



## Malta Fact Sheet

### GENERAL INFORMATION

Company type	Private Company Limited by shares
Timeframe for company formation	1 week
Governing corporate legislation	Malta companies are regulated under the Malta Companies Act 1995. The Maltese Registry of Companies, and the Malta Financial Services Authority are the governing authorities.
Legislation	Modern offshore legislation
Legal system	Mixed system of Civil Law and Common Law
Corporate taxation	The effective corporate tax rate is 5%. While the regular corporate tax rate is 35%, as a foreign shareholder, one would be reimbursed 80% of that amount. This results in a highly attractive 5% final rate
Accessibility of records	The names of company officers appear on public record, however, nominee services are available
Time zone	GMT +1
Currency	Euro (EUR)

### SHARE CAPITAL

Standard currency	EUR
Minimum authorised capital	EUR 1,200 <sup>1</sup>
Minimum issued capital	EUR 1,200
Minimum paid up	Not less than 20% of the nominal value of each share taken up must be paid up

### SHAREHOLDERS, DIRECTORS AND COMPANY OFFICERS

Minimum number of Shareholders	1
Minimum number of Directors	1
Locally-based requirement	Yes, one local secretary is required. Nominee services are available to meet this requirement.
Requirement to appoint Company Secretary	Yes

<sup>1</sup>As per local regulations, the minimum authorised share capital of a private company is EUR 1,164.69, but for practical reasons, EUR 1,200 is the common standard.

## ACCOUNTING REQUIREMENTS

Requirement to prepare accounts	Yes
Requirement to appoint auditor	Yes
Requirement to file accounts	Yes
Accessibility of accounts	Yes
Requirement to file annual return	Yes

## DOCUMENT REQUIREMENTS

Certified true copy of the valid passport (not older than three months) * This must be current, and the copy should show the signature of the individual and the photograph must be clear.
Signed detailed curriculum vitae
Signed copy of the compliance declaration **
Original bank reference letter (not older than three months) ***
Original utility bill (not older than three months)
Evidence of the origin of net wealth**

## INCORPORATION FEES

Initial set-up and first year	EUR 2800
Per year from second year	EUR 1800

## GOOD TO KNOW

Malta has taken important and substantial steps to establish itself as a global player in the cross-border fund administration business. Competing against countries like Ireland and Luxembourg, Malta has a unique combination of a multi-lingual workforce and a strong legal system. The country boasts as a regulator, the MFSA, which has a strong business development mind-set, and the country has been successful in attracting gaming businesses, aircraft and ship registration, credit-card issuing banking licences, and also fund administration.



## JURISDICTION INFORMATION

Malta, officially the Republic of Malta, is a Southern European island country comprising an archipelago in the Mediterranean Sea. It lies 80 km south of Italy, 284 km east of Tunisia, and 333 km north of Libya. The country covers just over 316 kilometres squared with a population of under 450,000, making it one of the world's smallest and most densely populated countries. The capital of Malta is Valletta, which at 0.8 kilometres squared, is the smallest national capital in the European Union. Historically, Malta's location was of great strategic importance as a naval base. It gained independence from the United Kingdom in 1964 and became a republic in 1974. Malta joined the European Union in 2004 and became part of the Eurozone in 2008. Since the country is part of the EU, companies registered in Malta benefit from all of the advantages of a European company, such as being able to apply for a VAT number, however, with a far lower tax rate.

## POLITICAL STRUCTURE

Malta is a republic whose parliamentary system and public administration are closely modelled on the Westminster system. The politics of Malta take place within a framework of a parliamentary representative democratic republic, whereby the President of Malta is the constitutional head of state. Executive Authority is vested in the President of Malta with the general direction and control of the Government of Malta remaining with the Prime Minister of Malta who is the head of government and the cabinet. Legislative power is vested in the Parliament of Malta, which consists of the President of Malta and the unicameral House of Representatives of Malta with the Speaker presiding officer of the legislative body. The unicameral House of Representatives — made up of 69 members of parliament — is elected by direct universal suffrage through single transferable vote every five years, unless the House is dissolved earlier by the President on advice of the Prime Minister. Judicial power remains with the Chief Justice and the Judiciary of Malta.

## ECONOMY

Malta is a highly industrialised, service based economy. It is classified as an advanced economy by the International Monetary Fund, is considered a high income country by the World Bank, and an innovation-driven economy by the World Economic Forum. It is a member of the European Union and of the Eurozone, having formally adopted the Euro on 1 January 2008. The strengths of the economy of Malta are its strategic location, being situated in the middle of the Mediterranean Sea at a crossroads between Europe, North Africa, and the Middle East, its fully developed open market economy, its multilingual population (88% of Maltese people speak English), its productive labour force, its low corporate tax, and its well-developed finance and ICT clusters. The Maltese economy is dependent on foreign trade, manufacturing (especially electronics), tourism, and financial services. Malta's GDP per capita (adjusted by PPP), stands at USD 29,200 and ranks in 15th place in the list of EU countries in terms of purchasing power standard. Plus, at 5.9%, Malta has the sixth lowest unemployment rate in the EU.

