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# **GOLDEN VISAS IN IMMIGRATION LAW: NAVIGATING INVESTMENT AND CRIMINAL EXPLOITATION BY SANCTIONED INDIVIDUALS**

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## **ABSTRACT**

Golden visas had been introduced initially as basic, simple schemes and programmes for the purpose of foreign money but as time passed it became an integral that tool in the legal aspect that started having a great influence on the overall global migration. These programmes and schemes permit individuals to get residency or citizenship in a country by the means of investing in the financial aspect. Even though, these schemes have a lot of pros pertaining to the growth of the economy, it also comes with various risks. These programmes can be misused by the economic offenders to evade taxes along with their illegal financial history thereby allowing the flow of illicit money in the economy. This research papers showcases both the positive as well as the negative aspects when it comes to golden visas in the purview of immigration law. It thrives to analyse and understand how these schemes help in the growth of the economy at a faster pace thereby improving the overall development of the company, but alongside creates a threat of the flow of illegal money in the economy because of the misuse of these schemes by sanctioned individuals to evade taxes and hide their illicit money. The method used to understand and analyse laws and policy is doctrinal and it takes into account the different countries like Portugal, Malta, Cyprus and United Arab Emirates. These countries are taken into consideration in this paper due to their popularity when it comes to migration by the means of investment in an economy. By going through the understanding and analysis, this paper aims to identify patterns that are common in nature, loopholes and gaps especially in the aspect of anti-money laundering standards, due diligence and the practical implementation of international standards. It also focuses on the larger aspects pertaining to the sovereignty of the state, accountability across borders and transparency when it comes to finances. By means of proposing a practical model so that there is transparency, ethical behaviour and a migration framework that is secured in nature that not only encourages growth and development of the economy but keeps a check and provides safeguards so that these schemes are not misused by criminals and sanctioned individuals.

## INTRODUCTION

Golden visa programmes and schemes have been growing rapidly in the global arena. Earlier it was a very small specialised way that was offered by few small islands that included the Caribbeans in the 1980s to its immense rise in the immigration policy in Asia, Europe, from Cyprus to Malta and Portugal along with Middle East in the contemporary times have made this migration based on investment as schemes with proper strategy for the economic growth and development of a country. The main aim behind these schemes and programmes is to attract foreign investment in the country so that there is an overall boost in the economy which is usually required after heavy financial losses in an economy due to certain circumstances and situations which also includes pandemics, its after effects after which it becomes very difficult to bring about a boost in the national economy. As this citizenship by means of investment has been rapidly growing, it formulates vulnerabilities in both the structural as well as regulatory aspects. The reason why these golden visa schemes attract a lot of people is because of its speedy nature, along with the fact that it is not too rigid in nature along with how physical presence of an individual is not needed to a great extent. If we look at various reports spanning from FATF<sup>1</sup> to European Commission<sup>2</sup> and other investigative bodies it showcases how people who are involved in charges pertaining to corruption or their travels are banned due to the commission of certain illegal activities by such individuals misuse these schemes so that they can freely go across borders and get citizenship of that country with ease by investing a heavy amount thereby paving the path for the flow of illicit money. There has been growth in the international concern pertaining to international sanctions that are levied against Russian oligarchs, Middle East financiers along with criminal networks in the organised sector that misuse and take advantage of these legal gaps and loopholes so that they can include themselves into financial systems that are legal and legitimate in nature. If we take a look at the debates of contemporary times in the aspect of migration by means of investment, there is a complex mix and interplay of financial regulation, international security and immigration law. In one place, golden visas help and assist in sovereignty of the state that is based on the principle from a very long ancient time that the conditions for entry, naturalisation and residence and on the other hand there is an intersection with legal frameworks that are transnational in nature that put obligations when it comes to anti money laundering, due

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<sup>1</sup> Financial Action Task Force & Organisation for Economic Co-operation and Development (OECD), Misuse of Citizenship and Residency by Investment Programmes (22 Nov. 2023).

