



CORPORATE SERVICES • ACCOUNTING • TAXATION

Malta

Your Future for Family & Business

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EJZ - The Firm

- EJZ Comprehensive Business Services Ltd. is a multidiscipline organization, comprising qualified accountants, experienced accounts clerks and secretaries.
- Being associated with Maltese legal and auditing firms we offer a one stop shop service.

AGENDA

- ❖ Residence in Malta Programmes
- ❖ Features of International taxation
- ❖ Tax planning ideas

RESIDENCE IN MALTA

- The Malta Residence & Visa Programme (MRVP)
- The Malta Individual Investment Programme (IIP)
- MRVP compared to IIP

RESIDENCE & VISA PROGRAMME (MRVP) 2015

- Qualifications and General Requirements.
- Eligibility.
- Other Conditions to be satisfied.
- Cessation of certificate
- Rights of the MRVP.
- MRVP Taxation.

Qualifications and General Requirements

- 1 An investment of at least Euro250,000 in Government Bonds
- 2 A contribution of €30,000, of which €5,500 is a non-refundable administrative deposit and paid upon submission of the application.
- 3 A non-refundable contribution of €5,000 per parent or grandparent of the main applicant and/or his spouse

Qualifications and General Requirements

3 Immovable property

(A) Purchased at a price of not less than:

- (a) Euro 320,000 for a property situated in Malta; or
- (b) Euro 270,000 for a property situated in Gozo, or in the south of Malta.

OR

(B) A property taken on lease for a rent of not less than:

- (a) Euro 12,000 per annum for a property situated in Malta; or
- (b) Euro 10,000 per annum for a property situated in Gozo or in the south of Malta

Qualifications and General Requirements

- “Know your customer” basis due diligence processes, carried out by the registered approved agent;
- An undertaking to:
 - purchase or lease an immovable property in Malta;
 - to make an investment in Malta;
 - To remit the total of the required contribution, less the non-refundable administrative fee already paid;
 - Provide a certificate from a reputable health system to the satisfaction of Identity Malta.
 - Provide any other document as may be required from time to time by notice issued by Identity Malta
- Application forms must be completed in English. If the original documents are not in English, the document shall be accompanied by an authenticated translation.

Eligibility

The minimum eligibility criteria are :

- Background verifications of the applicant and his dependants over the age of twelve years;
- A police certificate issued by the Malta police and a police certificate issued by the competent authorities in the country of origin and in the country or countries of residence where the applicant has resided for a period of more than 6 months during the last 10 years, or
- a sworn affidavit declaring a clean criminal record in exceptional cases;
- Application is not deemed to be against public interest.
- The applicant and/or any of his dependants should not:
 1. be indicted before an International Criminal Court; and
 2. be persons listed with INTERPOL at the time of the application; and
 3. be a potential threat to national security , public policy or public health; and
 4. Have any pending charges related to crimes of terrorism, money laundering, funding of terrorism, crimes against humanity, war crimes, or crimes that infringe upon such Protection of Human Rights and fundamental Freedoms as established by the European Convention on Human Rights;

Other conditions to be satisfied

- Is at least 18 years of old
- Applicant is a third country national and is not a Maltese, EEA or Swiss National;
- He holds a qualifying property and investment for a minimum period of five years from the date of issuing of certificate;
- Is in receipt of stable and regular resources which are sufficient to maintain himself and his dependants without recourse to the social assistance system;
- Applicant and his dependants are in possession of a valid travel document and sickness insurance (in respect of all risks across the European Union);
- Applicant provides an affidavit declaring that from the date of the application he has an annual income of not less than Euro 100,000 arising outside Malta or has in his possession a capital of not less than Euro 500,000.

Cessation of Certificate

A beneficiary shall cease to benefit from MRVP if:

- He becomes a Maltese, EEA or Swiss national;
- Becomes a long-term resident;
- Does not satisfy the mentioned conditions;
- The individual's stay is not in the public interest;
- does not fulfil the commitments as required by the MRVP
- An individual who ceases to benefit from a certificate issued by identity Malta shall notify the authority by not later than four weeks from the date when he becomes aware of such event.
- Where such notification is not made within the time specified, the person responsible shall be charged an administrative penalty of Euro 15,000.

