

Residency vs Citizenship Key Differences Explained (2026)

A practical clarification note for families and private investors considering long-term positioning in the European Union.

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Why this distinction matters

Residency and citizenship are often used interchangeably in public discourse, yet they represent fundamentally different legal statuses with different rights, obligations and strategic implications.

Permanent Residency (PR)

- Right to reside long-term in the country
- No voting rights or passport
- Usually linked to maintaining an investment or status
- Often requires minimal physical presence

Citizenship

- Full political rights and national passport
- Stronger tax and reporting obligations
- May require long-term physical residence
- Usually subject to stricter background and integration requirements

Common misconceptions

- Permanent Residency automatically leads to citizenship
- Residency allows free employment in all cases
- Citizenship is always the better option

In reality, many families intentionally choose Permanent Residency over citizenship due to flexibility, tax planning considerations and lifestyle preferences.

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