<sup>2</sup> European Commission, Investor citizenship schemes: European Commission opens infringement procedures against Cyprus and Malta (20 Oct. 2020).

diligence and implementation of international standards. The dual nature of golden visas has brought about several issues within regulatory institutions such as the OECD, UNODC, FATF. They have repeatedly shown concern and warned that if these golden visas schemes are not kept in check properly then it would lead to money laundering, flow of illicit money in the economy, financing of terrorism and so on which are inherently dangerous in nature and would have serious implications on the economy. The reports by these agencies constantly showcase and portray that there are no proper background checks of the applicants, along with that it is not checked and taken into consideration that where the money is coming from, poor verification and there is a lot of dependence on private intermediaries, and their interest in the financial aspects usually collide with the interest of the public at large. The risks that are mentioned are not just theoretical in nature and if not regulated properly can lead to serious threat for the economy. The investigations made earlier have showed that how certain individuals on whom international sanctions had been imposed upon were still at the position of getting European Union residency by the means of investment routes. Due to this these individuals were permitted to invest, travel and also organise business setting even when they were restricted legally. Instead of making a comparison or giving ranks to various countries, this research takes into account the legal gaps and loopholes that are seen in various countries that have different migration schemes by means of investment. These issues are curated in places of larger discussions when it comes to the sovereignty of the state, security in the global aspect and the requirement of transparency in the financial aspect. This is essential because even of golden visas ensure the growth of an economy by means of financial investment, there is a very deep question raised pertaining to what the term citizenship means now and how the international community can devise a method to work together so that there is no flow of illicit money in the market. Countries compete with each other for foreign investment in the global arena that is interconnected, it becomes more essential to make sure that there is a balance between the benefits to the economy along with legal safeguards not just in the theoretical aspect, but also in the practical sense so that the integrity of migration systems can be preserved. It showcases how these programmes are curated legally in the national laws of Portugal, Malta, Cyprus, United Arab Emirates, identifying patterns as to how these schemes devise means of economic exploitation and also analysing to what extent these programmes meet international standards when it comes to anti money laundering, due diligence and the implementation of sanctions.

## BACKGROUND

The aspect of Golden visa which was previously called as citizenship by investment or residence by investment has a connection in the aspect of immigration law, international finance and economic policies. These schemes permit people to get citizenship or residency by means of financial investment. This can be done through means of investing in government bonds, purchasing real estate or creating employment opportunities. These programs thereby commodify legal status of an individual and have a monetary value to entering and calling themselves as citizens within sovereign states. The original of golden visa can be seen back to the Caribbean in the early 1980s time period when small island nations named St. Kittis and Nevis made sure that citizenship by investment programs help to boost the national economy by means of attracting foreign investment in the country. Due to these initiatives, these small island nations having resources that are limited in nature started structuring their economy by means of foreign capital. This model inspired and encouraged similar replica in terms of various jurisdictions especially when it came to the European Union in the late 2000s and early 2010s. During the 2008 global financial crisis, the golden visa frameworks were adopted and taken by many European Union member states like Cyprus, Malta, Greece and Portugal who saw these schemes to attract financial investment thereby upsurging a growth of national economy, to see an uprising in the real estate markets along with formulation of employment opportunities for individuals. The underlying economic rationale for golden visa regimes is found in the principle of investment attraction as a tool for economic growth and fiscal stabilization. The Governments generally support and justify these golden visa schemes and programs by saying that they bring about a boost in the national economy thereby curating several benefits for the country. Along with it, a clean source of revenue is provided which is not seen usually in terms of debts or loans. Real estate market sees a development along with assisting various countries to connect globally pertaining to business networks and positive aspect when it comes to generating income by means of tourism. Golden visa schemes not only provide benefit in terms of boost to the national economy but also gives several advantages and benefits to individuals as well from planning in a better way in the aspect of tax, good quality education, international travel becoming easier and good healthcare facilities. Golden visas act as a strong tool for rich, wealthy people. It not only helps them earn better along with expansion in their assets but also improves and expands their national identities. Although, there are a lot advantages when it comes to these schemes, there are many contradictions as well which is serious in nature and may have several dangerous consequences. Many critics state that