Rights

- To reside;
- To settle; or
- To stay indefinitely in Malta, provided that:
 - (a) The certificate shall be monitored annually for the first five years from its issue, and every five years thereafter: and
 - (b) The said certificate shall not entitle the holder to any other rights mentioned in the Immigration Regulations

Taxation

- Remittance basis of Taxation
- A person who is ordinarily resident but not domiciled in Malta (“non-dom”) is taxable only on:
 - Local Income and gains arising in Malta; and
 - Foreign source income arising outside Malta which is received in Malta
- Foreign capital gains, irrespective if these are received in Malta or otherwise, are not taxable in Malta.

THE INDIVIDUAL INVESTOR PROGRAMME

- The Individual Investor Program (IIP) allows for the grant of citizenship to:
 - duly qualified,
 - reputable foreign individuals and families
 - who make a significant contribution to the economic development of Malta.

THE INDIVIDUAL INVESTOR PROGRAMME

The rights conferred by the constitution of Malta include the following:

- Right to Work
- Social Assistance says that “every citizen incapable of work ... Is entitled to social assistance”
- Protection of right of citizenship;
- Prohibition of deportation and freedom of movement;
- The President of Malta must be a 'citizen';
- Citizens of Malta have the right to vote

THE INDIVIDUAL INVESTOR PROGRAMME

One time Contribution to the National Economic and Social Development Fund

- Principal applicant €650,000
- Spouse € 25,000
- Each Dependent child aged 0-17 € 25,000
- Each Dependent child aged 18-26 € 50,000
- Each Dependent aged 55 or above € 50,000

THE INDIVIDUAL INVESTOR PROGRAMME

Once the application is approved in principle, the applicant is required to provide within 4 months:

- Contract of purchase of immovable property in Malta (min €350,000) or Contract of lease (min annual rent €16,000) and
- commit to retain a residence in Malta for a period of at least 5 years.
- Undertaking of an investment of €150,000 in Government approved financial instruments, which must be held for a minimum period of 5 years.
- No subletting of immovable property.
- Dual citizenship
- There are no restrictions on dual citizenship in Malta. The Maltese Citizenship Act specifically provides that dual citizenship is allowed.

THE INDIVIDUAL INVESTOR PROGRAMME

- Applicant must have a Global Health Insurance coverage for at least EUR 50,000 for the main applicant and each of the dependants and
- must give proof that he can maintain the same for an indefinite period.

THE INDIVIDUAL INVESTOR PROGRAMME

- Step 1 filing of form with Identity Malta (IM) payment of €10,000 plus Due diligence fees
- Step 2 (due diligence) which could be provided with Step 1
- Step 3 Within 90 days IM verifies application.
- Step 4 Within 30 days IM decides whether, in principle, application is approved.
- Step 5 Within 5 days of issuance of such letter of approval in principle, deposits contribution (less €10,000) payment within 20 days of instruction from IM.
- Step 6 Undertakings relating to property holding, investments, insurance.
- Step 7 Within 2 years but not less than 6 months from the date of application, issue naturalization certificate but becomes effective only when oath of allegiance is taken.
- Step 8 Oath of allegiance to Malta.

THE INDIVIDUAL INVESTOR PROGRAMME

Key advantages

- Citizenship from a well-respected and politically stable EU country
- Possible tax planning benefits
- Visa-free travel to more than 160 countries in the world
- EU citizenship gives right of establishment in all 28 EU countries and Switzerland
- Malta is an attractive place to live in and is strategically located with excellent air links
- Good quality of life
- English is one of the official languages in Malta
- The standard of living is high, whereas the cost of living is cheaper than in the rest of Europe
- Well-equipped public and private hospitals
- First-class educational system
- Climate: At least 300 days of sunshine

IIP vs MRVP

	IIP	MRVP
AGE	is at least 18 years of age	is at least 18 years of age
PROPERTY	Acquire and hold a residential property in Malta having a minimum value of Euro 350,000; or Lease a residential immovable property in Malta for a minimum annual rent of Euro16,000. To be retained for 5 years	Acquire immovable property in Malta having a minimum value of Euro320,000, or Euro270,000 if it is situated in Gozo or the south of Malta; or Lease a residential immovable property in Malta of not less than Euro12,000 p.a. or Euro10,000 p.a. if it is situated in Gozo or the south of Malta. To be retained for 5 years.

