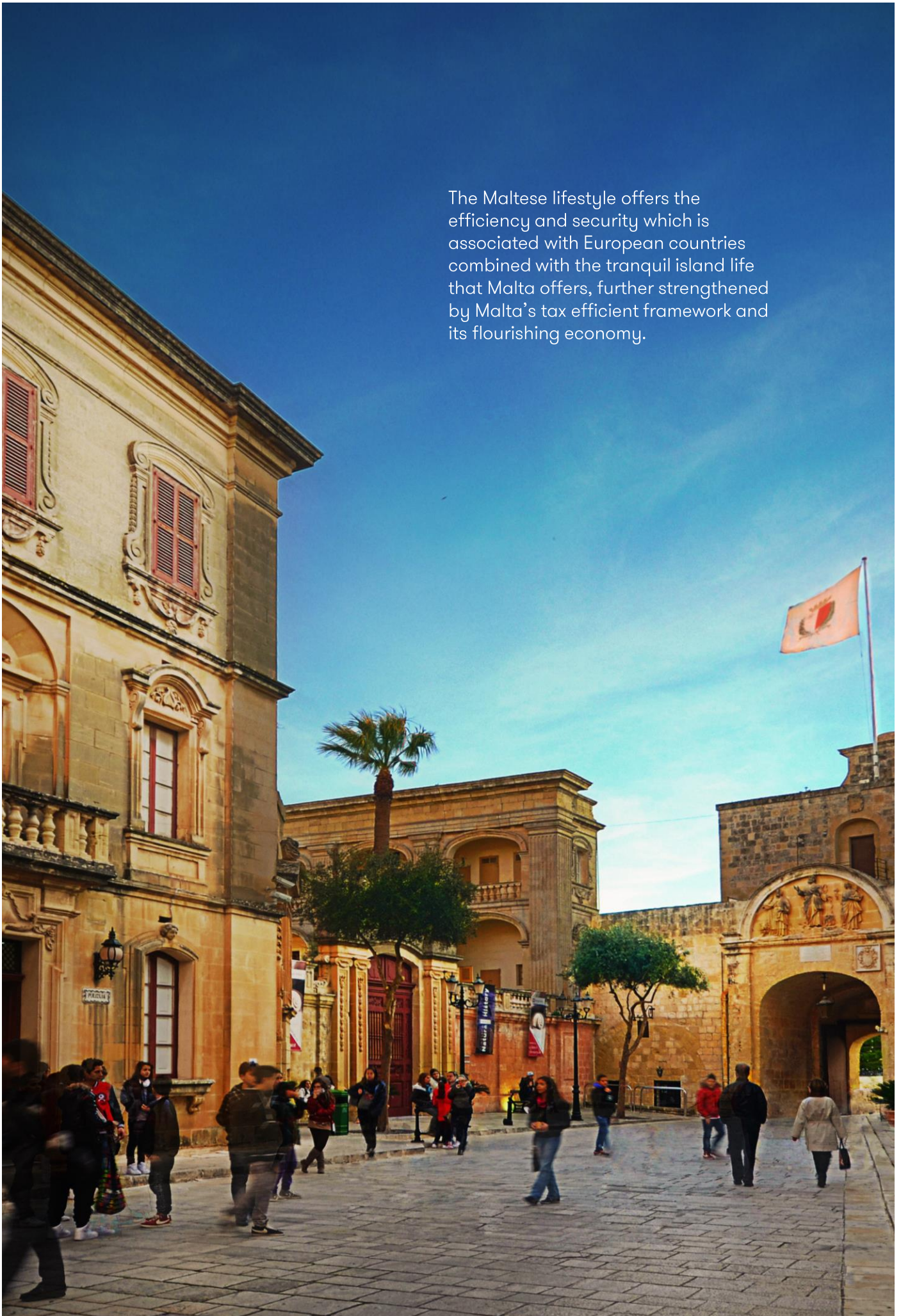


Malta wealth management and residency options

2023



The Maltese lifestyle offers the efficiency and security which is associated with European countries combined with the tranquil island life that Malta offers, further strengthened by Malta's tax efficient framework and its flourishing economy.



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1. Why Malta?

The Mediterranean's best kept secret

Since joining the EU in 2004 and the Eurozone in 2008, Malta has successfully attracted people from across the region and beyond. The island also presents plenty of opportunities for those looking at expanding or relocating their business.

In addition to its attractive residence and citizenship programmes, the cosmopolitan environment, and fantastic weather all year round make Malta a popular tourist destination and a highly sought after country in which to reside.

Grant Thornton has extensive experience in the areas of citizenship and residence planning and in the handling of legal and tax matters relevant to the structuring and planning of personal wealth and personal interests and business worldwide having built a sterling reputation.



The ideal platform to do business from

There are many reasons why investing in Malta makes good business sense. Several factors work to the country's advantage including:

- robust export growth and a deficit under control;
- unemployment rate amongst the lowest in the Eurozone;
- debt as a proportion of GDP below the Eurozone average;
- highly-capitalised and profitable domestic banks funded mainly from the domestic retail deposit market;
- state of the art telecommunication network, coupled with excellent air and sea connections;
- general trend for Maltese treasury bonds to be purchased locally, reducing the risk of speculative investors influencing price movements.

How can we help?

Upon assessing your relocation inquiry, we will strive to guide you and present you with a number of options that best suit your background and circumstances. We will also assist you in organising your banking and wealth management structures to ensure that these are in line with Malta's source and remittance basis of taxation for non-domicile residents, whilst staying aligned with your main objectives.

Grant Thornton Malta's residency and immigration services are targeted to both individuals and businesses with interests in Malta. The organisation has created a package of legal services that provides the investor and their family members with full round support with their investments and residency requirements – be it the procurement of citizenship or one of the attractive residence programmes the Maltese Islands have to offer.

We have always taken an active role in the promotion and inception of the various Malta residence and visa programmes. Our forefront participation ensures that we are fully abreast with all that the application process entails, so that our clients receive a quality service, carried out by experienced professionals, at reasonable fees.

Discover our global scale capabilities

At Grant Thornton, we are in the business of making a difference. When you choose Grant Thornton as your partner and service provider, you will discover what so many individuals and organisations have already discovered - the power of enthusiasm, certainty and peace of mind.

Building on more than 40 years of experience, Grant Thornton Malta combines the international reach, depth and expertise of the global brand with the personal attention, value for money, focus and relationship approach of the local team. It is how we keep you moving forward. Initiative you can rely on and knowledge you can trust. We know that by applying our professional, yet personal business philosophy we will retain the trust and loyalty of our clients, our staff and the wider community.

