



Government Finance Statistics (GFS) Consultation on Recording Citizenship-by-Investment Programs

We would appreciate your input and views on the proposed options for the statistical treatment of transactions with government conducted under “Citizenship-by-Investment” programs. These options are being discussed in the context of the preparation of new guidance under the auspices of the ongoing work toward the update of [the Balance of Payments and International Investment Position Manual](#) and [the System of National Accounts, 2008](#).

Introduction

The term Citizenship-by-Investment (CBI) programs is used in this document to refer to all schemes under which an individual may obtain an additional citizenship, or passport, by making economic contributions to another country.

Currently, none of the international statistical manuals have specific guidance on CBI schemes. However, the statistical principles underpinning these manuals provide clarity on how to treat many of the transactions that might take place under a CBI program. Where there is some ambiguity as to how best to treat, in macroeconomic statistics, any nonrefundable contributions to government (or their nominated agency), made under a CBI program. The relevant issues related to the treatment of these transactions with government are explored in the [guidance note under consultation](#).

Background – Timeline

May 2021	Draft guidance note was issued for initial public consultation
June 15, 2021	Public consultation on draft guidance note closed
June 21-24, 2021	BOPCOM* discussed draft guidance note

* *IMF Committee on Balance of Payments Statistics (BOPCOM)*

Options

The guidance note considers four possible options for the treatment of nonrefundable contributions to government (or their nominated agency) made under a CBI program:

- Option 1 Taxes
- Option 2 Sales/Purchases of Services
- Option 3a Transfers not elsewhere classified (current or capital)
- Option 3b Partitioning payment between Option 2 and Option 3a

From a GFS perspective, all options involve recognizing the same amount of government revenue and so an equal increase in government net worth and equal reduction in government deficit (all else being equal). However, certain key fiscal indicators such as the tax burden would be impacted differently whether the contributions are treated as taxes (option 1), or other revenue (Options 2, 3a, and 3b).

The guidance note describes the four options including the rationale, as well as perceived strengths and weaknesses for each option. The results of BOPCOM discussions and the previous public consultation were broadly split between Option 1 (Taxes) and Option 3a (Transfers not elsewhere classified).¹

GFS Consultation Questions

Given the inconclusive nature of discussions to-date, your responses to the following questions would be greatly appreciated. We would also like to note that gathering information on the current recording practices is an important step of the process; consequently, we have extended the questions beyond the purely methodological questions posed in the original public consultation.

Responses to the consultation should be emailed to STA-GFSAC@imf.org by Wednesday, August 25, 2021.

1. Is there a CBI scheme operating in your country/territory, where large nonrefundable contributions are made to government in order to secure citizenship?

1a. If Yes, how are these revenues treated in your Government Finance Statistics? If known, please explain the rationale for this treatment.

1b. If Yes, is the same treatment followed in the National Accounts and External Sector Statistics of your country/territory? If a different treatment is followed, then please explain why.

2. Which of the options considered in the guidance note do you believe best captures the nature of the nonrefundable contributions made under CBI programs? Please explain why.

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| Option 1 | Taxes |
| Option 2 | Sales/Purchases of Services |
| Option 3a | Transfers not elsewhere classified (current or capital) |
| Option 3b | Partitioning payment between Option 2 and Option 3a |

3. In the event of Option 1 being chosen, what [GFSM 2014 tax category](#) would you include the nonrefundable contributions under? If you consider none are appropriate, do you think inclusion of a new tax category should be considered?

4. In the event of Options 3a or 3b being chosen, do you think that the transfers should be treated as current or capital transfers? Please explain why.

¹ Initial discussions between a small number of GFS experts also indicated a split of views between recording the contributions as Taxes, or, as Other Revenue, with limited support for Option 2.