IIP vs MRVP

	IIP	MRVP
INVESTMENT	An investment of an amount of at least Euro150,000 in stocks, bonds, debentures, special purpose vehicles as provided from time to time by Identity Malta. To be retained for 5 years	An investment having an initial value of Euro 250,000 in a form as determined from time to time by Identity Malta. To be retained for 5 years

IIP vs MRVP

	IIP	MRVP
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CONTRIBUTION AND OTHER FEES

Application Fees:

- Main applicant – Euro 650,000 (Euro10,000 is non-refundable)
- Spouse – Euro25,000
- For each and every child below 18 years of age – Euro25,000
- For each and every unmarried child between 18 years of age and 26 years of age – Euro50,000
- For each dependent parent over 55 years of age Euro50,000

Due Diligence Fess:

- Main applicant – Euro7,000
- Spouse – Euro5,000
- For each and every child between 13 years of age and 18 years of age –Euro3,000
- For each unmarried child between 18 years of age and 26 years of age – Euro5,000
- For each dependent parent above 55 years of age - Euro5,000

Other Fees:

- Passport Fees – Euro500 per person
- Bank charges – Euro200 per application

**Euro 30,000
(Euro5,500 is non refundable)**

IIP vs MRVP

	IIP	MRVP
OTHER CONDITIONS	NOT APPLICABLE	<ol style="list-style-type: none"> 1) Must be a third country national and is not a Maltese, EEA or Swiss National 2) Not a person who benefits under the Residents Scheme Regulations, the High Net Worth Individuals – EU/EEA/Swiss National Rules, the Malta Retirement Programme Rules, the Resident Programme rules, the Qualifying Employment in Innovation and Creativity Rules or the Highly Qualified Persons Rules: 3) An affidavit must be provided stating that from the date of application onwards the applicant has an annual income of not less than Euro100,00 arising outside Malta or he is in possession of capital of not less than Euro500.000

Features of International Taxation

- ❖ Taxation, Reliefs and Tax Refunds
- ❖ Participation Exemption

Features of International Taxation

Tax, Reliefs & Refunds (1)

Company rate of tax is 35%

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graph TD; A[Company rate of tax is 35%] --> B[Reduced to an overall effective rate by the application of:]; B --> C[Full imputation system]; B --> D[Tax payment & Refund]; B --> E[Double taxation Relief];
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Reduced to an overall effective rate by the application of:

Full
imputation
system

Tax payment
& Refund

Double
taxation
Relief

Features of International Taxation

Tax, Reliefs & Refunds (1)

Налог на прибыль 35%

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graph TD; A[Налог на прибыль 35%] --> B[В дальнейшем может быть уменьшен после применения:]; B --> C[Full imputation system]; B --> D[Tax payment & Refund]; B --> E[Double taxation Relief];
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В дальнейшем может быть уменьшен после применения:

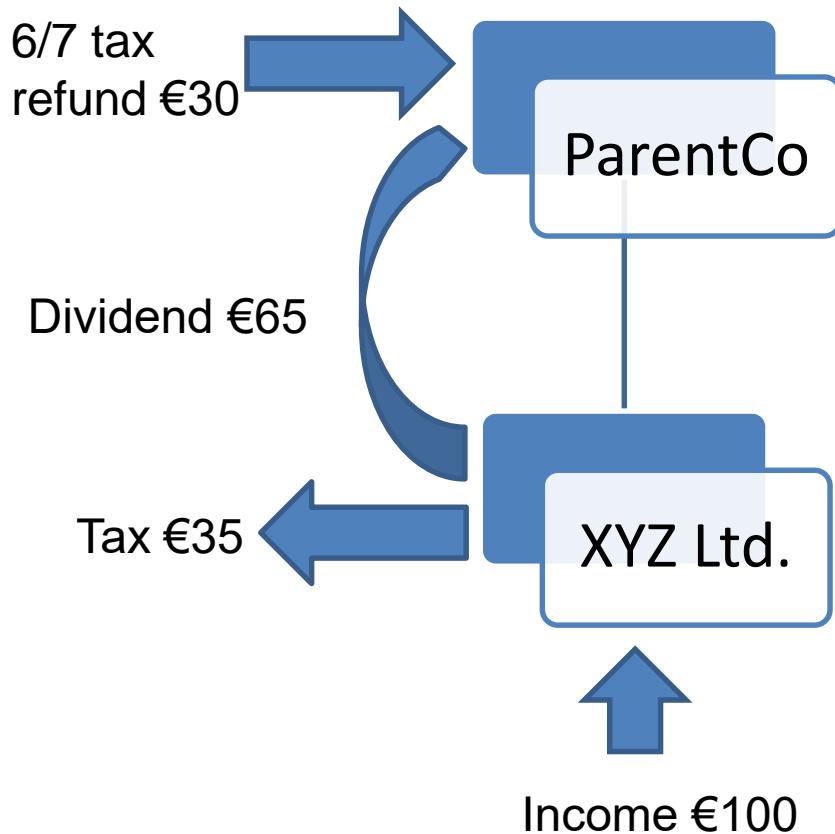
Full
imputation
system

Tax payment
& Refund

Double
taxation
Relief

Features of International Taxation

Tax, Reliefs & Refunds (2)