In an increasingly complex and rapidly changing world, it is time to take the lead with Grant Thornton and unleash your potential for growth.





2. Citizenship & Residency Programmes

Residency programmes at a glance

	Ordinary residence	Global Residence Programme	Malta Residence Programme	Malta Permanent Residence Programme
Source of income	Foreign sourced income remitted to Malta	Foreign sourced income remitted to Malta	Foreign sourced income remitted to Malta	Foreign sourced income remitted to Malta
Applicable to EU/EEA nationals	YES		YES	
Applicable to non-EU nationals	YES	YES		YES
Property required (purchase/rental)		YES	YES	YES
Minimum stay				
Minimum tax	€5,000	€15,000	€15,000	
Application fee		YES	YES	YES
Applicable tax rate	Up to 35% * (progressive rates)	15%	15%	Up to 35% * (progressive rates)
Applicable tax rate on income arising in Malta		35%	35%	
Investment				€250,000
Contribution				€250,000

*Conditions apply.
NB: specific conditions apply for dependents.

	Retirement Programme	Residency by entrepreneurship	Highly Qualified Persons Rules	Qualifying Employment in Innovation and Creativity
Source of income	Foreign sourced income remitted to Malta	Qualifying income generated in Malta	Qualifying income generated in Malta	Qualifying income generated in Malta
Applicable to EU/EEA nationals	YES	YES	YES	YES
Applicable to non-EU nationals		YES	YES	YES
Property required (buy / rent)	YES			
Minimum stay	YES			
Minimum tax	€7,500			
Application fee	YES			
Applicable tax rate	15%	Up to 35% * (progressive rates)	15%	15%
Applicable tax rate on income arising in Malta	35%			
Investment				
Contribution				

*Conditions apply.

NB: specific conditions apply for dependents.

	Permanent residence	Aviation Rule	Oil and Gas Industry Rule	Exceptional Services Rule
Source of income	Foreign sourced income remitted to Malta	Qualifying income generated in Malta	Qualifying income generated in Malta	
Applicable to EU/EEA nationals	YES	YES		YES
Applicable to non-EU nationals	YES	YES	YES	YES
Property required (purchase/rental)		YES	YES	
Minimum stay				
Minimum tax		YES	YES	
Application fee				YES
Applicable tax rate	Up to 35% * (progressive rates)	15%	15%	
Investment				
Contribution				

*Conditions apply.
 NB: specific conditions apply for dependents.

Ordinary residence

Residence in Malta is generally calculated on the basis of physical presence, however, certain temporary absences are allowed.

Any foreign citizen wishing to take up residence in Malta may do so by notifying the local authorities of their intention to stay, within 3 months from their date of arrival.

In the case of ordinary residence, this is available to all EU and EEA nationals as well as nationals of Switzerland, Liechtenstein, Norway and Iceland.

Applications submitted by non-EU nationals are at the discretion of the authorities.

Applicants for ordinary residence are to demonstrate financial independence and that they satisfy the minimum annual income requirements:

- €14,000 (if single); or
- €23,000 if married.

Ordinary residence can also be obtained on the basis of employment OR self-employment, in which case, upon acceptance of application, one may also opt to become tax residents in Malta.

The implication is that one would be taxed on:

- Chargeable income and capital gains arising in Malta;
- Foreign income (excluding capital gains) that are remitted to Malta, on condition that he or she is not deemed to be domiciled in Malta.

Ordinary residence may also be obtained for non-EU nationals in special circumstances and subject to a number of criteria being met.



Nomad Residence Permit

Eligibility Criteria for the Malta Nomad Residence Permit

In order for an application to be accepted under the Nomad Residence Permit, applicants must:

- be a third-country national;
- have a monthly gross income (whether employed by a third party, self-employed or offering freelance or consulting services) of €2,700;
- be employed by an employer registered in another country other than Malta and must be able to provide a contract of work; OR

be a partner/shareholder within a company registered outside of Malta; OR

offer freelance services to clients who are permanently established outside of Malta.

- be in possession of a valid travel document;
- be covered by a Health Insurance policy which covers risks throughout the applicant's stay in Malta; and
- present a valid rental agreement or a purchase agreement.

The issuance of permits is also subject to background verification checks carried out by Residency Malta Agency.

All applicants must be able to demonstrate that they can carry out their employment functions remotely via telecommunication technologies.

In submitting the application, applicants must also state the duration of the intended stay, following which, a decision would be taken as to whether a National Visa or a Residence Permit will be issued. For stays up to 180 days, a National Visa would be issued.

Applications generally take approximately 30 days to be processed.

If approved, applicants would be notified with the outcome and invited to proceed to Malta.



Nomad Residence Permit

Entry requirements

A visa requirement is also imposed upon entering EU Territory (including Malta), with nationals of a selected list of countries being exempt from obtaining a visa.

Following approval from Residency Malta Agency, applicants who require a visa to enter Malta may apply for a Premium Visa valid for 90 up to 180 days.

Agency Policy in relation to Family Members

Family Members (namely the spouse, minor children and adult children unable to cope independently and those who are economically dependent on the main applicant) may also apply under the same conditions as the main applicant, which may be submitted:

- at application stage; OR
- at a later stage (following acceptance of the main applicant's application).

Each family member application is subject to an additional €300 application fee.



