

THE LAND OF CONTRASTS

* by *Till Neumann of Citizen Lane*

Vanuatu is a land of contrasts, where the 21st Century melds comfortably with the 19th Century. Located in the South Pacific, it is often referred to as the Isles of Contrast and the Paradise Islands. With its sub-tropical climate, carefree attitude and easy-going lifestyle, it has been voted the "Happiest Place on Earth" twice in recent years.

The country has a population of around 270,000 and its indigenous inhabitants speak more than 170 different languages and dialects, making it, per capita, the most ethnically diverse national population on the planet.

The peoples' historical origins are predominantly Melanesian, intermixed with Polynesian, and also include the famed Lapita People who sailed across the Pacific from Asia almost sixteen hundred years before Christ.

The country still retains a mixture of its historical colonial past as it is a condominium – a colony of both England and France – with a comfortable intermixture of ethnic varieties on top of its already diverse indigenous population and a peaceful, relaxed, easy-going lifestyle.

The official languages are Bislama (which is a type of *lingua franca* spoken by all) and English and French. The languages used in the education system are English and French, with state schools teaching a locally developed curriculum and private schools teaching an Australian or French curriculum. Most students come out of the country's secondary education system able to speak English and French on top of Bislama and their native indigenous language.

The honorary citizen enjoys all privileges except the ability to participate in political life

Medical services are available from the state-run health services and expatriate and local foreign-trained private medical specialists who dispense such services. There is also ready access to modern medicinal drugs and remedies from commercial chemists.

Vanuatu is situated about 3 hours' flight from Sydney or Brisbane, almost 3 hours from Auckland, 1½ hours from Fiji, 1½ hours from Honiara and 1 hour from New Caledonia. From these destinations, one

can go to more or less anywhere around the globe. The political system is a democratic Westminster system of government with a Parliament elected by universal suffrage every four years and a president as the head of state.

The executive arm of the State is a democratically elected government headed by a prime minister elected by Parliament on the basis of majority rule.

The nature of the people is such that, despite irregular changes in the country's dynamic democratic political environment, peaceful transition has always been the order of the day.

THE CITIZENSHIP PROGRAMME

In recent years the country has amended its laws to allow for dual citizenship. Several types of citizenship classes exist. These are naturalized citizenship, citizenship by virtue of marriage, citizenship by entitlement, citizenship by investment and honorary citizenship. Further information on types of citizenship, processes, requirements and procedures is available at <http://www.vnso.gov.vu/>.

In mid-March 2015, Vanuatu was affected by cyclone Pam and its infrastructure and buildings were seriously damaged. In response, the Government launched the Vanuatu Economic Rehabilitation Program (VERP) to grant citizenship to applicants who were willing to make a cash contribution of US\$130,000 to it. Each applicant was entitled to honorary citizenship of Vanuatu pursuant to *section 20(1) Vanuatu Citizenship Act [Cap 112]* and the *Honorary Citizenship (Vanuatu Economic Rehabilitation Program) Regulation Order Nos 34 and 37 of 2015*, and the *Privileges for Honorary Citizenship (Vanuatu Economic Rehabilitation Program) Regulation Order No 38 of 2015*. The honorary citizen enjoys all privileges except the ability to participate in political life (i.e. elections). Beyond the contribution there are other fees which come to US\$70,000. In total, this amounts to US\$200,000 – plus our fees.

The Citizenship Commission, which is an independent governmental entity regulated by its own Act of Parliament, has appointed only a few companies to deal with applications, of which Citizen Lane is one.

Citizenship applications can be processed within two months. The Citizenship Commission usually meets once every month on the last or second last week of the month.

Vanuatu's citizenship investment programme scores over those of other centres because the commission does a "pre-check and pre-approval." This saves everybody time and effort. The prospective client sends copies of passports and police clearance certificates to us, we forward them to the government and within one to two weeks we receive a "pre-approval." Only then has the client to sign the agreement, we then lodge the applica-

tion upon receipt of our fees, and the client pays the first 50% of the amount. After the final approval, the client has to pay the remainder within 30 days. The Citizenship Commission, as we have said, usually meets in the second half of the month and this is when it bestows "final approval." After he has received that approval, the client has to swear his oath to the country. He can do this in Vanuatu or abroad. If the latter, he can invite the commissioner to travel anywhere in the world, but would then have to pay his expenses.

