

# ULI BC: Immigration Policy and the Real Estate Market - Changes Ahead

Your Gateway to Canada

*Jeffrey S. Lowe*  
*March 25, 2014*



# Permanent Residents by Category 2003-2012

Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Spouses and partners	33,922	38,373	39,797	39,537	39,855	39,702	39,244	36,436	34,225	35,195
Sons and daughters	3,260	2,855	3,082	3,011	3,209	3,111	2,911	2,867	2,676	2,663
Parents and grandparents	9,927	6,706	5,729	9,588	8,011	8,520	9,020	8,254	7,497	11,778
Others	2,392	2,220	2,160	1,932	2,082	1,461	1,061	1,126	1,054	867
<b>Family class</b>	<b>49,501</b>	<b>50,154</b>	<b>50,768</b>	<b>54,068</b>	<b>53,157</b>	<b>52,794</b>	<b>52,236</b>	<b>48,683</b>	<b>45,452</b>	<b>50,503</b>
Skilled workers	45,377	47,894	52,269	44,159	41,251	43,360	40,733	48,819	36,778	38,601
Canadian experience class							1,775	2,533	3,973	5,943
Entrepreneurs	781	668	749	820	580	446	370	291	184	127
Self-employed	446	366	302	320	204	164	182	174	113	89
Investors	972	1,671	2,592	2,201	2,025	2,832	2,871	3,223	2,980	2,616
Provincial/territorial nominees	1,417	2,086	2,643	4,672	6,329	8,343	11,800	13,856	15,295	17,200
Live-in caregivers	2,230	2,496	3,063	3,547	3,433	6,157	6,273	7,664	5,033	3,690
<b>Economic immigrants</b>	<b>51,223</b>	<b>55,181</b>	<b>61,618</b>	<b>55,719</b>	<b>53,822</b>	<b>61,302</b>	<b>64,004</b>	<b>76,560</b>	<b>64,356</b>	<b>68,266</b>



# Top 10 Source Countries for Canada 2003-2012

Source country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
China, People's Republic of	36,251	36,429	42,292	33,078	27,013	29,338	29,050	30,196	28,695	33,018
Philippines	11,987	13,303	17,525	17,718	19,067	23,727	27,277	36,580	34,991	32,747
India	24,594	25,573	33,141	30,746	26,047	24,548	26,117	30,251	24,964	28,943
Pakistan	12,351	12,793	13,575	12,329	9,545	8,051	6,213	4,986	6,074	9,931
United States	6,013	7,507	9,263	10,943	10,449	11,216	9,723	9,243	8,830	9,414
France	4,127	5,028	5,430	4,915	5,526	6,383	7,299	6,933	5,866	8,138
Iran	5,651	6,063	5,502	7,073	6,663	6,010	6,064	6,815	6,840	6,463
United Kingdom	5,199	6,062	5,864	6,541	8,128	9,243	9,565	9,499	6,550	6,365
Haiti	1,945	1,657	1,719	1,650	1,614	2,509	2,085	4,552	6,208	5,599
Korea, Republic of	7,089	5,337	5,819	6,178	5,866	7,246	5,864	5,539	4,573	5,308



# The Immigrant Investor Program

---

How did it really work and what went wrong?



# Immigrant Investor Program

---

- \$800,000 Investment
- Government guaranteed
- 5 years, no interest
- Divided amongst provinces



\$800,000



# Financing the IIP Investment



\$600,000 + \$200,000  
Loan @ 5.9% 1Time Payment



\$800,000

\$40,000  
commission



# Government of Canada 5 Year Bond Rates 1989 to 2012



# Benefit to Canada / Provinces

---

\$800,000 x 1.5% x 5 years =	\$60,000
Commissions paid to banks:	<u>40,000</u>
<b>Net benefit to Canada:</b>	<b>\$20,000</b>

- Over 5 years
- Over about 6 Provinces
- Roughly \$3,200 per province or \$600 per year





# Benefit to the Banks and Consultants & Lawyers (approx)

---

Commission from CIC:	\$ 40,000
Interest differential (assuming cost of money is 1.5%) (5.9% - 1.5% x 5 years x \$600,000)	<u>132,000</u>
<b>Gross receipts:</b>	<b>\$172,000</b>