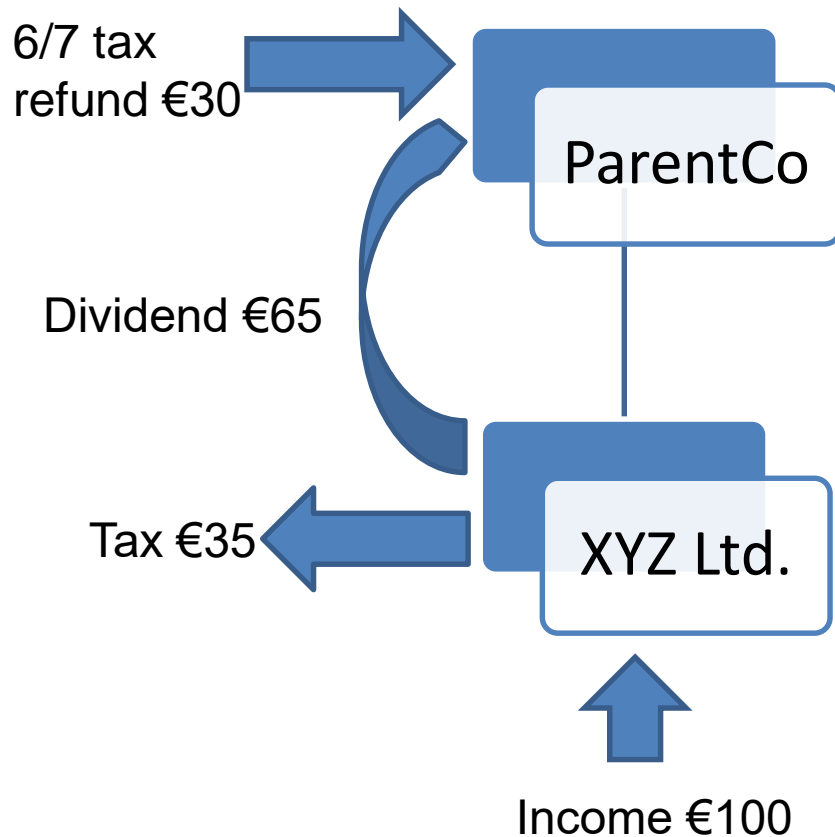


Taxation of Company XYZ Ltd. Компания

	€
Chargeable Income (общая сумма налогооблагаемого дохода)	100
Tax (налог на прибыль) @ 35%	35
<hr/>	
Profit after tax available for distribution (сумма для выплаты дивидендов)	65

Features of International Taxation

Tax, Reliefs & Refunds (3)



Taxation of the shareholder receiving dividend

Акциянер

	€
Gross Dividend (Сумма для выплаты дивидендов до налогообложения)	100
Tax deducted by XYZ Ltd. (налог, уплаченный компанией)	35
<hr/>	
Net dividend (сумма дивидендов)	65

Effective System of Double Taxation Relief

Система освобождения от двойного налогообложения

- ❖ Unilateral relief, including credit system for relief of underlying tax
- ❖ OECD-based Tax Treaty Network.
- ❖ EU Parent-Subsidiary Directive
- ❖ EU Interest & Royalties Directive
- ❖ Participation Exemption
- ❖ Односторонняя льгота в виде налоговой скидки на величину базового налога
- ❖ Соглашения об избежании двойного налогообложения
- ❖ Директивы Европейского союза:
 - ❖ о материнских и дочерних компаниях
 - ❖ по процентам и роялти
- ❖ Освобождение от участия

