



MALTA ORDINARY RESIDENCE

1. WHY MALTA?

There are a number of reasons why an increasing number of foreigners are purchasing a home and taking up ordinary residence in the Maltese Islands:

- The local climate is pleasant.
- The people are very warm and hospitable.
- The general lifestyle is peaceful.
- The Maltese Islands have a rich cultural and historical heritage.
- Good financial services sector and excellent support service facilities.
- Competitive healthcare services.
- Educated and English speaking workforce.
- EU membership.
- A good number of double taxation agreements.
- Excellent air transport networks.
- Wealth management services.
- Stable political climate.
- Very low criminality rate.
- Excellent communication links.
- Peaceful Mediterranean lifestyle.

Moreover, Maltese Ordinary Residence offers a number of incentives to EU Nationals choosing to settle in Malta:



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2. THE BENEFITS OF RESIDENCE

2.1. Freedom of Movement

The absence of any minimum stay requirements means that persons recognised as ordinary residents have full freedom to travel to and from Malta as they please, without the need of applying for visas or extensions of stay in Malta for prolonged periods.



An individual who stays in Malta for more than 183 days is automatically deemed to be an ordinary resident. The individual would still be required to inform the authorities about the prolonged stay.

2.2. EU Membership & the Schengen Area

Malta's accession to the European Union has also involved Malta's signature of the Schengen Area Treaty, which Malta has implemented from the 1st of January 2008. Malta formally became a member of the EU on the 1st May 2004.

2.3. Income Tax Rates

An individual who is only resident and not domiciled will only be taxed on a remittance basis. An individual is taxed in Malta on his world wide income if he is both resident and domiciled in Malta. This is an important provision since, although income may be earned during a particular tax year, it is only taxed in Malta if it is remitted to Malta.

Overseas capital funds invested locally are of course only taxed on any interest or dividends generated thereon. Maltese residents also benefit from double taxation agreements existing between Malta, most European countries, Canada, Australia and the USA, ensuring that tax is never paid twice upon the same income.

Interest paid to non-residents is exempt from tax.

2.4. Exemption from Customs Duty/VAT

Your used household and personal effects, furniture and other domestic articles (excluding firearms and weapons of all kinds) may be imported free of import duty if imported within six months of your arrival in Malta to take up residence. In such cases import licences are not required.

2.5. Repatriation of your capital and income

Proceeds from the sale of property, encashment of investments, local income and excess income brought into Malta may be freely repatriated by residents, provided that any tax due on income arising in that year and remitted to Malta has been settled.

2.6. No death duties are payable in Malta

1. If a property is purchased in one name, the heirs of the deceased have to pay 7% provisional tax on the value of the property declared. This value will in turn be verified by an appointed architect.
2. If a property is bought jointly and one of the parties passes away, provisional tax of 7% is only paid on half the estate, i.e. half the value as stated in (1).



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Though no death duties are payable in Malta, Transfer duty (according to the Duty of Documents and Transfers Act, 1993) is charged on:

- immovable property in Malta.
- any shares in a locally registered company (excluding those companies listed on the stock exchange).

2.7. Sale of Property

Property in Malta can be sold completely exempt from tax if such property is held for a period of 3 years as the resident's sole and ordinary residence. If sold before the lapse of 3 years, a final property tax of 12% is chargeable on the selling price.

3. CONDITIONS FOR OBTAINING ORDINARY RESIDENCY

Any EU National may submit an application for an Ordinary Residence Permit provided specific conditions are satisfied. This permit is issued on an indefinite basis.

Financial Qualifications

Applicants must produce documentary evidence of their self-sufficiency which would allow a high standard of living. The whole amount declared is not required to be brought into the country.

Applicants must produce documentary evidence of a **weekly income** of € 84.95, OR a **capital** equivalent to €14,000 or over in the case of a single person. A married couple must produce documentary evidence of a **weekly income** of € 93.10, OR a **capital** equivalent to € 23,300 or over.

