

New Zealand immigration by investment

Introduction

New Zealand continues to offer a viable investor category at two levels: NZ\$10 million (US \$7.3m) with no age restriction and a very light presence requirement during the investment and then an indefinite status. The second option is age-restricted requires business experience but the investment can be as low as NZ\$2.5m (US\$1.825m) but has a more onerous presence requirement during the investment.

Investor 1 and Investor 2: Residence categories

Whereas a number of jurisdictions have closed or restricted (passive) investment categories, New Zealand's policies have been enhanced during 2017.

A competitive point in favour of New Zealand's Investor Categories is that they are residence categories. When the visa is granted, it is not a temporary entry visa but a Temporary Residence visa, with conditions. The investment requirements must be completed. In the case of Investor 1, this is for three years and in the case of Investor 2, this is for four years. At the end of the investment period and provided that the presence requirement imposed on the principal applicant is met, the whole family will have permanent residence without any further presence requirement in New Zealand, *at any time* in the future.

Unlike most of the policies in other competing jurisdictions, the golden carriage does not turn into a pumpkin at some future point at the strike of the midnight hour (four or five years later). This makes New Zealand's Investor 1 Category in particular quite popular. It is also the one factor that is not understood.

The Investor 2 Policy is a point system policy (the Investor 1 policy is not) and the number of points required will fluctuate. However, currently selections are made with proposals involving an investment of NZ \$2.5 million (see details below). The category is age restricted at 65; English at International Language Testing System (IELTS) 3.0 or equivalent or above is required for the principal applicant; and funds for investment must be sourced, though not at the level of an audit.

In May 2017, an enhancement was made to the presence requirement settings. For Investor 1, the investment of NZ \$10 million required a trip to New Zealand to "uplift" the visas within 12 months of the grant of visa and a presence requirement of 44 days (principal applicant only) in years two and three of the investment period i.e. a total of 88 days but in two separate years. Provided that 25% of the investment is in non-bonds (see below) the 88 days can now be spent at any period of time during the three year investment period, thus giving flexibility, although the applicants may still be required, in order to fulfil banking requirements, to travel to New Zealand prior to the investment process being finalised. In some circumstances, it may be possible now for Investor 1 clients to spend their 88 days in New Zealand on one trip. The family must enter the

country to “uplift” their visas, but the total day requirement applies only to the principal applicant.

The presence requirements in the Investor 2 Category probably makes the category non-competitive, however. For those who genuinely wish to take up residence in New Zealand, and have sufficient funds to invest, this is however a far better option than our active Entrepreneur Work-to-Residence program. The presence requirement is 146 days in years two, three and four although this becomes movable i.e. a total of 438 days to anywhere within the investment period as long as the investment involves 25% or more in growth investments (i.e. non-bonds, non-philanthropic investments). A stay of 183 days in any year will however trigger tax residence status. Again the whole family must fly in during the first 12 months to “uplift” the visas, but thereafter the presence requirement lies with the principal applicant. Business experience is a prerequisite.

When discussing the points below, please note that a reduction from NZ \$3 million to NZ \$2.5 million is also available where the applicant agrees to an investment of at least NZ \$1.5m in growth investments (non-bonds, non-philanthropic).

The points system is briefly as follows:

1. English language ability, principal applicant	3.0 IELTS	1 point
	4.0 IELTS	4 points
	5.0 IELTS	10 points
	6.0 IELTS	13 points
	7.0 IELTS	17 points
	8.0 IELTS	20 points
2. Investment funds	NZ \$3 million	10 points
	NZ \$3.25 million	15 points
	NZ \$3.5 million	20 points
	NZ \$3.75 million	25 points
	NZ \$4 million	30 points etc
3. Age	60 - 65	0 points
	50 - 59	5 points
	40 - 49	10 points
	30 - 39	15 points
	Less than 30	20 points
4. Recognised business experience	3 years	9 points
	4 years	12 points
	5 years	15 points
	...	
	15 +	45 points

Business experience requires either ownership or management of a business that has at least five fulltime employees or an annual turnover of NZ \$1 million or more.

English language testing can be through other methods other than IELTS and the above is a brief overview only i.e. TOEFL iBT score 31-34 = IELTS 4.0-5.0.

It is important when setting a proposed application, which is first done by way of an Expression of Interest (without any evidence accompanying the application) to check the current pool draws. On 30 November 2017, the selections were for those with an Expression of Interest at 33 points or above. The draw occurs every 2 weeks. The above suggests that currently applicants with a low score will be able to succeed at the lower settings i.e. with either NZ \$3 million or reduced to NZ \$2.5 million with an investment of NZ \$1.5m in non-bonds, non-philanthropic. As the policy settings are new however, a rise is predicted. Clients should consider filing with 70 or more points to be on the safe side and must ensure they procure up-to-date information and advice. Up-to-date advice is required.

The Investor 2 Category has an onerous presence requirement whereas the setting under the Investor 1 Category requiring only 88 days during the investment period is competitive, particularly given that the project itself, once the investment is completed, results in residence without *any* future presence requirement at all. This compares favourably against other jurisdictions.

In essence, residence by investment gives an *indefinite* status, which can then be activated throughout the grantee's lifetime, even into their dotage when they will not meet health requirements. It is a long-term investment for a right to reside in one of the most beautiful countries in the world. Essentially it is a halfway house somewhere between residence and citizenship.

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