Double Taxation Treaties

Соглашения об избежании двойного налогообложения

72 DTTs in Force

Albania	Germany	Lithuania	Singapore
Australia	Greece	Luxembourg	Slovakia
Austria	Guernsey	Malaysia	Slovenia
Azerbaijan	Hong Kong	Mauritius	South Africa
Bahrain	Hungary	Mexico	Spain
Barbados	Iceland	Moldova	Sweden
Belgium	India	Montenegro	Switzerland
Bulgaria	Ireland	Morocco	Syrian Arab Republic
Canada	Isle of Man	Netherlands	Tunisia
China, P.R.	Israel	Norway	Turkey
Croatia	Italy	Pakistan	United Arab Emirates U.A.E
Cyprus	Jersey	Poland	United Kingdom
Czech Republic	Jordan	Portugal	United States of America
Denmark	Korea (Rep. Of)	Qatar	Uruguay
Egypt	Kuwait	Romania	Vietnam
Estonia	Latvia	Russia	
Finland	Lebanon	San Marino	
France	Libya	Saudi Arabia	
Georgia	Liechtenstein	Serbia	

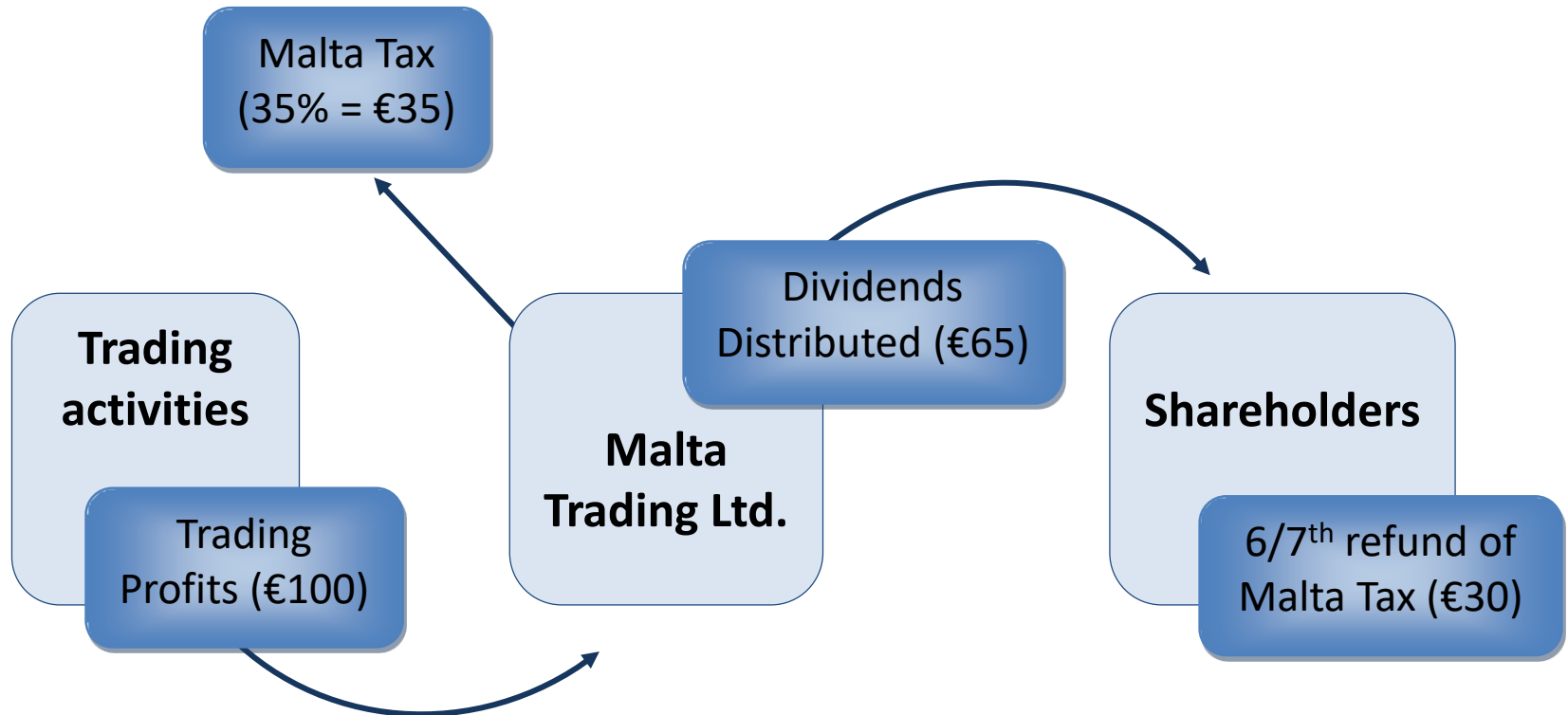
Participation Holding (PH) – Participation Exemption