citizenship is seen as products that can be purchased. The traditional idea of citizenship is weakened here and is not based on loyalty or a sense of belonging to a country. When it comes to looking at the main issue with such schemes, it is the lack of transparency and due diligence being of inconsistent nature in various countries. Due to no proper background checks and poor verification of where the money of an applicant is coming from it formulates many issues and risks pertaining to evasion of tax, money laundering and security concerns for a national as it paves the path for the flow of illicit money. The European Commission and the Financial Action Task Force have done various investigations and observed that individuals having criminal records or people under sanctions are misusing these schemes in a wrong way so that they can hide their financial history, evade taxes and avoid restrictions. In 2019 Cyprus papers leak along with the rigid actions taken by the European Union against Cyprus and Malta, the dangerous consequences of the misuse of these schemes can be perceived in a more realistic manner. If we observe the recent years, pressure globally being increase along with expansion of international sanctions majorly after Russia evaded Ukraine in the year 2022 has made various countries and their governments to ponder upon the fact that whether these programmes should be continued or banned keeping in mind the benefits to the national economy but also how these schemes have been misused by sanctioned individuals thereby causing dangerous consequences to the individuals and the economy as a whole. In today's time the major focus is on how various economies can keep a proper balance in the aspect of growth of an economy, maintenance of the sovereignty of state along with keeping proper checks and regulating legal safeguards so that these schemes are not misused by economic offenders to evade taxes and hide their financial history thereby paving the way for the flow of illicit money.

## **LITERATURE REVIEW**

The researchers are interested in the interconnected nature of money, control of state and mobility in the global aspect. The subject of migration by means of investment t has uncreased a lot in the past twenty years. A lot of scholars like Ayelet Shachar<sup>3</sup>, Kristin Surak<sup>4</sup>, Jelena Dzankic<sup>5</sup>, Peter Spiro<sup>6</sup>, and Rainer<sup>7</sup> have given a structure and shaped this topic. The work carried by them portrays how there is a shift that can be seen from the traditional aspect of citizenship that was linked to belongingness and loyalty to a nation to limiting itself just to a

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<sup>3</sup> Ayelet Shachar, *The Citizenship for Sale?* (Harvard University Press 2020).

<sup>4</sup> Kristin Surak, *Migration by Investment: Legal and Ethical Perspectives* (Oxford University Press 2021).

<sup>5</sup> Jelena Dzankic, *Citizenship by Investment and Its Global Implications* (Palgrave Macmillan 2019).

<sup>6</sup> Peter Spiro, *At Home in Two Countries: Citizenship and Globalization* (NYU Press 2016).

<sup>7</sup> Rainer Bauböck, *Studying Citizenship: Concepts, Theories, and Perspectives* (Edward Elgar Publishing 2018).