Malta Permanent Residence Programme



The Eligibility Criteria

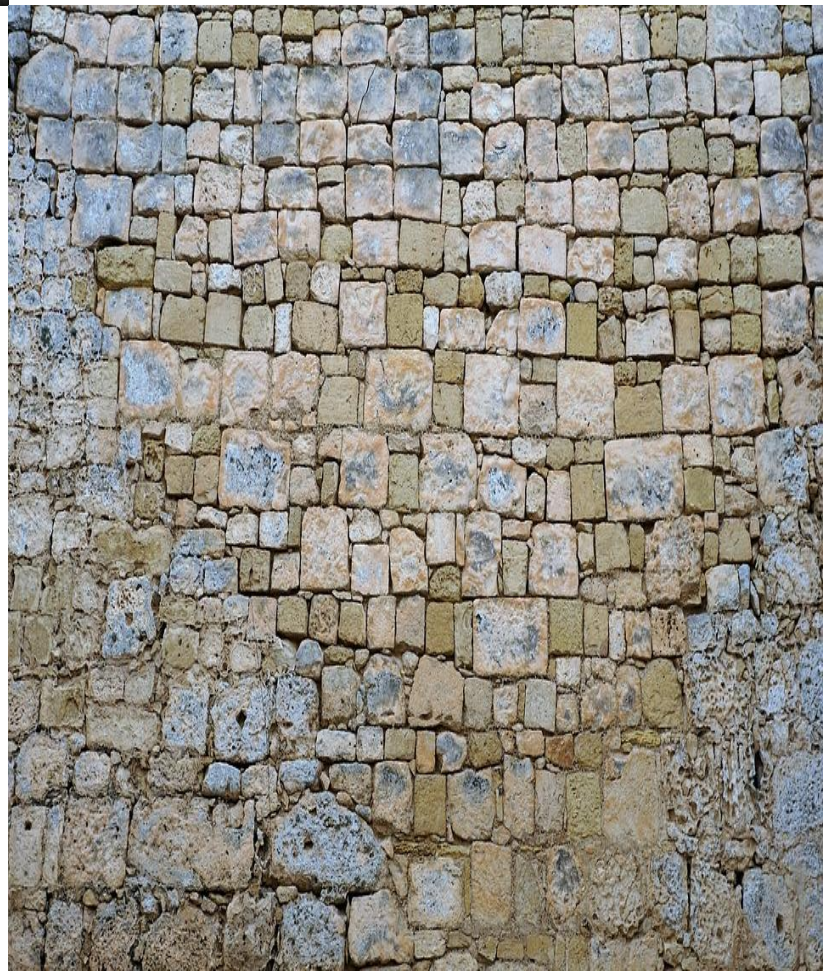
Applicants wishing to submit an application under the MPRP must satisfy certain pre-requisites, namely that the applicant:

- is a third country national (this programme does NOT apply to EU/EEA nationals);
- must not originate from sanctioned countries;
- must not benefit under any other Maltese regulations and/or schemes related to citizenship or residence;
- must be in a position to maintain oneself as well as any dependents (if any), without the necessity of any social assistance; and
- owns capital assets the value of which is at least of €500,000 out of which €150,000 are financial assets

Benefits of applying under the MPRP:

- Acquire the right to settle and reside in Malta on a permanent basis;
- No minimal stay in Malta;
- No minimum tax remittance into Malta;
- Visa-free travel across countries within the Schengen area for 90 (out of 180) days; and
- Infiltrate Malta's ever-expanding real estate market.

An application under the MPRP may include up to 4 generations.



Malta Permanent Residence Programme

Application process

Once established that the applicant satisfies the pre-requisites to opt for the MPRP, as part of the application process, applicants shall be required to:

- submit their applications, via a locally accredited agent;
- submit a one-time, non-refundable administrative fee of €40,000;
- demonstrate to the authority that a property in Malta has been purchased or is being rented;
- make a contribution to the Government of Malta;
- hold the qualifying property, whether leased out or purchased, for a minimum period of 5 consecutive years;
- donate a minimum amount of €2,000 to a local Non Governmental Organisation of the applicant's choice;

- subscribe to a sickness insurance policy covering risks in Malta; and

- subscribe to a travel insurance policy covering applicant when travelling within the Schengen area.

Applicants may also include dependant family members in the same MPRP application.

Submission is followed by a four-tier due diligence screening process, and if successful, the applicant would be issued a residence permit under the MPRP.

Applicants shall also be subject to annual compliance monitoring carried out by Resident Malta Agency for the first 5 years following acceptance.

Processing of applications may take up to 4 to 6 months to be processed.



The Exceptional Services Rule

The Exceptional Services Rule extends to individuals providing excellent or manifestly superior contributions in the fields of science, research, sports, arts and culture as well as people of exceptional interest to the Republic of Malta the right to become Maltese citizens.

Within this framework, an evaluation board will consider the persons' contributions and decide on whether the person is eligible for naturalization under this framework.

The Board evaluates the applications within 180 days from the receipt of the application documents and then relay their report to the Minister responsible for Citizenship, who must then evaluate and decide on whether the applicant will become a Maltese citizen within 60 days.

Qualifying criteria

A beneficiary must satisfy the following criteria:

- be resident in Malta for at least 8 months prior to the application;
- have provided exceptional services to the Republic of Malta or to humanity; and
- be recommended by two people who are qualified to act as sponsors.

Administrative fee

A non-refundable application fee of €1,000 and a certificate fee of €50 are applicable for each application submitted.





Malta Citizenship by Naturalization for Exceptional Services by Direct Investment

Applicants under this scheme are subject to a 3-tier application process whereby following submission of the application, which must be submitted through a locally accredited agent, a 12 to 36-month process is set in motion.

First stage - The Residency Stage

At this stage, the main applicant, as well as other family members and/or dependents are to submit a residence permit application form (valid for 36 months, however, the applicant may opt to apply after 12 months) with Community Malta Agency, including:

- All personal details;
- The applicants' passport copies;
- Bank Statements;
- Proof of residential address in Malta;
- A health insurance covering the applicant throughout the duration of their stay in Malta; and
- A detailed CV of the applicants.

In addition the above, a fee of €5,000 shall apply in relation to the main application and an additional €1,000 for each dependent.

A further fee of €10,000 is due to the Agency at this stage, as a non-refundable deposit as part of the investment requirement under this scheme.

Once the application is processed, the main applicant is required to be physically present in Malta for the capturing of biometrics.

Malta Citizenship by Naturalization for Exceptional Services by Direct Investment

Second stage – The Eligibility Stage

At this stage applicants are required to submit, amongst other documents:

- Bank Statements;
- The applicants' international passports;
- The applicants' identification documents; and
- Evidence of income and wealth.

It is at this point that the Agency carries out its stringent due diligence process, whereby the Agency would establish whether a given applicant may proceed with the full citizenship application or otherwise.

Third stage – The Citizenship Application Stage

This stage entails the submission of the actual application as well as the remittance of the financial contributions the applicant would have endeavoured to make.

A further fee of €50,000 shall apply for each family dependant.

Furthermore, the applicant would be required to show that:

- An immovable property in Malta has been purchased; or
- A residential immovable property is being leased out.

Applicants are also, as part of the application process, to contribute (by way of donation) at least €10,000 to a registered philanthropic, cultural, sport, scientific, animal welfare or artistic registered non-governmental organisation.





The Global Residence Programme

The Global Residence Programme Rules provide for a special tax status which can be availed of by third country nationals.