Освобождение от участия

- ❖ At the option of the Malta Company, dividends and capital gains received from a PH are exempt from Malta tax
- ❖ The foreign Company must:
 - ❖ be resident or incorporated in an EU country or territory; or
 - ❖ be subject to any foreign tax of at least 15%; or
 - ❖ not have more than 50% of its income derived from passive interest or royalties.
- ❖ Дивиденды и доходы от прироста капитала, полученные от квалифицированного участия освобождены от налога на Мальте
- ❖ Иностранная компания должна соответствовать одному из следующих условий:
 - ❖ являться резидентом ЕС или должна быть зарегистрирована на территории ЕС;
 - ❖ компания облагается налогом за границей по ставке не ниже 15%;
 - ❖ Пассивный доход компании от процентов или лицензионных платежей составляет не более 50% прибыли.

Tax planning ideas

Trading company

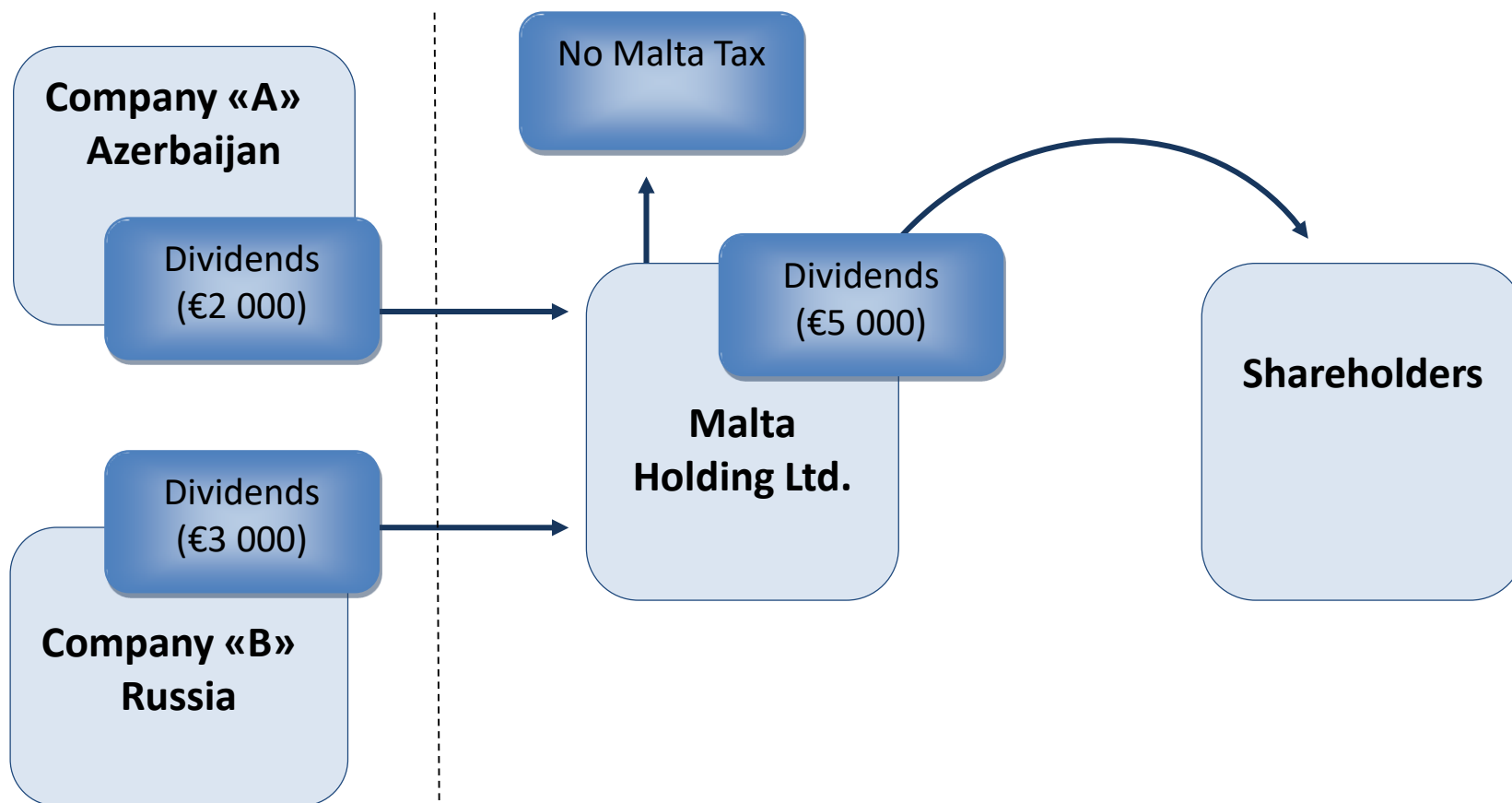


Malta Trading Ltd. derives trading profits from Malta and/or abroad (€100). The shareholders in receipt of net dividends (€65) apply for a refund of six-sevenths (6/7) of the Malta tax paid at the level of Malta Trading Ltd. (Tax Refund Amount: €30).

As a result, the combined overall Malta **effective tax rate is 5%**.

Holding company

Participation exemption



Malta Holding Ltd. acquires qualifying participating holdings in Company «A» Azerbaijan and Company «B» Russia.

No Malta tax is chargeable upon the receipt by Malta Holding Ltd. of dividend income from Azerbaijan (€2 000) or Russia (€3 000). Malta Holding Ltd. distributes dividends (€5 000) in favour of its shareholders.

Malta – Other General Points

Факты о Мальте

- ❖ EU member from 1st May 2004
- ❖ Local currency as from 1st January 2008 – Euro (€)
- ❖ Stability
- ❖ High quality workforce – fluent in English and Italian
- ❖ Convenient European Time Zone
- ❖ Availability of professional services
- ❖ Accessibility/ flexibility of Regulator
- ❖ Мальта является членом Евросоюза с мая 2004 г.
- ❖ Местной валютой является Евро
- ❖ Выгодное географическое положение – в центре Средиземного моря
- ❖ Экономическая стабильность
- ❖ Владеющий многими языками квалифицированный персонал
- ❖ Надёжные органы власти и суды

Malta – Key Company Law Points

- ❖ Company/partnership and contract law