political and social identity that can be easily purchased by means of investing financially. Looking at the work of Shachar's citizenship for sale showcases a lot of ethical problems and issues and she states that how inequality is formulated among people in the country because only wealthy people have these golden visa schemes as a powerful tool to get citizenship and residency in a particular country and it is not just limited to getting citizenship or residency of a country but also enjoying the benefits that is offered by gaining the citizenship. Wealthy, rich people can easily purchase social security and quick mobility with speedy means and flexible approach whereas, when it comes to refugees or common people who put a lot of effort to get a citizenship but end up not getting one. She states how it can be seen that nations act as sellers and wealthy people act like buyers their enjoying all the benefits offered by the nation by investing financially in that country. Although this sociological and political literature is very valuable, the focus is mainly put on the inequality in the global aspect and the actual meaning behind the term citizenship and whether citizenship is seen as commodity in today's times that can be easily purchased by wealthy investors thereby enjoying all the benefits it offers. A very few studies look at the legal rules and its detailed analysis and requirements. Various International organisations like international organisations like European Commission, FATF<sup>8</sup>, OECD<sup>9</sup>, and UNODC<sup>10</sup> have published reports that portray issues like no proper background checks of applicants being done, poor verification of where the applicants' money is coming from, no proper financial screening done and so on. But they provide advice pertaining to policies, legal studies in deep manner are not given by them of whether international legal rules are followed or not pertaining to sanctions, ethics, anti-money laundering and accountability of such individuals. Investigative journalism also talks about misuse of these golden visa schemes, a lot of leaks like Cyprus Papers, Malta Files, Luanda Leaks, and Dubai Leaks have revealed how people who have been sanctioned and involved in corruption, money laundering, fraud and so on get citizenship by financially investing in that country. These observations and investigations have shown the reality and some have also led to various reforms like suspension of the Cyprus's Citizenship by investment programme. Academic studies, institutional reports, and journalistic investigations together provide a broad understanding of investment migration, an important gap remains. There is no complete legal analysis that connects immigration law

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<sup>8</sup> Financial Action Task Force (FATF), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (2023).

<sup>9</sup> European Commission, Infringement Decisions Against Member States for Citizenship-by-Investment Schemes (2021).

<sup>10</sup> United Nations Office on Drugs and Crime (UNODC), The Globalization of Crime: A Transnational Organized Crime Threat Assessment (2020).

with financial regulation, sanctions systems, due diligence standards, and global accountability mechanisms. Very few scholars have examined golden visas as legal tools within the larger framework of transnational criminal law and global financial governance. Doctrinal study of the laws in Portugal, Malta, Cyprus and the United Arab Emirates pertaining to golden visas have been done in the aspect of regulating finance along with immigration law.

## **OBJECTIVES OF RESEARCH**

The main objective of this research is to analyse and understand the golden visa schemes and check whether they are following the international rules and regulations devised to stop the illicit flow of money, financial crimes and evasion of sanctions. These schemes are encouraged and put forward so that there is growth in the national economy, but the quick expansion has formulated a lot of questions pertaining to the fact that whether the regulatory standards in the global arena are satisfied or not. Portugal, Malta, Cyprus and United Arab Emirates are taken into consideration due to the fact that they have become important centres for migration by means of investment. While studying the legal structures of these countries, the aim is to identify and observe common legal gaps, patterns and negative points that permit economic offenders to misuse these schemes thereby hiding their financial history and evading taxes and mending the system for their personal benefit. The other objective is to analyse how these golden visa schemes connect to international anti-money laundering and counter-terrorism financing standards, especially the ones formulated by the Financial Action Task Force as well as international sanctions systems enforced by bodies like the European Union, the United Nations, and national regulators. By placing golden visa schemes within the wider framework of global financial governance, the study evaluates how well they follow international rules on due diligence, disclosure of beneficial ownership, and accountability in cross-border criminal matters. In doing so, it tries to bridge the gap between immigration law and financial compliance systems, contributing to the development of a more unified legal approach to investment migration. Apart from observing and pointing out only to the weaknesses of such schemes, it also aims to bring about practical reforms and changes so that there is an improvement in the aspect of transparency, accountability in these schemes. The intention of these changes and reforms is not to reduce the benefits that the economy is getting in the legal manner but to ensure that these programmes are not being misused by sanctioned individuals.

