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Malta – Special Tax Status

Annual tax of €20,000 for EU residents – Special Tax Status

Owns immovable residential property in Malta of at least €400,000 or leased property against annual rental payments of at least €20,000.

Residence Program Malta for non EU citizens

- Entry to Europe for non EU citizens
- Annual tax per family €15,000
- One time investment in immovable property of €275,000
- Certification of tax residency provided

An EEA[1] or Swiss national seeking to take up residence in Malta may benefit under a special domestic tax status. A qualifying beneficiary would, as a result of such special tax status, be subject to tax in Malta as follows:

(i) chargeable income arising outside Malta and which is received in Malta would be taxable in Malta at the flat rate of **15%**;

(ii) chargeable income arising in Malta and capital gains realised in Malta would be taxable in Malta at the higher flat rate of 35%.

A beneficiary would not 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.

NB: 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.

A beneficiary would be entitled to relief of double taxation suffered on income arising outside Malta which is received in Malta. Such relief would be available under a treaty in force between Malta and the country of source of the relevant income[2] or, alternatively, by way of unilateral relief – available in terms of domestic tax legislation. Treaty or unilateral relief would generally be available in the form of an ordinary credit against the beneficiary's Malta income tax liability.

Still, after taking any double tax relief claimed into account, a beneficiary would be required to make an annual minimum Malta income tax payment of at least €20,000 plus an additional €2,500 per dependant.[3]

[1] Including EU.
[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.
[3] 'Dependants' are defined as comprising (i) a beneficiary's spouse; and (ii) a beneficiary's unmarried minor children (including adopted minor children of the beneficiary or his/her spouse); and (iii) minor children who are in the custody of a beneficiary or his/her spouse and who are financially dependent on the beneficiary; and (iv) children who are not minors but, because of circumstances of illness or disability of a serious gravity are unable to maintain themselves.

A prospective beneficiary may seek to procure confirmation by the Malta tax authorities of her/his special tax status provided that s/he would satisfy the following key conditions (on an initial and ongoing basis):

(i) S/he owns immovable residential property in Malta acquired against consideration of at least €400,000 or, alternatively, s/he leases such property against aggregate annual rental payments of at least €20,000.

The relevant property need not be acquired or leased at application stage. In the circumstances, a letter of intent (valid for 12 months) would be issued by the Malta tax authorities confirming eligibility for special tax status pending acquisition/lease of qualifying immovable residential property. A certificate confirming special tax status would only be released once immovable residential property in Malta is acquired/leased.

(ii) S/he and her/his family must occupy the above mentioned immovable residential property in Malta as a principal place of residence worldwide and no other person/s may reside in the said property.

(iii) S/he must not stay in any other country for more than 183 days in each and any calendar year.

(iv) S/he must be in receipt of stable and regular resources which are sufficient to maintain her/himself and any dependants without recourse to the local social assistance system.

(v) S/he must be in possession of private health insurance covering her/himself and any dependants in respect of all risks across the EU.

(vi) S/he must not be domiciled in Malta and must not intend to establish her/his domicile in Malta within 5 years from the date of the application for special tax status.

(vii) S/he must not benefit from any other special tax arrangements in Malta.

(viii) S/he must be a fit and proper person.[4]

An application seeking confirmation of special tax status must be submitted to the local tax authorities by an Authorised Mandatory registered as such with the local tax authorities and engaged for the purposes. The application must be submitted together with all required accompanying documentation[5] and a non-refundable fee of €6,000.

A properly completed application submitted with all required supporting documentation should be processed by the local tax authorities within 4 to 6 weeks.

[4] It is understood that an international due diligence exercise is carried out by or on behalf of the local tax authorities in this respect.
[5] Public documents executed in the territory of a country other than Malta and submitted together with an application must be apostilled in terms of the Hague Convention of 5th October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents.

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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.

Certificate of Tax Residency

A beneficiary 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 (typically subsequent to the lapse of 183 days of the beneficiary's presence in Malta) by way of confirmation of the relevant individual's Malta residency status for tax purposes.

Registration Certificate

The beneficiary (and each dependant) would be required to apply for a registration certificate – representing confirmation of her/his entitlement to reside in Malta.

Contact us

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