4. OUR APPLICATION SERVICES

We offer the services of:

- advising you on your chances of success before filing your application;
- providing you with legal advice related to immigration matters;
- guiding you with the preparation and forwarding of the necessary documentation;
- vetting and preparing all supporting documentation for submission;
- corresponding and liaising with the government authorities on your behalf during the pendency of the application process;
- keeping you informed with the progress of your application and forwarding the permit once it is issued;
- On your arrival to Malta, we assist with the purchase / rental of a house in Malta, including applications for AIP permits (foreigners need AIP permit to purchase property in Malta).



5. CONDITIONS ON APPROVAL

Once the OR application has been approved, the candidate for residence is subject to the following rules:

5.1. Provisional Tax Payment

Tax will be payable annually depending on the income remitted to Malta or generated in Malta as follows:

Rates for Single Tax-payers

Tax Rates (€)		
Chargeable Income	Tax Rate	Subtract
0 - 8,500	0	0
8,501 - 14,500	0.15	1,275
14,501 - 19,500	0.25	2,725
19,501 & Over	0.35	4,675

Rates for Married Tax-payers

Tax Rates (€)		
Chargeable Income	Tax Rate	Subtract
0 - 11,900	0	0
11,901 - 21,200	0.15	1,785.00
21,201 - 28,700	0.25	3,905.00
28,701 & Over	0.35	6,775.00



5.2. Residence Certificate

OR permit holders will be issued a residence certificate from the local authorities. If the applicant shows proof that s/he is departing from Malta on vacation, the residence certificate is issued on an urgent basis.

5.3. Acquisition of Property

An applicant for Ordinary Residence must purchase or rent property in Malta prior to submitting the Ordinary Residence application. In the case of rental, there is no minimum rental value per annum but in the case of purchase a minimum value might apply. (If an AIP permit is required, the applicant for ordinary residency must own a residence which is purchased for not less than €169,205 in the case of a villa/townhouse or €101,551 in the case of an apartment or maisonette.)

5.4. Annual Income Remitted to Malta

There is no minimum annual income to be brought into the country.

5.5. Employment / Business Activity Limitations

OR permit holders may exercise any occupation or profession, hold any appointment, seek employment, or engage in any form of business in Malta. The OR permit holder would need to have the necessary authorisations by the competent authorities (e.g. in case of setting up in Malta a manufacturing plant, or a major project in the tourism or catering sectors or simply working for a specific company).

6. ANNUAL TAX COMPLIANCE

At the end of the first year of residence and subsequently at the end of every calendar year, you will be required to complete a Tax Return and produce supplementary documentation to confirm whether you have remitted or gained any income. We can provide legal representation with the authorities in respect of the statutory annual requirements, as in conjunction with the preparation and submission of annual tax returns on your behalf.



Dwejra, Malta

6.1. Double Taxation Treaties

In force:

Albania, Australia, Austria, Barbados, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Jordan, Korea, Kuwait, Latvia, Lebanon, Libya, Lithuania, Luxembourg, Malaysia, Montenegro, Morocco, Netherlands, Norway, Pakistan, Poland, Portugal, Qatar, Romania, San Marino, Serbia, Slovakia, Slovenia, South Africa, Singapore, Sweden, Switzerland, Syria, Tunisia, United Arab Emirates, United Kingdom, United States of America.

Treaties signed but not yet in force:

Bahrain, Belgium, United States of America, Switzerland

7. RESIDENCE RELATED SERVICES

- handling applications for visas, work permits or permanent residence permits;
- legal and notarial representation on property purchases and re-sales; property searches and conveyancing;
- co-ordination of architectural surveys and planning applications, referral to leading interior designers and turnkey providers for property conversions;
- personal and corporate international tax planning;
- dealing with all periodical tax matters including annual returns and tax payments;
- assistance in the drawing up of Wills and Trusts;
- administration of Estates & Trust Management;
- advice on the Formation & Management of international trading & holding companies in Malta;
- Intellectual Property consultancy including worldwide Trademark & Patent registration;
- Yacht registration under the Malta flag & VAT planning.

