



PORTUGAL, EUROPE'S BEST KEPT SECRET FOR YOUR "PLAN B" AS WELL AS AN EXCELLENT "PLAN A"

BY JOEL M. NAGEL, ESQUIRE

At 6 am, it's already a balmy 75-degree August morning as the sun rises over the sleepy capital of Portugal. Most locals have fled to the beach or the mountains, leaving the city center to tourists from all over the world. I feel like I'm the only person working today. Our Lisbon apartment near the central Pombal Circle has a sweeping view across the rooftops all the way to the Delta, where the Tagus River, having traveled over a thousand kilometers, empties into the Atlantic Ocean.

The city, originally named Olisipo, oozes history from the Phoenicians, Greeks, Romans, Germanic tribes, and the

Moors, which took possession of the City in AD 711 and was named the City Al-Usbama. The Christians retook the region in 1147 under the leadership of King Alfonso I during the Second Crusade.

The city quickly became the center of maritime trade with explorers setting sail from the Western most point of Continental Europe (literally named the "end of the world") in search of trade routes and riches. These trade routes flourished in the Renaissance period connecting such places as Brazil to Africa to India, all via Lisbon, making the city at that time arguably the richest and most important port city in the world.

The vestiges of wealth and global power from their glory days can still be seen in the castles, cathedrals, and architectural elegance of the city and its surroundings. The fashionable Avenue Liberdade, destroyed during the Great Lisbon earthquake, tsunami, and ensuing fires of 1755, was rebuilt by Sebastião de Carvalho, who became the first Marquês de Pombal. He rebuilt the new city center in a more grandiose French style turning the former cramped streets and alleyways into a grandiose boulevard, now Avenue Liberdade. The Marquês' statue anchors the central traffic circle at the top of Avenue Liberdade overlooking the city he transformed into one of Europe's most elegant.

And while the history of Lisbon is integral to the history of Western Civilization, especially from the 15th to 19th centuries, the country has maintained at times a quiet, independent, and somewhat closed approach to outside forces. Other countries, including Spain and France, have found it a country impossible to conquer.

The country ended its monarchy in 1910, becoming a Constitutional Republic. Its democratic institutions, however, were internally overthrown in 1926 by the *Estado Novo* or "New State". Much of the next five decades were dominated by the authoritarian dictatorship of Antonio Salazar and his one-party rule. Salazar's neutrality during this period, however, did manage to keep Portugal out of World War II. Many of Europe's exiled nobility flocked to Portugal during this time and it is said during the war both Churchill AND Hitler had contingency plans to evacuate their governments to Portugal should their capital cities fall into enemy hands.

One of my favorite movies of all time, *Casablanca*, details the struggles of war refugees and fascist resistance members and their efforts to get to Portugal through Northern Africa to escape the war.

The dictatorship period lasted until the Carnation Revolution, a bloodless coup to reinstate democracy, which occurred on April 25, 1974. The day is still commemorated each year as the day of "Freedom". Three years later, the new Portuguese government, in a push to be more open and integrated into Europe, submitted its application to join the EU. Ten years later in 1986, it became a full EU member. Portugal also became one of the first countries to adopt the euro on January 1, 1999.

The country has worked hard since becoming an EU member to attract tourists, retirees, and investors from all over Europe and from all around the world.

In 2012 the Portuguese government enacted a new investor visa program referred to as the "Golden Visa". In exchange for an investment of €500,000 and a minimal stay of one week per year, an investor could acquire residency and then five years later apply for citizenship in Portugal. In certain economically challenged areas and for historic rehabilitation to certain classes of structures, the investment amount was reduced from €500,000 to €400,000, €350,000, and even €280,000. (More about this below)

The program has been so successful certain areas, especially around Lisbon and the Algarve, have received mass foreign investment and even caused real estate bubbles in certain areas popular with foreign investors. Chinese investors have been the leading investor group by nationality. American and Canadian investors have only started taking advantage of the program in the last few years.