There are no tax treaties with other countries, although there are now a dozen TIEAs

THE FINANCIAL ECONOMY AS A WHOLE

The economy is dominated by tourism but there is an agricultural industry and just as important is the country's Offshore Finance Centre. More information on the nation's economic and social parameters can be obtained from: <http://www.vnso.gov.vu/>.

Vanuatu has a very well-developed international communications system, with a new submarine cable connecting it to the global communication network. It also has two major domestic telecommunications companies: Telecom Vanuatu Limited (a subsidiary of Mauritius Telecom) and Digicel (Vanuatu).

Vanuatu has a very well developed Offshore Finance Centre, which has been operating since 1971 with confidentiality provisions, excellent communication systems and experienced professional service providers. Vanuatu is in a uniquely advantageous time zone for the location of a financial centre.

The Vanuatu International Finance Centre was established in 1972 and its members have in-depth financial, investment, banking, accounting and legal expertise. They facilitate the formation of international and local companies, trusts and foundations, provide full international banking and insurance services and offer access to international investments and share trading in international markets. For more information please visit the Vanuatu Financial Centre Association's website at: <http://www.fca.vu/fca/>.

There are no income taxes, withholding taxes, or capital gains taxes. No gift, death, estate or suc-



cession duties apply to companies, trusts or individuals. There are also no tax treaties with other countries, although there are now a dozen Tax Information Exchange Agreements (TIEAs) with foreign governments. Under the *Vanuatu International Companies Act*, companies have a 20-year guarantee against taxes, duties and exchange controls.

The Vanuatu Investment Promotion Authority is a one-stop shop for interested investors who wish to invest in Vanuatu's myriad of opportunities with tourism and agriculture featuring prominently alongside the finance centre's activities for those who want to take advantage of Vanuatu's tax haven privileges. More information on such opportunities can be obtained from: <http://www.investvanuatu.org/>.

The Vanuatu Financial Services Commission is responsible for the regulation and supervision of investment business and trust and company service providers. The commissioner is also the Registrar of Companies, Charitable Organizations, Credit Unions, Trade Unions, Personal Property Securities and Controller of Stamp Duties. The commission has additional responsibilities that include the development of the financial services industry in Vanuatu.

Although it is always keen to promote the financial centre's facilities, the commission has an unwavering commitment to keeping the centre's reputation for integrity spotless. Accordingly, Vanuatu always updates its laws to conform to international standards and best practices. An overhaul of the finance centre's body of law is underway.

This ought to bolster both the reputation of Vanuatu as an international finance centre and promote confidence among investors. The latest developments include a user-friendly system of company registration which can be done over the Internet.

More information on the types of commercial structure available and on the registration processes of different commercial structures (including international companies and international banks) can be obtained from: <https://www.vfsc.vu/>.

PICTURESQUE REMOTENESS AND BUSINESS CONNECTIVITY SIDE BY SIDE

The Republic of Vanuatu is especially unusual in the Pacific not only because of its indigenous and traditional ethnic diversity but also in its colonial heritage, which has resulted in a melting pot of people coming together in a peaceful and relaxed

living environment. It is a country where one can enjoy a tropical environment surrounded by ocean, customs and tradition and still access the world at large. It is also a country that has been traditionally politically independent, choosing to walk the middling path in global politics according to its conscience rather than foreign influences.

Citizenship applications can be processed within two months

It is a country where, in one day, one can visit traditional villages and see lifestyles unchanged over centuries, look into the world's most accessible volcano, dive on one of the world's largest most accessible shipwrecks, and then return to being a part of a dynamic and ever-changing modern world. It is truly a Land of Contrasts.