8. MALTA COMPANIES

8.1. Malta companies for business operations:

A Maltese company can trade and provide services/consultancy/intermediation internationally throughout Europe (having a Maltese/EU VAT registration) as well as outside the EU, enjoying a net 5% effective tax rate after refunds to shareholders. Maltese companies are not low tax companies (the corporate tax rate is 35%) as the refunds are payable to the shareholders. Also, Malta is a full member of the European Union since 2004 and enjoys reputable onshore status. This enables a shareholder to enjoy tax opportunities without being perceived as a dubious offshore company / investor.

8.2. Malta companies for holding activities:

A Maltese holding company can act as the group holding company, an asset protection company for business assets of any form (real estate anywhere, fixed assets, investments, securities, bank accounts, intellectual property, etc) but also personal assets including any luxury items, depending on the shareholders involved. Maltese holding companies are also excellent tax planning tools in that they enjoy low effective tax rate on world wide profits as follows:

- 0% on dividends received from a participating holding, that is:
 - (i) where the parent company holds at least 10% of the equity in the subsidiary; or
 - (ii) holds an investment in the subsidiary of at least € 1.5 million and holds that investment for more than 183 days)
- 0% on capital gains made from the disposal of a participating holding
- 5% on dividends from non-participating holdings
- 10% on passive income (interest, royalties etc)

For more technical information about the advantageous tax refund systems applicable to the taxation of Maltese companies, please request more information or visit CC-Advocates.com.



9. MALTA TRUSTS

Maltese trusts lend themselves as favourable vehicles for confidential ownership of shares as well as for the acquisition of property in Malta. Claris Trustees & Fiduciaries Ltd, our licensed trust company, acts as professional trustee to a number of private trusts including trusts holding estates of high net worth individuals, securities, real estate and immovable property, art, vessels, luxury vehicles and aircraft. Claris Trustees provides confidential wealth ownership and family office services for local and foreign high net worth individuals.



10. ABOUT US

Chetcuti Cauchi Advocates' main office is Britannia House, a post-war edifice in the heart of the **City of Valletta**, Malta's capital.

The firm has established itself as a **modern, technology-driven law firm** composed of a multidisciplinary team of financial, tax, trusts and intellectual property lawyers. CCA provides **personalised services** to private clients worldwide as well as consultants, professional firms and foreign companies operating in the commercial, ICT and financial services sectors.

Working side by side with a number of associated companies, the CCA team also relies on the specialist expertise of **leading professionals** from the investment advisory, accountancy, audit and management fields.

CCA is assisted in serving its diverse clientele by a number of subsidiary and associated service companies. **CCA InterServ Limited** is a corporate management company and acts as the Malta member of the **EuroConsulta International**, an international company formation and management organisation. **Claris Trustees & Fiduciaries Ltd** is licensed as a professional trustee and trust management company by the Malta Financial Services Authority.



Dwejra, Malta

10.1. Our Other Practice Areas

- applications under the **Permanent Residence Scheme** (a favourable tax residence scheme for expatriates who are only taxed at 15% on income remitted to Malta)
- applications for visas, AIP permits for the acquisition of property in Malta
- Personal Tax and Estate Planning
- Payroll, Accounting and Tax Compliance
- Intellectual Property advice, EU Community **Trademark Registration**, Malta Trademark and Patent Registration
- Drawing up of Wills, Trusts and Settlements
- Probate and the Administration of Estates
- **Bank account opening** with **eBanking** services
- **eCommerce** Start-ups
- **eGaming Licences** under the Remote Gaming Regulations 2004
- **ePayment** Solutions
- **Company Formation and Management**
- **Trust Management**
- **Ship registration** under the Malta Flag and Ship Finance



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