## **RESEARCH QUESTIONS**

The research questions delve into how these golden visa schemes are formulated and designed in the immigration laws of particular selected countries and the means they use to take into account and check investor applicants. This entire thing includes rules pertaining to eligibility, requirements in the financial aspects, due diligence procedures and accountability in the global arena. The second question is emphasised on getting to know the weakness in both the legal and procedural aspect such as not checking the background of an individual properly, poor verification of where the applicant's money is coming from and over dependence on private intermediaries, this may permit the economic offender and people with criminal backgrounds banned to travel to take advantage of these programmes to hide their source of income and generate flow of illicit money in the country. Real life scenarios are also taken into consideration wherein these loopholes have permitted people to get away and get citizenship or residence by means of financial investment having harmful intentions thereby leading to dangerous consequences for a country. The third research question is how much are the countries following international standards when it comes to anti money laundering, financing terrorism and enforcement of sanctions. This includes taking into account and observing whether the national laws are in alignment with the international or global rules and regulations formulated by various bodies like the FATF, OECD, and EU, and whether these rules are limited theoretically or are also bringing about practical implementations and changes wherever required. The other research question is on observing the reforms and changes that can formulate a transparent, accountable model of migration by means of investment. The focus is on working and improving due diligence, transparency and making sure that the national systems are in alignment with the global governance pertaining to finance so that these schemes can help in the growth of the economy and also keep a proper check on whether these schemes are being misused by sanctioned individuals and economic offenders for their own personal benefits.

## **METHODOLOGY**

This research is done by doctrinal method that means that if it is focused on interpreting laws, official documents and rules. The emphasis is on immigration laws, rules pertaining to residency, policy documents and anti-money laundering laws. Information and materials of secondary nature like academic writings, evaluation reports of FATF, European Union infringement actions and investigative journalism are also taken into account to analyse what

is the weakness of these systems. The reason why doctrinal method is appropriate is because golden visa schemes are legal systems that depend completely on written laws, administrative methods and regulatory structures. This method helps examine whether these programmes are logically designed, legally strong, and consistent with international standards. Using this approach, the study identifies inconsistencies, gaps, and weaknesses in domestic laws and shows where they fail to meet global expectations. It also creates a foundation for suggesting reforms by showing how legal design either by what is included or what is left out can make it easier or harder for sanctioned individuals to misuse golden visa programmes.

## **LEGAL FRAMEWORKS GOVERNING GOLDEN VISAS**

Golden visa schemes exist within different domestic legal frameworks, which in turn are shaped by a state's constitutional structure, immigration policies, economic priorities, and regulatory culture. Though states continue to enjoy sovereign discretion in deciding the terms on which non-nationals may obtain residence or nationality, such discretion is nevertheless increasingly hemmed in-both directly and indirectly-by international standards for financial integrity, anti-money laundering compliance, and the enforcement of sanctions. The legal framework of investment migration is thus anything but purely domestic; rather, it is situated within a larger transnational legal setting that invites careful scrutiny. At the national level, respective legislation defines the concrete investment thresholds, types of qualified financial investments, stages of the procedures for applicant scrutiny, and rights granted to those applicants who succeed in their applications. These regimes often cover investments into property, state bonds, businesses, or state development funds, reflecting a government's economic approach and priorities given to the particular sectors. Most regimes also contain elements related to the period of residence, naturalization, and renewal or revocation conditions. However, varied levels of sophistication and severity are associated with due diligence mechanisms. A common approach practiced by some states is the outsourcing of background screening to private intermediaries, which opens rooms for potential conflicts of interests and erodes regulatory coherence. Apart from domestic legislation, golden visa schemes have also been significantly influenced by international AML and CTF standards. Under the auspices of the FATF, states are under obligation to conduct customer due diligence, verify the source and legitimacy of funds, identify beneficial owners of entities, and report suspicious transactions-obligations imposed not simply on financial institutions but also on other designated non-financial sectors involved in the investment migration process. In

practice, these standards require states to embed financial integrity checks within immigration processes, ensuring that options for residency or citizenship cannot be used for asset-hiding or laundering the proceeds of crime. The failure to fulfil these obligations is clearly threatened with grey listing or blacklisting, with severe effects on a nation's financial reputation and economic stability. In the European Union, investment migration programmes are also subject to additional supranational scrutiny. The Commission has argued that member state operation of citizenship-by-investment schemes raises concerns under EU law, including in respect of the sincere cooperation and mutual trust principles. Because EU citizenship confers rights well beyond national borders-not least freedom of movement-the Commission has launched infringement proceedings against Malta and previously against Cyprus on grounds that deficient due diligence in national programmes undermines the integrity of the Union's collective security and legal order. All these actions serve to underscore that investment migration cannot be abstracted from broader issues of EU governance, regional security, and the communal nature of EU citizenship. Taken together, these interlinked domestic, international, and supranational frames establish that golden visa schemes operate within a multilevel legal space.