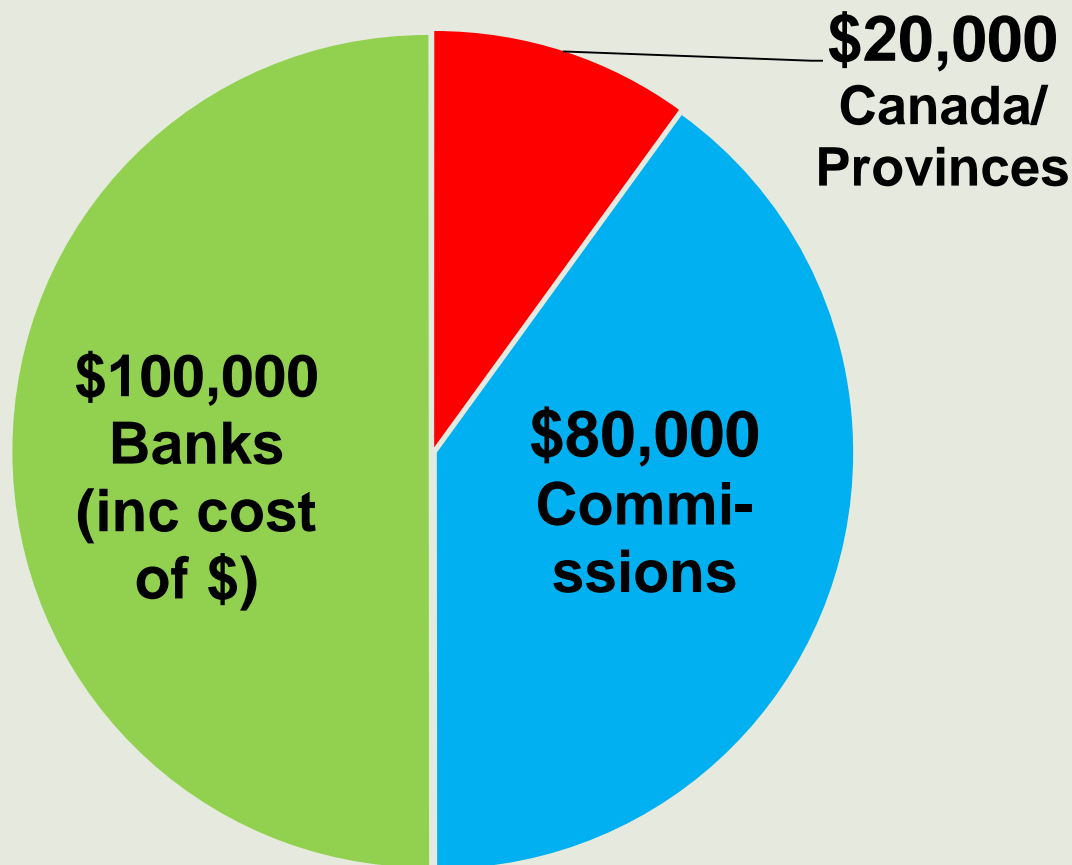
Consultants/Lawyers could go to any of about 15 “Facilitators” (banks) all with the same product