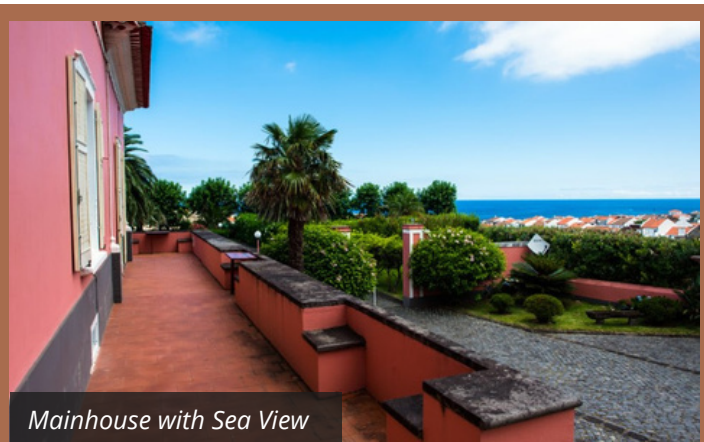
At the end of 2019, speculation grew that the Golden Visa would be revamped or even eliminated. Efforts began in early 2020 to remove greater Lisbon (including Cascais and Sintra) and the Algarve from the program to direct more money into less developed areas. Then COVID-19

came along, and reform efforts along with foreign investment and tourism were all halted.

But by 2021, it looked as though these reform efforts would return and indeed they did return with at least temporary investment restrictions that apply to qualifying Golden Visa purchases into Lisbon, Porto, and the Algarve. In speaking the past week with several lawyers heavily involved with the program, it looks as though new reforms will stay in effect at least through 2023 while other parts of the country will be unaffected, including areas of the country where the minimum investment amount has been reduced.

This is the interesting current reality we find ourselves in today. Because of the lower investment amounts and a weakening euro, now at a 20-year low against the dollar, there has never been a better and more cost-effective time to acquire Portuguese residence (and then eventually Portuguese and European Citizenship). In fact, if you make the right type of property purchase, you can ultimately end up getting PAID to acquire European Citizenship through the Portuguese Golden Visa Program. Of course, you can travel to Portugal and hunt for a qualifying piece of real estate, hire your own lawyer and work through all the paperwork. I did it myself in 2017 and have helped numerous clients buy everything from beachfront condos to gas stations, to assisted living facilities, to shopping malls. It can certainly be done.

But if you don't want to go through all the hassles or you don't want to own your property 6,000 miles away from your home where you need to worry about changing light bulbs and unclogging toilets, you can also buy into a collective project where you are a co-owner of the property together with an established developer. The requirement is that you be an actual owner and listed on the property deed. I've seen some nice collective development projects, and then I've also seen some pretty bad ones where the actual chance of any return



Mainhouse with Sea View

Escape Artist in conjunction with ECI Developments, Inc., has embarked upon an ambitious project on the Portuguese Azores island of São Miguel, to acquire and renovate a historically significant villa (currently functioning as a moderately priced bed and breakfast guest house called Solar de Lalém) whose construction dates back to the 17th Century. Escape Artist and ECI plan to upgrade the villa and surrounding buildings into a first-class property hosting destination weddings, corporate gatherings, family reunions, and surf competitions, together with free independent travelers from all over the world. There will also be opportunities for individual condo and townhouse purchases in phases two and three of the development.

Initially, in the current phase one, only a maximum of 40 Golden Visa applicants will be able to participate in the project as title owners of the villa. Later, additional participants (assuming the Golden Visa project continues) will be able to acquire newly constructed condos or townhouses adjacent to the villa, but only at much higher purchase amounts.

Escape Artist and ECI are presently working with top Portuguese lawyers to create a truly integrated and turnkey property acquisition (your name will go on the villa title) and the Golden Visa application process. Reach out to my office if you have an interest in this project and are looking to acquire a Golden Visa at the lowest investment level before any program changes

was nil. To me, a good collective ownership program should give you a combination of property usage when you want to go there and also an opportunity for rental income as well, similar to a condo rental program. For an interesting opportunity to own property in Portugal centered around the current Golden Visa Program, see the sidebar article.

The real beauty of the Portuguese program is that you are pretty much free to do as you want, provided you make the minimum investment amount. So, if your dream is to own a farm, a small vineyard, or your own European pied-à-terre, Portugal is the right place to come. It has mountains, beaches (with the largest surfing waves in the world), forests, plains, villages, and cities. There is really something for everyone. With a cost-of-living index of just 50.3 (New York is over 200 by comparison), Portugal has one of the lowest cost-of-living rates of any developed country in the world. It boasts 330+ days of sunshine annually, making even cool winter days pleasant. The food is great, and the people are friendly and are generally happy to know people from other parts of the world. Americans, in particular, are very welcome and almost revered, which is no longer the case in many other parts of Western Europe.