Tax treatment

- all foreign sourced income received by the beneficiary or a dependant in Malta is taxable at 15%, with the possibility of claiming double taxation relief on such income, subject to a minimum tax of €15,000 annually;
- any other chargeable income received by the beneficiary will be charged at the rate of 35%;
- possibility to claim double tax relief while any income arising in Malta is subject to tax at 35%.

Eligibility

In order to qualify for the benefits provided for in the Rules the applicant must prove that he or she holds a qualifying property which must be occupied only by the applicant and dependents.

Other requirements include:

- being in receipt of stable and regular resources which are sufficient for the maintenance of the applicant and any dependants;
- being a third country national;
- not benefit under any other Maltese Special Tax Status;
- being in possession of sickness insurance in respect of all risks across the whole of the European Union normally covered for Maltese Nationals for himself and his dependents;
- being in possession of a valid travel document; and
- Sufficient knowledge of either one of Malta's official languages.

Ongoing obligations

In order to maintain one's special tax status, applicants are required to:

- retain qualifying property;
- not become a Maltese, EEA or Swiss national;
- not become a long-term resident;
- retain the required insurance cover;
- ensure that any time spent outside of Malta does not exceed 183 days; and
- adhere to all special reporting obligations.

Application process

Applications for special tax status under the Rules are to be made to the Government of Malta through any Maltese Authorised Registered Mandatory. Grant Thornton is authorised and regulated by the Government of Malta to handle and submit applications for residence permits under the various residence programmes available under Maltese Law.

Registration fee

A non-refundable one-off registration fee of €6,000 must be paid by the applicant upon submitting the application. This fee is reduced to €5,500 if the qualifying property is situated in the South of Malta.



The Malta Residence Programme

The Malta Residence Programme Rules , provide for a special tax status which can be availed of by all EU/EEA/Swiss nationals.

Tax treatment

All foreign sourced income received by the beneficiary or a dependant in Malta shall be taxable at 15%, with the possibility of claiming double tax relief on such income subject to a minimum annual tax of €15,000;

Any other chargeable income received by the beneficiary will be charged to tax at the rate of 35%.

This rule also allows for the possibility to claim double tax relief while any income arising in Malta is subject to tax at 35%.

Eligibility

In order to qualify for the benefits provided for in the Rules the applicant must:

- hold a qualifying property which must be occupied only by the applicant and dependents:

A qualifying property means:

a property situated either in Malta for a value of €275,000 or situated in Gozo or the South of Malta for a value of €220,000;

a rented qualifying property of at least €9,600 per annum for a property situated in Malta or €8,750 per annum for a property situated in Gozo or the South of Malta;



- not be a Maltese or a third country national;
- not benefit under any other Malta Special Tax Status;
- be in possession of sickness insurance in respect of all risks across the whole of the European Union normally covered for Maltese Nationals for himself and his dependents;
- be in possession of a valid travel document;
- be able to adequately communicate in either one of Malta's official languages;
- be a fit and proper person.

Ongoing obligations

In order to maintain one's special tax status, a beneficiary is required to:

- retain qualifying property holding (as defined above);
- not become a Maltese or third country national;
- not become a permanent resident of Malta;
- retain the necessary insurance;
- not stay in any other jurisdiction for more than 183 days; and
- adhere to all special reporting obligations and notifications.

Application process

Applications for special tax status under the Rules are to be made to the Government of Malta through any Maltese Authorised Registered Mandatory. Grant Thornton is authorised and regulated by the Government of Malta to handle and submit applications for residence permits under the various residence programmes available under Maltese Law.

Registration fee

A non-refundable one-off registration fee of €6,000 must be paid by the applicant upon submitting the application. This fee is reduced to €5,500 if the qualifying property is situated in the South of Malta.



The Malta Retirement Programme (MRP)

The Malta Retirement Programme Rules (the “Rules”), was enacted by Legal Notice 317 of 2012, and amended by Legal Notice 69 of 2020, to provide for a Malta Special Tax Status which can be availed of by all non-EU and EU/EEA/Swiss individual pensioners. The Malta Retirement Programme rules entitle successful applicants to a Special Tax Status provided they comply with a number of criteria listed hereunder.

Tax treatment

All foreign sourced income which is remitted to Malta shall be taxable at 15%, with the possibility of claiming double tax relief on such income subject to a minimum tax of €7,500 annually;

A beneficiary with dependents must pay an additional €500 per year for every dependent and every special carer;

Any other chargeable income received by the beneficiary will be charged to tax at the rate of 35%;

Possibility to claim double tax relief while any income arising in Malta is subject to tax at 35%.

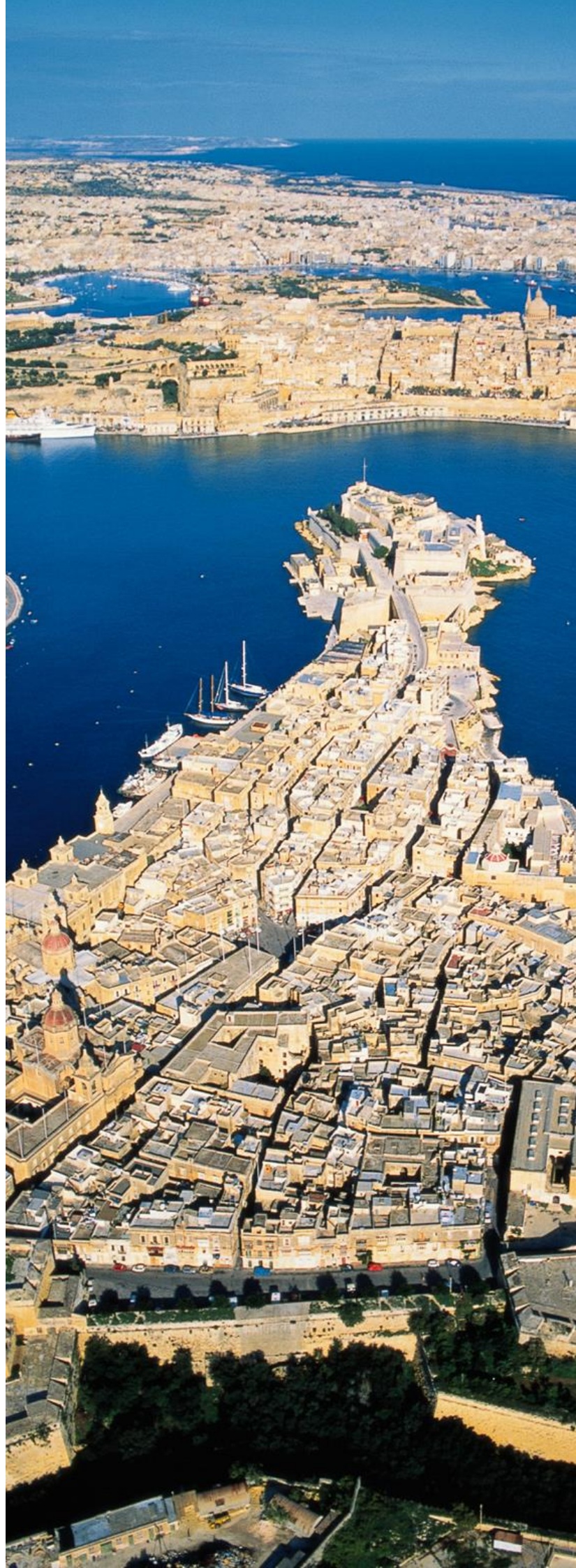
Eligibility

In order to qualify for the benefits provided for in the Rules the applicant must:

- hold a qualifying property which must be occupied only by the applicant, dependents and/or carers:

A qualifying property means:

a property purchased after 1st January 2011 situated either in Malta for a value of €275,000 or situated in Gozo for a value of €250,000;



a property purchased after 1st January 2013 situated either in Malta for a value of €275,000 or situated in Gozo or the South of Malta for a value of €220,000;

a Special concession applies to property which was purchased before 1st January 2011, which considers the value of such property to be that as at the date of application;

a rented qualifying property of at least €9,600 per annum for a property situated in Malta or €8,750 per annum for a property situated in Gozo or the South of Malta.

- receive the whole amount of a pension in Malta, which pension constitutes at least 75% of the beneficiary's chargeable income;

- not be a Maltese or a third country national;

- not be domiciled in Malta nor intend to establish his domicile in Malta within 5 years from application date;

- not benefit under any other Malta Special Tax Status or be in employment;

- be in possession of sickness insurance in respect of all risks across the whole of the European Union normally covered for Maltese Nationals for himself and his dependents;

- be in possession of a valid travel document;

- be a fit and proper person.

Ongoing obligations

In order to maintain one's special tax status, a beneficiary is required to:

- retain qualifying property holding (as defined above);

- not become a Maltese or third country national;

- not become domiciled in Malta;

- retain the necessary insurance;

- be physically present in Malta for more than 90 days a year averaged over a period of five years;

- not stay in any other jurisdiction for more than 183 days; and

- adhere to all special reporting obligations and notifications.

Application process

Applications for special tax status under the Rules are to be made to the Government of Malta through any Maltese Authorised Registered Mandatory. Grant Thornton is authorised and regulated by the Government of Malta to handle and submit applications for residence permits under the various residence programmes available under Maltese Law.

Employment in Malta

Individuals benefitting from this programme may only hold a non-executive post on the board of a company resident in Malta. This implies that the beneficiary would be prohibited from being employed by the company in any capacity.

Such individuals may also partake in activities related to any institution, trust or foundation of a public character and any other similar organisation or body of persons, which are also of a public character, that is engaged in philanthropic, educational or research and development work in Malta.

Registration fee

A non-refundable one-off registration fee of €2,500 must be paid by the applicant upon submitting the application.



Residency by entrepreneurship

Non EU/EEA nationals may also take up residence in Malta through employment, self-employment or by investing in a local business venture. An individual holding a residence permit and qualifying as resident in Malta for Maltese income tax purposes, is subject to the normal income tax rules and rates applicable for every Maltese resident. Therefore the applicant would need to submit a tax return on an annual basis. Personal income tax is charged at progressive rates from 0% up to a maximum of 35%.

Employment

A third country national may also take up ordinary residence through active employment in Malta, in which case he would require a Single Permit Employment Licence which is issued in the name of the company that is employing the individual. The issuing of an employment licence takes between 6 to 13 weeks and needs to be renewed annually. Applying for a single permit may be daunting due to the number of bureaucratic practices one needs to go through but nevertheless it remains a viable option.

Self-Employment

In order to qualify to apply for self-employed status and work for one's own business, a third country national must meet one or more of the following criteria:

- an investment of at least €500,000. The investment must consist of fixed assets and/or capital used for business purposes. Rental contracts are not eligible and the investment must take place within six months from the date on which the work permit is issued;
- status of a highly skilled innovator with a sound business plan, committed to recruiting at least three EU/EEA nationals within eighteen months of establishment of business;
- and/or he is a person leading a project that has been formally approved by Malta Enterprise and formally notified to the agency Jobsplus.

A firm commitment regarding the engagement of EU/EEA nationals as part of the applicant's staff will assist in the favourable consideration of an application.

Shareholder/UBO of a Maltese Company

One may also take up Malta residency by investing and taking up share holding in a local enterprise. In such instance the individual must comply with the following rules:

- fully paid up share capital of at least €500,000 which may not be redeemed, reduced or transferred to a third party during the first two years following the issuing of the Employment Licence. The share capital must be through a cash/stock injection in Malta;
- a capital expenditure (fixed assets) of at least €500,000 that is to be used by the company and/or, he is a person leading a project that has been formally approved by Malta Enterprise and formally notified to the agency Jobsplus.

The Highly Qualified Persons rule

Malta is positioning itself as a leader in the services industry raises the need for quality and specialised talent to manage and run the generated investment. As such, one of the key incentives introduced by the local authorities is the High qualified persons rules, introduced in 2011, and recently updated in 2015. This programme allows its beneficiaries to enjoy a 15% flat personal tax rate on income generated from their direct employment in Malta in the financial services, gaming and aviation industries.

For a candidate to qualify, his annual income must exceed €75,000 which amount is adjusted annually in line with the Retail Price Index. This does not include the value of fringe benefits and applies to the derived income received in respect of work or duties carried out in Malta, or in respect of any period spent outside Malta in connection with such work or duties.

The flat 15% tax rate applies for a consecutive period of ten years for EU, EEA and Swiss nationals or four years in the case of third-country nationals. This period commences in the year in which the individual is first liable to tax in Malta. Any income derived after this timeframe has expired would be charged at the standard rates of tax applicable to the said beneficiary. Also, any income in excess of €5 million is exempt from tax in Malta.

Individuals must be in possession of relevant professional qualifications or adequate professional experience relevant to the profession or sector specified in the work contract and employment shall be with a company that is licensed and/or recognised by the Malta Financial Services Authority, the Gaming or the Transport authorities. The rules do not apply where the employer benefits from incentives granted in terms of the Malta Enterprise Act and the Business Promotion Act.

