

Malta - Global Residence Programme

Residence Programme in Malta for non EU citizens

- **Entry to Europe for non EU citizens**
- **Annual tax rate per family of 15%**
- **Residence via purchase or rental of immovable property**
- **Certification of tax residency provided**

A non-EEA¹/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 by the beneficiary of the scheme and certain dependants² (if any) would be taxable in Malta at a flat rate of 15%;
- (ii) chargeable income arising in Malta and capital gains realised in Malta would be taxable in Malta at a higher flat rate of 35%;
- (iii) minimum tax payable in Malta of €15,000.

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.

¹ meaning a non-national of an EU member state, Iceland, Norway or Liechtenstein

² 'Dependants' are defined as comprising: (i) a beneficiary's spouse or person with whom the beneficiary is in a stable and durable relationship; (ii) minor children and children who are in the care and custody of the beneficiary or her/his spouse or partner; (iii) children under the age of 25 or otherwise in the care and custody of the beneficiary or her/his spouse or partner and who are not working and not seeking work or not available for work; (iv) children who are not minors but, because of circumstances of illness or disability of a serious gravity are unable to maintain themselves; and (v) dependent brothers, sisters and direct relatives in the ascending line of the beneficiary or her/his spouse or partner.

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 income³ 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 €15,000. The minimum Malta income tax payment would be due, in full and in advance, in the year in which special tax status is granted to a beneficiary.⁴

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 €275,000 (or against lesser consideration of €220,000 if the property is in Gozo or in the south of Malta) or, alternatively, s/he leases such property in Malta against aggregate annual rental payments of at least €9,600 (or against aggregate annual rental payments of at least €8,750 if the property is in Gozo or in the south of Malta).
- (ii) The abovementioned immovable residential property in Malta must be occupied as the beneficiary’s principal place of residence worldwide and no person/s, other than the beneficiary, dependants and special carers⁵, may reside in the said property.
- (iii) S/he must be fluent in English or Maltese.
- (iv) S/he must not become a long-term resident⁶ of Malta.
- (v) S/he must not stay in any other country for more than 183 days in a calendar year.
- (vi) 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.

³ Malta has a large and expanding double tax treaty network currently comprising more than 60 treaties in force – including treaties with all EU Member States.

⁴ And also in the year when the beneficiary ceases to possess such special tax status

⁵ An individual who has been in an employment relationship (evidenced by a contract of service) with the beneficiary for at least 2 years prior to the application for special tax status

⁶ A ‘long-term resident’ is a person having or applying for such status in terms of the domestic Status of Long-term Residents (Third Country Nationals) Regulations or a person who has resided legally and continuously in Malta for 5 years – although that person’s absence from Malta for at least 10 months in that 5 year period should militate against her/his acquisition of long-term resident status

- (vii) S/he must be in possession of private health insurance covering her/himself and any dependants in respect of all risks across the EU.
- (viii) S/he must not benefit from any other special tax arrangements in Malta.
- (ix) S/he must be a fit and proper person.

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 and a non-refundable fee of €6,000 – although the fee is reduced to €5,500 if the beneficiary acquires immovable residential property situated in the south of Malta.

Additional Malta Tax Considerations

Malta does not levy any wealth taxes or estate or such other duties. However, duty may be chargeable in Malta upon any inter vivos or causa mortis transfer of immovable property or marketable securities. 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. 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.