Obtaining Portuguese residency can be helpful to Americans looking to qualify for the Foreign Earned Income Exclusion (FEIE) and Canadians looking to become non-residents for Canadian tax purposes. The Portuguese passport is considered one of the top 10 passports in the world, giving visa-free access throughout Europe, Canada, the U.S. and most countries in Latin America, Asia, and the Middle East.

Additionally, for those folks in the crypto space, Portugal is one of only a handful of countries in the world determined not to levy income, capital gains, VAT, or estate tax on individuals (with some exceptions for day



occur. There are also many extra perks, such as the usage of the villa throughout the year. I promise you'll not find a more beautiful and relaxing place for you and your family to spend your holidays in Portugal than at Solar de Lalém. This opportunity is being made initially to *Escape Artist Insiders* magazine subscribers first but only for a very limited period.

The property has functioned as a bed and breakfast almost exclusively to British and German tourists for the last 25 years and has regularly generated low six-figure returns (pre-COVID-19) to its German owners over that period. There has been absolutely no marketing of this property to North Americans which we consider to be a major advantage for us to increase its overall profitability.

Since we first began working on this project, the number of direct flights to the Azores has expanded from North America including Boston, Newark, Toronto, and Montreal into São Miguel, making it one of the closest, easiest, and best positioned European island destinations for North Americans. I recently took the flight from Boston and it took just over four hours of flying time, making it closer than flying from the East Coast to the West Coast and faster than any other flight to Europe. Additionally, flights already go between São Miguel and Lisbon, the UK, Ireland, France, and Germany. The islands are also heavily

traders and crypto miners) profiting from cryptocurrency. This tax position is especially interesting for Canadians thinking of becoming nonresidents in Canada for tax purposes as they can legally avoid what in some cases are huge build-ups of capital gains within their crypto portfolio by moving physically to Portugal and becoming nonresidents in Canada.

As I conclude this article, I can't help to feel "lucky" to be in Portugal. I talk to my friends back in the States and in other parts of the world, and all they can think about is war, COVID-19 lockdowns, divisive politics, travel restrictions and economic misery. I'm so pleased to be away from all that. Looking out over the elegance yet simplicity of a wonderful city and people, I feel my Portuguese journey as a Golden Visa holder is just beginning. As Humphrey Bogart concludes in Casablanca, I'm quite certain that whether as a Plan B or a Plan A, "I think this is the beginning of a beautiful friendship."

Solar de Lalem pictures provided by Gerd and Gabriele Hochleitner ■



**Sincerely,
Joel M. Nagel**



Joel M. Nagel is an international lawyer and entrepreneur focusing his practice in the area of asset protection, cross-border transactions, second citizenship programs and global investment. He speaks all over the world on the topics of asset protection, global banking and investment, citizenship and residency and international legal compliance. He has served on several bank boards as well as dozens of corporate boards. He has also served as a bilateral and multilateral diplomat for the country of Belize.

Joel has written articles and has been quoted by *Forbes*, *Fortune*, *The Miami Herald*, *Live and Invest Overseas*, *Hemispheres Publishing*, *Stansberry Research*, *Oxford Club*, *Pirate Investor*, *True Wealth*, *Islands Magazine*, *Business Times*, *Physicians' Money Digest*, and the *Simon Letter*. Joel can be reached at Nagellaw@aol.com or +1-412-749-0500. Follow him on Twitter at [@Nagellaw](https://twitter.com/Nagellaw).



Old Kitchen

subsidized by Portugal making it an incredibly affordable place to visit, live, and retire. I love the fact the weather is exceptionally temperate year-round with summer temperatures in the 70s (21 Celsius) and winter temperatures generally in the 60s (16 Celsius). It's a particularly easy destination for people wanting to get out of Lisbon for even a long weekend as the flight there is less than two hours.

I believe this to be one of the easiest European residencies (and eventual citizenship) through investment programs in existence. This property acquisition and development of the Escape Artist villa in São Miguel is being designed for like-minded individuals wishing to acquire property in Portugal around the requirements of the Golden Visa program.

If this Azores Island project interests you, [please let me know right away](#). We will be accepting up to a maximum of 40 accredited investors for the project. The total investment per investor will be €385,000 broken up into two parts.

Part one will require an initial reservation of €35,000. This will cover the legal aspects of each investor's individual application and government fees to process the Golden Visa itself including the background checks, the application for a Portuguese social security number, and the setup of a personal local bank account which is required. (Note: this does not include the eventual property transfer taxes payable at closing which we anticipate will be approximately €20,000 per buyer).