or their nominated agency) under Citizenship-by-Investment (CBI) programs as *other revenue*, specifically as *transfers not elsewhere classified*. Whether the contribution is recorded as a current transfer, or a capital transfer will depend on the specific details of the specific CBI program. The *GFSM 2014* is silent on the topic of the treatment of CBI programs and so the proposed recommendation would lead to the introduction of new text on the topic in the *GFSM*.	

Background and Issues

1. CBI programs are government schemes under which an individual (nonresident to a country) may obtain an additional citizenship or passport, by making economic contributions to the country (usually with no or very minimal requirements to visit or reside in the country). CBI programs can take many different forms, but as the name implies the aim of the programs are to attract investments which can improve the welfare and economic development of the country. Often these are investments in land and property, business activities, or in financial assets, and therefore fit under existing guidance for recording investments. However, some programs can also take the form of nonrefundable contributions to government (or a government nominated agency).

2. CBI programs differ from the wider array of visa schemes which governments employ to grant permission to nonresident individuals to travel to and/or reside in their country. It is important to note that this proposed recommendation document only relates to nonrefundable contributions made under CBI programs and not other visa schemes, such as employment, study or visitor visas.

3. The issue identified as part of the *SNA* and *BPM* update was that the macroeconomic statistical manuals made no reference to how to treat nonrefundable contributions to government made as part of CBI programs. The *SNA/BPM* guidance note (GN B.8) developed to address the issue considered four possible options for treating these contributions, as: (i) taxes, (ii) sales of service, (iii) transfers (other than taxes), or (iv) partitioned between a sales of service component and a transfer other than taxes component.

4. The arguments for and against each of the four options explored in the *SNA/BPM* guidance note revolve around two key conceptual questions: (1) are the payments compulsory and (2) are the payments requited? The guidance note also considers other more practical considerations, such as the impact on key tax metrics and on GDP.

5. Consultations on the four options, and the key conceptual questions of whether payments are compulsory and whether the payments are requited attracted opposing views and the outcomes of these consultations are summarized in the *SNA/BPM* guidance note. The GFS community was consulted in August 2021 (details of the responses received can be found here) with the revised and updated *SNA/BPM* guidance note shared for comment in July 2022.

6. With respect to whether the nonrefundable contributions are compulsory there were divergent opinions based largely on the perspective from which the nature of the payments was viewed. For instance, from the perspective of an applicant to a CBI program the nonrefundable payments are compulsory, but from the perspective of obtaining citizenship or a passport they can be seen to be not compulsory as individuals make a voluntary decision to become a citizen and have other ways to secure these without making a nonrefundable contribution, such as residing in the country for a sufficient period.

7. The question of whether the nonrefundable contributions are requited also attracted different opinions based again largely on the viewpoint applied. From the viewpoint of the individual acquiring the citizenship there is clearly great value in what is received (i.e., the citizenship) or they would not have participated in the CBI program. However, macroeconomic statistics do not consider citizenship or passports to be an asset. Also, from the viewpoint of the government operating the CBI program the (direct) costs involved in granting the citizenship are substantially lower than the nonrefundable contributions receivable.

8. After consideration of all the arguments the final decision as part of the SNA and BPM updates was to treat the nonrefundable contributions to government as non-tax revenue of government (specifically as transfers not elsewhere classified).[1] This recommendation is justified based on the

[1] Eurostat published in September 2024 a GFS interpretation, based on the current manuals, which differs from the decision reached for the *2025 SNA* and *BPM7*. It agrees that the nonrefundable contributions are not requited but argues that they are compulsory and so should be recorded as taxes. The key point of difference being that the Eurostat interpretation argues that the contributions are compulsory as the "payment is necessary in order to achieve the residence status or citizenship" while the SNA/BPM guidance note argues that the CBI schemes under

argument that the payments are non-compulsory, as citizenship can be gained in other ways, and effectively non-requited as the contributions are significantly greater than the immediate administrative costs of providing the citizenship.

Proposed Recommendations

9. Nonrefundable contributions to government (or their nominated agency) under CBI programs should be treated as *other revenue*, specifically as *transfers not elsewhere classified* (GFS code 144). Whether the contribution should be recorded as an *other current transfers not elsewhere classified* (GFS code 14412) or a *capital transfers not elsewhere classified* (GFS code 1442) will be dependent on the details of the specific CBI program. In general, they should be recorded as current transfers, unless the contributions are specifically earmarked for spending of a capital nature, such as capital investment projects, or repayments of debt.

10. In addition, in jurisdictions where nonrefundable contributions to government under CBI programs are a significant revenue source for the government, it is recommended that these transactions are separately identifiable as "of which" lines within disseminated government finance statistics.

Rationale for Proposed Recommendations

11. The proposed recommendations aim to harmonize the updated *GFSM* with the *2025 SNA* and *BPM7*, a key objective of the *GFSM 2014* update process.

12. The proposed recommendations are based on the argument that (i) the payment is not compulsory as nonresidents may obtain citizenship through routes other than a CBI program, such as by living in the country for a sufficient length of time, and (ii) the payment is unrequited (or at least not fully requited) as from the perspective of the government the nonrefundable contributions are greatly in excess of the direct cost to the government in providing the citizenship.

Proposed Text for GFSM Update

13. The *GFSM 2014* (paras. 5.145-5.148) discusses the definition of transfers not elsewhere classified and provides examples of such transfers. At minimum, these paragraphs should be updated to include discussion of nonrefundable contributions to government as part of a CBI program. Example text from the draft *2025 SNA* and *BPM7* is provided below and could be used as the basis for text in the updated *GFSM*.

BPM7 **Text (Chapter 13, para. 13.56a in draft *BPM7*)**

Some countries may offer citizenship or passports to individuals who make economic contributions to the country. Where such a program consists of a nonrefundable contribution (as opposed to an investment) by a nonresident individual to the government, nominated development funds, or possibly NPISHs, this transaction is recorded as a transfer. If the program is not intended for capital investment projects, then the transfer is treated as a current transfer. Nonrefundable contributions under citizenship-by-investment

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consideration only offer one route to citizenship and as other routes are available (such as residing in the country for a period) the nonrefundable contribution should not be seen as compulsory.

type programs are not identified separately in the balance of payments, however countries for which these programs are important can publish a supplementary item within other miscellaneous current transfers.

***BPM7* Text (Chapter 14, para. 14.35a in draft *BPM7*)**

As discussed in paragraph [13.56a] citizenship of some countries or passports may be offered to individuals making nonrefundable economic contributions to that country. If these contributions are specifically earmarked for capital investment projects, they should be recorded as capital transfers. Where these contributions are important, countries can publish a supplementary item within other capital transfers.

***2025 SNA* Text (Chapter 9, para. 9.148 in draft *2025 SNA*)**

Individuals may obtain an additional citizenship, or passport, by making economic contributions to another country. If these contributions take the form of non-refundable contributions to the government, nominated development funds, or possibly NPISHs, they should be recorded as current transfers, unless the contributions are specifically earmarked for capital investment projects. In the latter case, the contributions should be recorded as capital transfers.