- ❖ Choice of accounting year-end.
- ❖ Defined capital reduction rules
- ❖ Relative ease of incorporation for non-regulated entities
- ❖ Low minimum capital requirements
- ❖ Low registration and maintenance costs
- ❖ Audited accounts must be prepared in accordance with IFRS and filed with the Malta Registry of Companies
- ❖ Высокоразвитая правовая система и корпоративное право
- ❖ Возможность выбора отчетного периода
- ❖ Установленные правила уменьшения величины уставного капитала
- ❖ Минимальные требования к уставному капиталу
- ❖ Низкие операционные издержки и зарплаты
- ❖ Аудиторская проверка финансовых отчетов и их подача в Реестр компаний на Мальте

Malta – Other Key Tax Points to Note

- ❖ No withholding taxes on interest and royalties to non-residents
- ❖ No withholding tax on dividend payments
- ❖ No thin capitalisation rules or debt-to-equity ratios
- ❖ No specific transfer pricing rules
- ❖ No duty on transfer of shares in companies owned by non-residents having the majority of their business interests outside Malta
- ❖ Non residents are exempt from tax on capital gains on certain share transfers
- ❖ Выплата процентов или роялти за границу не облагается налогом
- ❖ Нулевое налогообложение дивидендов
- ❖ Нет узких предписаний по капитализации или соотношения заёмных и собственных средств
- ❖ Нет трансфертного ценообразования
- ❖ Нет налога с оборота при передаче акций в компаниях, владельцами которых являются нерезиденты
- ❖ Мальта не удерживает налоги на доход от увеличения капитала, полученный в результате продажи акций мальтийской компании
- ❖ Нерезиденты освобождены от любых налогов на увеличение рыночной стоимости капитала при определенных переводах акций

Malta – Other Key Tax Points to Note

- ❖ An extensive network of 72 tax treaties in force
- ❖ Group relief system
- ❖ Possible to migrate companies to and from Malta
- ❖ No capital duties or wealth taxes
- ❖ Regulated professional trustee and fiduciary services
- ❖ На данный момент заключено 72 соглашений об избежании двойного налогообложения
- ❖ Групповой режим налогообложения
- ❖ Возможность перевода иностранной компании на Мальту и наоборот
- ❖ Отсутствие налогов на богатство и прирост капитала
- ❖ Лицензированный фидуциарный и номинальный сервис