The reduced rate of tax claimed by third country nationals will be deemed not to apply, with retrospective effect, if such individual either physically stays in Malta, in the aggregate, for more than 1,460 days; or acquires directly or indirectly, real rights over immovable property situated in Malta, or holds a beneficial interest directly or indirectly consisting in, amongst others, real rights over immovable property situated in Malta. Prior to engagement, the employee is to submit an application to the Malta Financial Services Authority for a formal determination as to



Typical eligible roles that benefit from the 15% tax rate

- foreign-domiciled chief executive officers;
- chief risk officers;
- chief financial officers;
- chief operations officers;
- chief technology officers;
- portfolio managers;
- chief investment officers;
- senior traders;
- senior analysts (including structuring professionals);
- actuarial professionals;
- chief underwriting officers;
- chief insurance technical officers;
- marketing heads and investor relations heads;
- aviation continuing airworthiness manager;
- aviation flight operations manager;
- aviation ground operations manager; and
- aviation training manager.

Qualifying criteria

A beneficiary must meet the following criteria:

- not be domiciled in Malta;
- derive employment income subject to tax and received in respect of work or duties carried out in Malta (or in respect of any period spent outside Malta in connection with such work or duties);
- is protected as an employee under Maltese law;
- proves to the satisfaction of the competent authority that he/she is in possession of professional qualifications and can perform the activities of the eligible office being applied for;
- is in receipt of stable and regular resources which are sufficient to maintain him/herself and the members of his/her family (without recourse to the social assistance system in Malta);
- resides in accommodation regarded as normal for a comparable family in Malta and which meets the general health and safety standards in force in Malta;
- is in possession of a valid travel document; and
- is in possession of sickness insurance (for him/herself and the members of his/her family).



Qualifying employment in innovation and creativity

Malta offers for a favourable tax treatment for certain individuals in terms of the Qualifying Employment in Innovation and Creativity (Personal Tax) Rules through which individuals benefit from a flat rate of 15% tax on income derived from a qualifying contract of employment in a role directly related to the development of innovative and creative digital products.

The special tax rate applies to income up to a maximum €5 million and any income in excess of this which is derived from a qualifying contract is exempt from tax. A minimum taxable income of €45,000 is required, adjusted annually in line with the Retail Price Index.

The 15% rate of tax is a final tax and cannot be reduced by means of any relief, deduction, reduction, credit or set-off of any kind.

This scheme applies for a consecutive period of up to three years irrespective of the nationality of the individual, given that he is a non-resident of Malta. This measure is active until 31 December 2017.

Prior approval in writing is required by Malta Enterprise, which must be satisfied that the employer or a person related to the employer has not benefitted from any business incentive laws and/or any arrangement in terms of the business incentive laws.

The roles covers posts related to:

- industrial research and experimental development;
- product development and product or process innovation;
- senior management roles in so far that the person's responsibility;
- within the firm is directly related to creativity and innovation tasks.





Qualifying criteria

A beneficiary must meet the following criteria:

- applicant must derive employment income in respect of work or duties carried out in Malta, or in respect of any period spent outside Malta in connection with such work or duties, or on leave during the carrying out of such work or duties;
- be in possession of the requisite qualifications and experience to be able to hold the eligible office be protected as an employee under Maltese law for the purpose of exercising genuine and effective work for or under the direction of someone else and has the requisite adequate and specific competence as approved by Malta Enterprise;
- declare for Maltese income tax purposes all his income received under the qualifying contract of employment and all income received from a person related to his employer;
- prove to the satisfaction of Malta Enterprise that he is in receipt of stable and regular resources which are sufficient to maintain himself and his family;
- have a sickness insurance policy in place which covers him and his family in respects of all risks while in Malta;
- reside in a suitable accommodation;
- not be domiciled in Malta;
- be in possession of a valid travel document.

Typical eligible roles

- chief executive officer;
- chief technical officer;
- chief creative officer;
- head of writing;
- lead in-world writer;
- lead game programmer;
- software engineering director;
- game developer;
- director of online community;
- head of art design and visualization;
- art director;
- digital artist;
- commercial director (digital licensing);
- head of game design;
- game director;
- game designer;
- audio director;
- video director;
- producer;
- head of marketing.

Qualifying employment in aviation rule

Malta provides qualified persons employed in the field of aviation with an opportunity to enjoy a 15% flat personal tax rate on income generated from their direct employment in Malta. For a candidate to qualify, their annual income must exceed €45,000. This does not include the value of fringe benefits and applies to the derived income received from an eligible office.

The flat 15% tax rate applies for a consecutive period of five years for EU, EEA and Swiss nationals or four years in the case of third-country nationals. This period commences in the year where the individual is first liable to tax in Malta. Any income in excess of €5 million is exempt from tax in Malta.

Individuals must be in possession of relevant professional qualifications or adequate professional experience relevant to aviation as specified in the work contract and employment shall be with a company that is licensed and/or recognised by the Transport authorities.

Qualifying criteria

In addition to the minimum annual income requirement, a beneficiary must satisfy the following criteria which requires that they:

- are not domiciled in Malta;
- do not derive employment income subject to tax and received in respect of work carried out in Malta or any period spent outside Malta in connection with such work or duties;
- are protected as an employee under Maltese law;
- prove to the satisfaction of the competent authority that they are in possession of professional qualifications;
- are in receipt of stable and regular resources which are sufficient to maintain them and the members of their family (without recourse to the social assistance system in Malta);
- reside in accommodation regarded as normal for a comparable family in Malta and which meets the general health and safety standards in force in Malta;
- are in possession of a valid travel document;
- are in possession of sickness insurance (for themselves and members of their family).



Qualifying employment in maritime and offshore oil & gas industry rule

Malta provides qualified persons employed in the field of aviation with an opportunity to enjoy a 15% flat personal tax rate on income generated from their direct employment in Malta. For a candidate to qualify, their annual income must exceed €65,000. This does not include the value of fringe benefits and applies to the derived income received from an eligible office.

The flat 15% tax rate applies for a consecutive period of five years for EU, EEA and Swiss nationals or four years in the case of third-country nationals. This period commences in the year where the individual is first liable to tax in Malta. Any income in excess of €5 million is exempt from tax in Malta.

Individuals must be in possession of relevant professional qualifications or adequate professional experience relevant to aviation as specified in the work contract and employment shall be with a company that is licensed and/or recognised by the Transport authorities.