Commissions to Immigration Consultants/Lawyers: about \$80,000

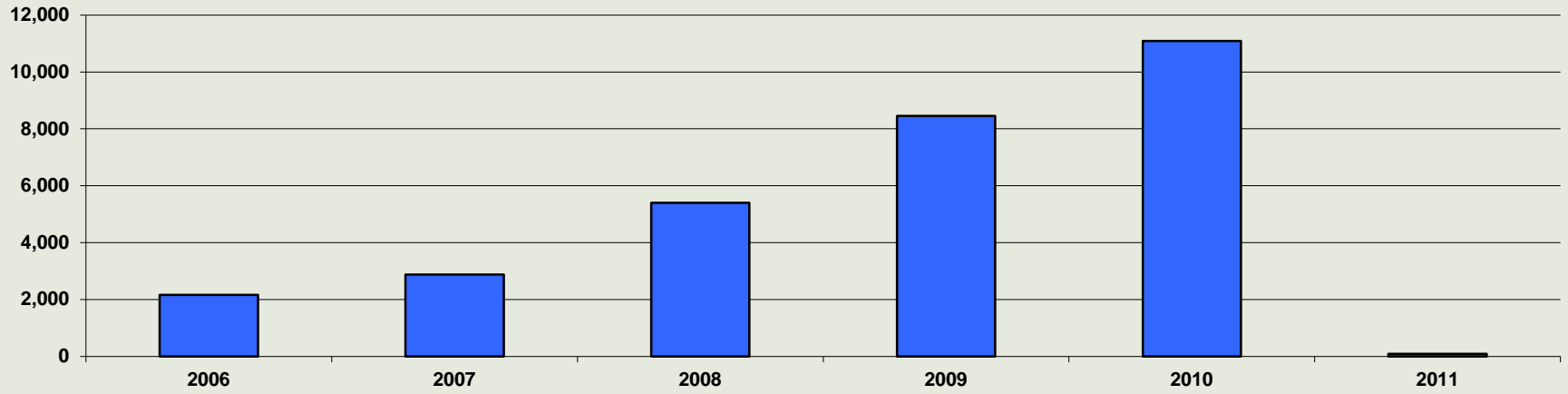


# Dividing the \$200,000 1 Time Payment

---



# Dramatic increase in Investor Applications: **Federal** and **Total (inc. PQ)**



**2,163**

**3,369**

**2,873**

**4,487**

**5,399**

**6,959**

**8,451**

**9,911**

**11,085**

**13,447**

**6**

**2,950**



# Result: Backlog up to 7 years!

---

- **Canada issues about 2,800 IIP Visas (Fed & PQ) / year (see Slide 2)**
- **Est. inventory of 27,000 cases in July 2011**
- **As of October 8, 2013, IIP Inventory was 19,776**
  - **15,676 (80%) of these were in Hong Kong**
  - **Source: [www.data.gc.ca](http://www.data.gc.ca) (Permanent Resident Inventory)**



# How about Taxes?

---

- **Over 20 year period:**
  - **Skilled Workers paid \$200,000 more taxes**
  - **Nannies paid \$100,000 more!**
  - **Source:**  
<http://www.cic.gc.ca/english/departement/media/releases/2014/2014-02-11.asp>
- **5 Year Immigrant trust allowed avoidance**



# Options for Business Immigrants now



# Business Immigration Options today

---

- **BC Business PNP Program**
  - Backlog of 1,200 cases (about 5 years)
  - Priority for investments of \$1 Million or more
  - Priority for Regional Business Succession
- **BC Strategic Occupations PNP Program**
- **Other Work Permit and Skilled Worker**



# Future Options for Business Immigrants

---

## New Investor Immigrant Program

- Increased Investment: \$2 Million?
- Increased Term: 7 years?
- Venture Capital Investments

## New “Business Skills” Program

## New Quebec Investor Immigrant Program





# Canadian Policy Considerations

---

- **Canadian Citizenship is not for sale**
- **Canada wants people to settle and integrate**
- **Canada wants working, taxpayer immigrants**



# High Net Worth Immigrant Objectives

---

- **Education for their children**
- **Citizenship or at least Permanent Residence**
- **Diversify Global Investments**
- **Don't want to stay in Canada**
- **Don't want to pay Canadian taxes**
- **Don't want to work in Canada**



# 4 Divergent Policy Views

---

## HNW Business view

- Willing to buy Citizenship
- Immigration “prison”
- Why should I pay tax?
- Don’t want to work here

## Canada’s View

- Citizenship not for sale
- 2/5 years for PR, 3/4 years for citizenship
- Tax on world income
- Must manage business



# Do HNW Businesspeople really need to immigrate to Canada?

---

- 10 year multiple entry visas
- Study Permits for children
- Children can get Work Permits after Graduation
- Children can also apply for PR on their own
- Can buy homes and investment properties
- No residency requirements
- No Canadian taxes payable



# Summing up...

---

1. The IIP was broken and yielded little benefit to Canada
2. Canada still welcomes Business Immigrants
3. More Immigrants from China than any other country
4. PR's and Citizens have obligations as well as benefits
5. There are existing options for Business Immigrants
6. There will be some new options coming soon
7. Not becoming a PR is an option



# Thank you!

---



**Jeffrey S. Lowe**  
**Chief Inspirational Officer**  
**Lowe & Company**  
**Canadian Immigration and Business Lawyers**

**(604) 875-9338**

[www.CanadaVisaLaw.com](http://www.CanadaVisaLaw.com)

[jlowe@CanadaVisaLaw.com](mailto:jlowe@CanadaVisaLaw.com)



Immigration & Business Lawyers | [www.CanadaVisaLaw.com](http://www.CanadaVisaLaw.com)

