

Malta – Residence

Pursuant to Malta's accession to the European Union ('EU') in 2004 and, furthermore, in light of the provisions of applicable domestic regulations,¹ an EU citizen should generally be entitled to enter, remain and reside in Malta and to seek and take up employment or self-employment in Malta. An EU citizen having sufficient resources to maintain her/himself and family members should likewise be entitled to reside in Malta.

Such rights to reside in Malta should also be extended to apply in favour of family members accompanying or joining the EU citizen in Malta – including family members who are not nationals of an EU Member State and/or a partner with whom the EU citizen has a durable relationship.

Malta Tax Implications

An EU citizen exercising his/her entitlement to take up residence in Malta would be subject to tax in Malta on:

- (i) chargeable income arising in Malta – including income from employment or self employment and domestic source investment and passive income;
- (ii) chargeable capital gains realised in Malta – generally upon a disposal of immovable property situated in Malta or domestic securities;
- (iii) chargeable income (not gains) arising outside Malta to the extent that such income is received in Malta.

A Malta resident individual would not, therefore, suffer ANY tax in Malta on:

- (i) income arising outside Malta which is not received in Malta; OR**
- (ii) capital gains realised outside Malta, even if such gains are received in Malta, in whole or in part.**

However, chargeable income and gains accruing to or realised by a resident

Annual tax
of €7,500 for
retirees. –
Retirement
Scheme

¹ Including EU.1 The Free Movement of European Union Nationals and their Family Members Order, S.L. 460.17.

individual would be subject to tax in Malta at the following progressive rates:

Single Rates		Parental Rates		Parental Rates	
€		€		€	
0 to 8,500	0%	0 to 9,300	0%	0 to 11,900	0%
8,501 to 14,500	15%	9,301 to 15,800	15%	11,901 to 21,200	15%
14,501 to 19,500	25%	15,801 to 21,200	25%	21,201 to 28,700	25%
19,501 – 60,000*	32% - 2013 29% - 2014 25% - 2015	21,201 – 60,000	32% - 2013 29% - 2014 25% - 2015	28,701 – 60,000	32% - 2013 29% - 2014 25% - 2015
60,001 +	35%	60,001 +	35%	60,001 +	35%

NB1: Malta tax chargeable upon a disposal of immovable property situated in Malta may alternatively be levied at the flat rate of 12% on the market value of the immovable property or the consideration received by the transferor, whichever is the higher.

NB2: It is assumed that an EU citizen taking up residence in Malta would not intend to settle in Malta permanently but would retain an intention to leave Malta eventually. As a result, the EU citizen would not also acquire a Maltese domicile for Malta tax purposes – please note that persons ordinarily resident and domiciled in Malta are subject to tax in Malta on a worldwide basis; that is, on all chargeable income and gains arising anywhere in the world and whether received in Malta or otherwise.

An individual resident in Malta would be entitled to benefit under Malta's double tax treaties.² As a result, a resident would, from a Malta tax perspective, be entitled to benefit from exemptions and reduced withholding rates prescribed under Malta's double tax treaties.

² Malta has a large and expanding double tax treaty network currently comprising some 60 treaties in force – including treaties with all EU Member States.

Additional Malta Tax Considerations

Malta does not levy any wealth taxes or estate or such other duties.

However, duty is chargeable in Malta upon any inter vivos or causa mortis transfer of immovable property or marketable securities when the document effecting the transfer is executed or used (eg. produced before a court as evidence) in Malta. Duty payable upon a transfer of immovable property is generally chargeable at the rate of 5% whilst duty is typically chargeable at the rate of 2% upon a transfer of marketable securities.

Residence Requirements

The Malta tax residency status of an individual would not be determined by reference to any specific or prescribed rules or formulae. Rather, such tax residency status remains essentially a question of fact – determinable in light of all circumstances relevant in the context of an individual's presence in Malta.

At any rate, in practice it is understood that an individual would be deemed to be resident in Malta should:

- (i) s/he actually reside in Malta at one or more times for a period equal in the whole to 183 days in a year; and/or
- (ii) s/he be in Malta for a purpose which is not merely temporary; and/or
- (iii) s/he be in Malta with an intention to establish her/his residence in Malta.

Tax Registration

An individual taking up residence in Malta would be required to procure her/his registration with the local tax authorities by submission of the prescribed form. The said form should be completed and submitted as required at the earliest subsequent to an individual's arrival in Malta.

A resident individual may also seek issuance of a Certificate of Tax Residency by submission of the prescribed form to the local tax authorities. Such a certificate would be issued by the local tax authorities by way of confirmation of the relevant individual's Malta residency status for tax purposes. As such, a certificate would be issued on the basis and in light of the abovementioned circumstances relevant in the context of the individual's presence in Malta.

Whilst we have taken reasonable steps to provide accurate and up to date information in this publication, we do not give any warranties or representations, whether express or implied, in this respect. The information is subject to change without notice. The information contained in this publication is subject to changes in (tax) laws in different jurisdictions worldwide.

None of the information contained in this publication constitutes an offer or solicitation for business, a recommendation with respect to our services, a recommendation to engage in any transaction or legal, tax, financial, investment or accounting advice. No action should be taken on the basis of this information without first seeking independent professional advice. We shall not be liable for any loss or damage whatsoever arising as a result of your use of or reliance on the information contained herein.

This is a publication of TMF Group B.V., P.O. Box 23393, 1100 DW Amsterdam Zuidoost, the Netherlands (contact@tmf-group.com). TMF Group B.V. is part of the TMF Group, consisting of a number of companies worldwide. A full list of the names, addresses and details of the regulatory status of the companies are available on our website: www.tmf-group.com. © 2013 TMF Group B.V.



Contact us

For more information on our products and services, or if you would like to discuss this publication in more detail, please contact:

Elaine Scicluna Lewis

Head of Accounting Malta

+356 220 630 00

Elaine.Scicluna.Lewis@tmf-group.com

Nadine Cachia

Head of Legal Malta

+356 220 630 00

nadine.cachia@tmf-group.com

Alex Hooft van Huysduynen

Managing Director Cyprus and Malta

+357 223 649 46

alex.hooft.van.huysduynen@tmf-group.com

Bert Damstra

Regional Director MEA

+356 220 630 00

bert.damstra@tmf-group.com