Qualifying criteria

In addition to the minimum annual income requirement, a beneficiary must satisfy the following criteria which requires that they:

- are not domiciled in Malta
- do not derive employment income subject to tax and received in respect of work carried out in Malta or any period spent outside Malta in connection with such work or duties;
- are protected as an employee under Maltese law;
- prove to the satisfaction of the competent authority that they are in possession of professional qualifications;
- are in receipt of stable and regular resources which are sufficient to maintain them and the members of their family (without recourse to the social assistance system in Malta);
- reside in accommodation regarded as normal for a comparable family in Malta and which meets the general health and safety standards in force in Malta;
- are in possession of a valid travel document;
- are in possession of sickness insurance (for themselves and members of their family).



3. Corporate tax

The company tax system in Malta

Investment funds are generally exempt from tax, while Malta's tax imputation system could enable the shareholder of a trading company to benefit from a 6/7th refund of the Maltese 35% corporate tax. Malta has double taxation treaties with over 60 countries (most recently with India, Mexico and Russia) including most of the major European trading nations, and is in the process of negotiating others. Income originating from overseas is not subject to double taxation, even if there is no double taxation agreement. Company set up is straight forward and can be completed in less than a week.

Tax facts

The taxable profits of companies are subject to the standard 35% corporate tax. However, upon certain conditions being met, the shareholder of a Maltese company could be entitled to certain tax credits and refunds of all or part of the tax paid by the company on its profits which can reduce the overall tax burden to between 0% and 10%. Economic double taxation is relieved through the full imputation system. Malta also applies the participation exemption in respect of dividend income or capital gains received from a qualifying subsidiary, and any overseas tax suffered by a Malta company would generally be eligible for relief against the Malta tax liability arising on the corresponding source of income. Through the application of this refund mechanism, the combined overall effective tax rate in Malta is reduced.

This presents advantageous tax planning opportunities for:

- dividends received from a participating holding
- capital gains made from the disposal of a participating holding
- dividends from non-participating holdings
- trading income
- passive income (interest, royalties etc).

Other benefits that Malta offers

- free trade within the EU;
- including EU VAT registration;
- a reliable jurisdiction;
- no withholding taxes, stamp duties, or exchange control restrictions apply on distribution of the profits or dividends to the shareholders;
- no thin-cap rules or debt to equity ratios;
- no transfer pricing rules;
- no capital duties or wealth taxes;
- access to treaties & EU directives;
- extensive tax treaty network;
- 48-hour company registration.

Corporate tax options at a glance

0% on dividends received from a Participating Holding where:

- foreign entity is registered or tax resident in an EU jurisdiction; OR
- income of foreign company does not consist of more than 50% of passive interest and royalties; OR
- profits of foreign entity are subject to tax at the rate of at least 15%; OR
- holding in foreign entity is not a portfolio investment and passive interest and royalties of the said foreign entity have suffered tax of at least 5%.

A company may choose either participation exemption or declare gain in tax return and shareholder/s then claiming 100% refund of tax credit upon receipt of dividends.

0% on capital gains made from the disposal of a Participating Holding. No conditions.

Nil to 6.25% where double tax relief is claimed.

The 2/3 refund applies only in scenarios where a Malta company claims double tax relief in respect of its income from investments outside Malta. Double tax relief is not limited to tax treaty relief but also refers to unilateral relief provided by Malta as well as Flat Rate Foreign Tax Credit.

5% - 6.25% on dividends from non-participating holdings

5% on active income

6/7 refund available in all other cases except where MaltaCo receives 'passive interest or royalties' or claims double tax relief in respect of its income from investments outside Malta

Flat rate foreign tax credit

credit of tax of 25% which is deemed to have been paid outside Malta calculated on the net foreign income received and allocated to the Foreign Income Account, restricted to 85% of the Maltese tax payable on the relevant foreign source income.

10% on passive income (interest, royalties etc)

5/7 refund - available when MaltaCo receives 'passive interest or royalties' which are not derived from trade or business and have suffered tax at a rate less than 5%.

Notional Interest Deduction (NID)

A Maltese resident company may opt to deduct from its chargeable income interest on risk capital at a rate established by reference to the current yield to maturity on Malta Government Stocks with a remaining term of approximately 20 years plus a premium of 5%. Such NID is capped at a maximum of 90% of the chargeable income with any unused excess being available to carry forward and deductible in subsequent years. When a company opts for the NID, its net effective tax rate after claiming a tax refund, will be lower than 5%.

6/7ths refund for active income

Malta operates the full imputation system of company taxation whereby corporate profits are taxed in the hands of the company at the flat rate of 35%. However, when dividends are distributed to the shareholders out of taxed profits, the dividend carries an imputation credit of the tax paid by the company on the profits so distributed. Shareholders receiving dividends from active income are entitled to claim refunds of 6/7th of the Malta tax paid by the company. Taking into account such refunds, this results in an effective rate of Malta tax of 5%.

Taking as an example a company which makes taxable profits of 1,000:

Taxable profits of company	€1,000
Corporate tax thereon at 35%	€350
Profits after tax	€650

The company distributes all the post tax profits to its shareholder who is an individual resident in Malta. The company is obliged in terms of the provisions of the Income Tax Act to issue a dividend warrant which must contain the following information:

- dividends received from a participating holding
- capital gains made from the disposal of a participating holding
- dividends from non-participating holdings
- trading income
- passive income (interest, royalties etc).

Dividend Warrant

Deemed gross dividend	€1,000	
Tax at source (imputation credit)	€350	
Net dividend		€650

The shareholder can then file a claim for refund to the authorities.

Continuing from the previous example:

No foreign Tax	
Dividends	€1,000
Malta Tax at 35%	€350
Refund 6/7th on €350	€300
Effective final tax	€50



Exemption or 100% refund for participating holdings

Malta is one of the leading jurisdictions for the setting up of holding companies, especially following the introduction of full tax sparing. Under the Maltese tax system, the income and capital gains derived by a Maltese registered company from a Participating Holding, qualifies for a full refund of the Maltese tax paid by the company when distributions are made to company shareholders. Through the notion of participation exemption, such dividend income may also be exempted from Maltese tax provided certain conditions are satisfied, including rigorous anti-abuse provisions.

In those instances where the participating holding qualifies as a 'participation exemption', the Maltese company has the option not to declare the income in its tax return resulting in no tax being payable in Malta. If the company, however, elects to include the income from its participating holding in its tax return, it will then still qualify for a full refund of the tax paid by the Maltese company.

For companies having income derived from non-participating holdings or from passive interest and royalties, the Maltese tax system still provides for refunds of the tax paid by the Maltese company when distributions are made to shareholders.