## **UNITED ARAB EMIRATES**

The UAE is one of the most popular countries in the world for residency through investment. It brought the golden visa scheme in the year 2019 and then further elaborated it, foreign investors can get five year and ten-year residencies if they invest in real estate, or meet the eligibility criteria when it comes to finance. UAE does not have income tax and along with that is a strong economy and safe in nature along with convenience when it comes to travelling as it connects to Africa, Europe and Asia.<sup>11</sup> Due to these reasons a lot of investors from countries like Europe, Asia, Africa and Russia are interested in making investments in this country. But UAE has also seen a lot of serious criticisms on the aspect of not monitoring the finances in a proper method. It also did not have proper answers when it came to no proper transparency, ownership of companies and not monitoring the politically exposed people in a proper way. The concerns are connected to golden visa schemes and programs because a lot of individuals invest in real estate in Abu Dhabi and Dubai. Real estate deals sometimes involve complex company structures that can obscure the true source of the money, making it easier for people involved in illicit activities to transfer money by buying property. Following its grey-listing,

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<sup>11</sup> Transparency Int'l, Opportunities for Corruption in the UAE Real Estate Sector (2022).

the UAE implemented a number of reforms like enhanced anti-money laundering regulations and more precise registers of beneficial ownership, deeper monitoring of real estate transactions, and better coordination between immigration authorities and financial intelligence units.<sup>12</sup> These actions enabled the UAE to be taken off the grey list in 2024 and demonstrated improvements in areas that had been considered problematic. Even with such enhancements, there are still some concerns like experts say that even though the laws have been enhanced, it is still difficult to enforce them consistently across all the emirates. The free zones and offshore companies of the UAE continue to allow a certain level of financial secrecy open to possible abuse. Thus, even as the golden visa system in the UAE supports economic growth and attracts genuine investors, there is still some residual risk in its use by sanctioned individuals and financial criminals who may want to disguise their assets or attain international mobility through investment-based residency.

## PORTUGAL

The introduction of golden visa schemes in Portugal happened in the year 2012 so that countries could recover from debt crisis in Europe.<sup>13</sup> During those times, Portugal was in urgent need of money, the government decided to give residency in place of heavy financial investment in that country. It became popular because the requirement to get citizenship was not very high and there was a clear way to get permanent residency and citizenship. A lot of applicants were from Brazil, Turkey, China, Russia and South Africa. This scheme assisted the economy of Portugal especially when it came to the construction and real estate sector. A lot of people purchased luxury houses only so that they can get residency in that country and not to actually live there. Housing prices started increasing to a great extent especially in cities like Lisbon and Portugal and the local people were not able to afford it.<sup>14</sup> Another concern was that this scheme was used for the purpose of money laundering. Real estate is known globally as a high-risk sector because properties can be owned through shell companies, fake valuations, or complicated ownership structures. Investigations in Portugal found that due diligence checks were weak and investors were not always properly asked to prove where their money came from. Because of pressure from the European Commission and growing criticism inside Portugal, the government decided to change the programme. In 2023, Portugal completely removed the real

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<sup>12</sup> Dubai Leaks, International Consortium of Investigative Journalists (ICIJ) (2022).

<sup>13</sup> Portuguese Republic, Law No. 23/2007 (as amended by Law No. 29/2012) (Residence Permits for Investment Activity) (Port.).