## POPULATION

The population of Malta as of 2014 was estimated at 445,426. The country's population density of 1,282 per kilometre squared is by far the highest in the EU and one of the highest in the world. Native Maltese people make up the majority of the island, while Malta's 2005 Census put the non-Maltese population at about 3% of the total population. Of these, people with British (4,713), Italian (585), German (518), and Libyan (493) citizenship were most common.

## LANGUAGE

Malta has two official languages: Maltese (a Semitic language derived from Sicilian-Arabic dialect, heavily influenced by Sicilian and Italian) and English. Both languages are compulsory subjects in Maltese primary and secondary schools making most of the population bilingual. A large portion (66%) of the population is also fluent in Italian, which was, until 1936, the national language of Malta. This widespread knowledge of a second or even third language makes Malta one of the most multilingual countries in the European Union.

## TAXATION

Income Tax is the only tax imposed on the profits of companies. The standard rate of income tax is 35% of taxable income, which is the net profit (accounting profits) as reported in the companies' audited financial statements, subject to certain adjustments. All expenses incurred wholly and exclusively in the production of the income are considered deductible.

The distributable profits of a company registered in Malta are required by tax law to be allocated to five different accounts, or reserves, namely:

- The Immovable Property Account consisting of a company's distributable profits that have suffered tax and that are derived, directly or indirectly, from immovable property situated in Malta;
- The Final Tax Account which incorporates a company's distributable profits normally arising from transactions that are taxed at source under a final withholding tax regime, such as investment income, certain property transfers and profits that have been relieved from tax under Malta's incentive legislation;
- The Foreign Income Account consisting of a company's distributable profits arising from overseas income, such as dividends, capital gains on disposal of shares and property, interest, royalties and similar income, and rents. This account also comprises profits of banks and financial institutions from investments, assets, and liabilities situated outside Malta, profits of insurance companies on risks situated outside Malta, profits attributable to a permanent establishment situated outside Malta, and dividends paid out of the Foreign Income Account of another company registered in Malta;
- The Maltese Taxed Account, which comprises a company's distributable profits from Maltese sources, which includes profits on international trading activities; and
- The Untaxed Account into which are allocated the amounts not allocated to the other four accounts. This is the only account that may have a negative amount allocated to it.

The payment of a dividend by a Maltese registered company to a shareholder entitles such shareholder to a full or partial refund of the tax paid by the Maltese company on the profits out of which the dividend was distributed. A tax refund arises from the full imputation system of taxation referred to above. In addition, another entitlement to a tax refund arises on certain distributions made by Maltese companies, in certain circumstances as explained below:

- No entitlement to tax refunds arises on dividends paid from the company's profits allocated to the Final Tax Account or the Immovable Property Account;
- An entitlement to a refund of 6/7ths of the tax paid by the Maltese registered company arises when the dividend is paid from the company's Foreign Income Account or Maltese Taxed Account;
- An entitlement to a refund of 5/7ths of the tax paid by the Maltese registered company arises when the dividend is paid from the company's Foreign Income Account or Maltese Taxed Account where such dividends constitute the distribution of passive interest or royalties;
- An entitlement to a refund of 2/3rds of the Malta tax paid arises where the dividend is paid from the Maltese registered company's Foreign Income Account on which the company distributing the dividend has claimed relief of double taxation;
- An entitlement of a full refund of the tax paid by the Maltese registered company arises when the dividend is paid out of profits derived from a 'participating holding' or the disposal of such holding.

## Value-Added Tax (VAT)

Malta is part of the EU VAT system and the local rate is 18%. VAT is subject to the same rules as elsewhere in Europe. Only locally arising VAT must be paid (and then recovered) which means that in most cases VAT is not a cost.

## Double Taxation Agreements

Malta's has a large and expanding network of double tax agreements comprising 62 treaties in force to date. Malta's double tax treaty network, as well as other domestic methods for relieving double taxation on cross-border transactions, and Malta's full imputation system and its refundable tax credit system, provide an excellent base for establishing tax efficient structures.

## COMPANY FORMATION INFORMATION

### INCORPORATION PROCEDURE

Upon receipt of the client's KYC documents and description of the intended business activity, and after our legal department's due diligence checks, SFM will incorporate the Private Company Limited by shares via our Malta-based agent as it is necessary for the registered office of the company to be maintained in Malta at the address of a licensed management company. Note that the below are the required documents for incorporation in Malta:

- Certified true copy of the valid passport (not older than three months) \* This must be current, and the copy should show the signature of the individual and the photograph must be clear.
- Signed detailed curriculum vitae
- Signed copy of the compliance declaration \*\*
- Original bank reference letter (not older than three months) \*\*\*
- Original utility bill (not older than three months)
- Evidence of the origin of net wealth\*\*

### INCORPORATION TIMEFRAME

One week.

### TRADING RESTRICTIONS

There are no specific restrictions on trading imposed on Maltese Private Companies Limited by shares, however, companies involved in certain economic activities may require a licence, such as investment services, insurance business, and other financial services, as well as gaming activities.

### NAME RESTRICTIONS

A Malta Private Company's name must end with "Limited" or "Ltd". Restricted names include any name that is identical or similar to an existing company name or any name that the Registrar would deem as offensive or undesirable.

### CORPORATE DOCUMENTS LANGUAGE

English.

## NOTES

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- \*please contact SFM regarding our certification standards
- \*\*please contact SFM regarding the document features
- \*\*\*please contact SFM regarding the bank reference format