Passive interest and royalties

When distributions are made out of profits earned from passive interest and royalties, the shareholders of a Maltese company may claim a refund of 5/7ths of the tax paid by the company when distributions are made to them.

In the case of a company which did not claim any form of double taxation, it may also apply for six-sevenths and five-sevenths refunds. When dividends are paid out of profits allocated to the foreign income account and in respect of which profits the company has claimed double tax relief, the shareholders may apply for a refund of two-thirds of the tax paid by the Maltese company.

Tax consolidations

From year of assessment 2020, a Parent Company and its 95% subsidiary which have same accounting periods commencing in calendar year 2019 and subsequent years may opt to prepare and file a consolidated tax return. Where a parent company makes an election for its 95% subsidiary, and the 95% subsidiary is itself a parent company of one or more other subsidiaries, the 95% subsidiary and its transparent subsidiaries shall join the fiscal unit of the parent company of the said 95% subsidiary. However, no company shall form part of more than one fiscal unit at any one time.

One of the main advantages of fiscal unity is that tax refunds and tax payments are netted off and only the tax due balance of 5% would be payable. Thus, if the underlying subsidiaries of the Parent company distribute a dividend out of their taxed profits in respect of which the holding company is entitled to claim a tax refund of the tax credit on the dividend, the amount payable by the subsidiaries is netted off against the tax refundable to the holding company.

Uplift in base cost

Where a company or other entity migrates its residency or domicile to Malta, the base cost of any assets owned by the said entity may be restated from historic cost to their market value as at the date of their migration. Any gains on a subsequent sale of these assets are calculated by deducting the revised value from the proceeds.

The uplift is also available where a foreign company is merged with a Malta company in terms of the EU cross border merger directive.





4. Our network

A global reach



We discover what is important to you and make it important to us

Our culture is built on a genuine interest in our clients – their challenges, growth ambitions and wider commercial context. You get the attention you deserve from approachable, senior professionals who ask the right questions, listen and provide real insight and a clear point of view.

The bottom line

- A relationship-led approach with more time and attention from partners and senior advisers
- A deeper understanding of your business for more meaningful advice and recommendations.

Agile and responsive service

Our size and structure creates advantages for you. We adopt a flatter structure, with shorter decision making chains, empowered teams and no complex chain of command. We have all the necessary processes and controls in a streamlined, efficient and responsive environment.

The bottom line

- A faster response when you need quick answers and clarity
- Anticipating the answers you will need before you ask.

Pragmatic solutions to help you improve and grow

Our teams bring ideas to the table, going beyond the technical issues to recommend ways to make your business better. We balance a desire to do what's best for you in the future with an experienced sense of what is going to help you now.

The bottom line

- Helping you think ahead and think more broadly
- Proactively identifying opportunities for improvement and growth

Collaborative teams with a different mindset

Our people are open, accessible and easy to work with. We work through the issues alongside you and challenge your ideas where necessary, whilst keeping an independent perspective. Our collaborative style also enables us to assemble teams across service lines, industries and geographies to tailor our capabilities to your requirements.

The bottom line

- Teams and solutions built around your needs not our structures
- A better working relationship with you and your team



Our distinctive client experience sets us apart



USD5.72bn
(2019 revenue)



56,028
people



756
offices



143
countries



5. Get in touch

Related Experts



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Wayne Pisani is the Grant Thornton partner responsible for the corporate and financial services team in Malta where he deals with a wide range of asset protection and cross-border regulatory and tax planning engagements for clients ranging from private clients, including family offices and high-net-worth individuals, to NASDAQ listed companies in various industry sectors. He conducts an active consulting practice on the legal and tax implications involved in the structuring of both local and international financial institutions, M&A and project finance transactions.

Wayne is the President of the Malta Institute of Financial Services Practitioners and a council member of the Malta Institute of Management. He is also a member of the International Fiscal Association, the International Bar Association and the Maltese Chamber of Advocates. He was admitted to the Bar in 2001 following a Bachelor of Arts Degree in Law and International Relations, and a Doctorate in legal studies from the University of Malta in 2001 after researching and submitting a thesis on "Merger control: a comparative study of regulatory systems for potential implementation into the Maltese legal system." Wayne also read for a Masters in Financial Services at the University of Malta, graduating in 2003 after submission of a thesis entitled "The Impact of Information Technology on Financial Services".

He is an active thought leader in the financial technology space, making regular contributions at fintech conferences, and has a passion for the security and technological aspects of distributed ledger technology. He is also a joint contributing author to "European Competition Laws: A Guide to the EC and its Member States, the leading legal compendium with respect to Competition law in Europe", published by Lexis Nexis and revised annually.



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Since 2003, Michael has been involved in Indirect and Direct tax matters, initially at the Inland Revenue Department's Tax Investigations unit, followed by his employment with Grant Thornton's tax advisory department in 2007.

Since joining Grant Thornton, Michael has been involved in providing tax assistance to a portfolio of local and international clients with special reference to the preparation of tax assessment, tax planning and consultancy services, Value Added Tax compliance, expatriate and personal tax services, tax litigation and investigations, and also buyers' and vendors' cross-border due diligence assignments.

Michael is an ACCA affiliate and has recently completed his studies with the Chartered Institute of Taxation where he obtained an Advanced Diploma in International Taxation. Michael is also a member of the Malta Institute of Accountants and the Malta Institute of Taxation.



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Russell leads Grant Thornton's team of accounting professionals where he applies his expertise in accounting, VAT and taxation matters, whilst also assisting the firm's international clients. Prior to joining Grant Thornton he occupied similar roles with other accounting firms, as well as that of group accountant for a leading group of companies operating in the fashion industry.



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Anne Marie pursued her studies at the University of Malta first obtaining a Bachelor of Laws with European Studies, followed by a Diploma of Notary Public and subsequently, graduating as a Doctor of Laws with a thesis in the field of ethics.

She has obtained a Master of Arts in Financial Services from the University of Malta. She has completed study units relating to management accounting, investment services, the regulation of banking, the framework of insurance services, advanced company law matters, and the local and EU legal framework of financial services, among others.

She has successfully obtained a Foundation Certificate in Trusts Law and Management.

After a two-year experience exposed to the practice of a local advocate specialising in civil and private law service lines, Anne Marie was successfully admitted to the Maltese Bar.

Anne Marie has been in the financial services field for a number of years, having previously worked in the Corporate and Legal Department at a local boutique corporate, tax and financial advisory services firm and at the Legal Office of the Maltese financial services regulator before joining Grant Thornton in 2019.

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