<sup>14</sup> Transparency Int'l Portugal, Risks of Money Laundering in Portugal's Golden Visa Programme (2022).

estate option. <sup>15</sup>Now the focus is on safer and more productive investments like scientific research, cultural projects, and innovative businesses. These investments are less risky for money laundering and more useful for Portugal's long-term development.

## MALTA

Malta is a famous country when it comes to golden visas schemes and citizenship by means of investment. In the year 2014, it launched its very first Individual Investment Programme that permitted foreigners to purchase Maltese citizenship if they made huge financial contributions. <sup>16</sup>The people applying had to pay money in the Malta's national development and social fund, rent or buy property and can make a charity donation and in return of doing all this they got a Maltese citizenship and hence the process was much quicker. Due to the fact that EU citizenship gives a lot of rights that includes freely moving to any part of the country, voting rights along with employment opportunities and so on. <sup>17</sup>The argument made by the European Union was that Malta was just selling the citizenship without needing to have an actual sense of belonging to that country. Due to this it weakened the integrity of the citizenship of European Union and hence started doing infringement proceedings on Malta which is a legal action that can be taken by the European Union on the immigration policy of a member state. There were a lot of investigations that took place. Investigations like the Malta Files uncovered bigger problems. There were certain agents who assisted the applicants on how they could get their application approved just by paying them a certain amount. It was also observed that people having criminal background, international sanctions, politically exposed people and so on were also given citizenship. Later Malta had strong due diligence checks and also renamed the programme as the Citizenship by Naturalisation for Exceptional Services Regulations. Even after these critics argue that these schemes can still be misused and taken advantage of, clear warnings have been given that although after stronger due diligence and enforcement of various new rules, this system can still be exploited thereby leading to serious consequences that the country might have to face.

## CYPRUS

Cyprus had a citizenship-by-investment programme, it was very famous but later was criticised and became controversial. The golden visa schemes permitted individuals to get a Cypriot

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<sup>15</sup> European Commission, Investor Citizenship and Residence Schemes in the European Union (2019).

<sup>16</sup> Reuters Investigates, Special Report: Passport for Sale — Inside Malta's Cash-for-Citizenship Scheme (2017).

<sup>17</sup> Court of Justice of the European Union, Commission v. Malta, Case C-181/23 (Judgment of Apr. 29, 2025).

citizenship by the means of purchasing real estate which was extremely costly in nature. Due to this, although the real estate market was profiting, it created a room for grave misuse.<sup>18</sup> Al Jazeera did an investigation called Cyprus papers leaks<sup>19</sup> that portrayed that many people having criminal backgrounds and international sanctions had got the citizenship. It was also observed that there was assistance from the sides of lawyers and middlemen who assisted the applicants so that they can get the citizenship by avoiding the rules and regulations even though they were actually not eligible for it.<sup>20</sup> There was a lot of dependence on real estate due to which it became riskier. A lot of properties were purchased by shell companies; their prices had increased to a great extent the real beneficial owner was kept hidden.<sup>21</sup> Due to this, there was a lot of criticisms that was faced by Cyprus. The European commission gave a warning that this golden visa programme was a threat to the security and safety of the European Union because it has residency or citizenship to people belonging of such backgrounds that had international sanctions imposed on them or politically exposed people or individuals having criminal background. Because of all this, Cyprus removed and shut down the scheme in the year 2020. Although, it does not have any existence currently, it is essential as it showcases how poor verification, no proper background checks and political influence can affect the country and cause serious consequences.

## INTERNATIONAL LAW AND POLICY ANALYSIS

The operation of golden visa schemes does not only work under the country's own personal immigration laws. It is at the intersection of the rules pertaining to immigration, international financial regulations and security requirements at the global level. The country or nation has the entire complete right to decide who will become a citizen of their country and who cannot but that does not mean they can choose to not follow international standard. Golden visas schemes do not just hv the responsibility of following national laws but also make sure that global rules and regulations on the aspect of money laundering, transparency in the financial aspect and sanctions. One of the main parts is the FATF when it comes to international system. FATF formulates standards at the global level. To prevent financing g of terrorism along with not allowing money laundering to take place. The standards formulated by the FATF makes it

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<sup>18</sup> Al Jazeera Investigations, The Cyprus Papers (2020).

<sup>19</sup> Transparency International EU & Al Jazeera Investigations, Cyprus Papers: Golden visa schemes are broken beyond repair, EU must act (24 Aug. 2020).

<sup>20</sup> Transparency Int'l EU, Cyprus Papers: How Cyprus Sold EU Citizenship to Criminals and the Corrupt (Aug. 24, 2020).

<sup>21</sup> Jelena Džankić, The Pros and Cons of Citizenship by Investment: Cyprus in Comparative Perspective, 18 Eur. J. Migration & L. 1 (2016).

mandatory for nations to check the background of individuals applying for citizenship or residency under the golden visa schemes, verify and make proper checks as to where the amount of money is coming pertaining to that applicant, the individuals who are politically exposed should be checked more efficiently to avoid certain dangerous consequences, if there are any suspicious transactions, it must be reported, financial institutes along with lawyers or real estate agents must be kept a check on and supervised properly. Golden visa programmes perfectly delve into this system due to the fact that they involve foreign investments at a very large scale along with private intermediaries. If the norms curated by FATF are not followed, it would lead to several serious consequences. For instance, the UAE was in the FATF's grey list in the year 2022 due to issues pertaining to due diligence and lack of transparency. In the year 2024 it was removed but still it showcased that if proper checks are not done in the aspect of golden visas, the financial stability and reputation of a country can be harmed to a great extent. When it comes to the European union these schemes are more sensitive in nature. A lot of rights are given by the European Union ranging from freely moving to any part of the country and the right to work as well so because of this if there are no proper background checks done and there is poor verification as to where the applicant's money is actually coming from it would have serious consequences to the entire European Union. Due to this, legal actions were taken on Malta and Cyprus by the European commission because citizenship was given to individuals only on the basis of money and there were no proper background checks that had been conducted pertaining to the applicants who had applied for citizenship or residency under the golden visa schemes. EU laws, including the 5th and 6th Anti-Money Laundering Directives, require strict checks on high-risk applicants. Therefore, EU member states must ensure that their golden visa programs meet both national and EU-wide standards. If they fail to do this, they risk letting dangerous or sanctioned individuals enter all of Europe.

## CONCLUSION

The golden visa schemes portray how migration in the global arena has transformed to a great extent usually when it comes to the aspect of monetary value and how there is a strong interdependence of money and migration on each other. The reason why these schemes are so popular is due to the fact that there is a large amount of foreign investment that happens in the country due to which there is a boost to the national economy of a country along with benefits that even individuals getting that residence or citizenship enjoy. But, along with various pros, this research also portrays that how these golden visa programmes have been misused by

economic offenders for their own personal benefits that has an inclusion of hiding their financial history, evading taxes and so on. People indulged in corruption or criminals that have been sanctioned banned travel and so on misuse these schemes and often escape the global restrictions so that they are successful in hiding their identity and illicit money. This poses a great threat and acts as a challenge in the aspect of transparency and security of the nation. Various important questions have been raised as to how the migration must be in a structured way and the responsibilities pertaining to the states when they permit the foreign investors to enter and reside in their country. The research also showcases that how in the ancient times, citizenship was connected to the feeling of loyalty and belongingness to a country and now has been commodified in the sense of it being able to be purchased by wealthy individuals. Although, these problems exist, it can be fixed by the right mechanisms and efforts that include conducting proper background checks of the applicants, proper verification as to where the money of the applicant is coming from, due diligence and maintaining proper transparency. Reforms could include limiting real-estate based golden visa options and creating more centralised, transparent systems for vetting applicants. With the right safeguards, countries can still benefit from investment while preventing misuse



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