

# Malta Limited Liability Company

At the crossroads of finance, tax and accounting, our clients count on us to look out for their best interests. To develop and deliver the most relevant solutions to suit your particular goals, we work together with the finest lawyers and financial experts. With our roots in banking and a large international network, we have the global reach and local knowledge to help you succeed. That's why we're still a leading player in Trust and Corporate Services, after more than 50 years.

## For whom?

Are you a Multinational Business, Entrepreneur, Ship, Yacht or Aircraft Owner, Fund Manager or a High Net Worth Individual, wishing to set up a tax efficient corporate or personal wealth structure? Then, Malta could be a jurisdiction to consider.

## Why Malta?

Over the past years Malta has grown to be one of Europe's leading Financial Centres, offering excellent opportunities and advantages such as:

- > One of Europe's most attractive tax systems;
- > EU membership;
- > English as an official language;
- > Stable political, legal and tax environment;
- > Excellent (telecommunication) infrastructure;
- > CET;
- > Attractive wealth protection & cummulation structuring;
- > Reasonably priced labour force and professional services.

## Main types of corporate forms

Under Maltese law companies can be Public (Plc) (more than 50 shareholders) or Private (Ltd) (less than 50 shareholders).

## Requirements

- > Minimum issued share capital is EUR 1,200 or equivalent in any hard currency;
- > At least 20% of the share capital must be paid up on incorporation date;
- > At least one director;
- > At least one company secretary;
- > General rule of at least 2 shareholders;
- > Fiduciary shareholders may be used;
- > Shareholders and Directors can be either local / foreign / corporate / individuals;
- > Annual audited accounts are filed with the Registry of Companies.

## Personal income tax rates

Individuals are classified as (1) ordinarily and (2) non-ordinarily resident in Malta. Group 1 is subject to Maltese income tax on their worldwide income and on some chargeable capital gains. Group 2 is chargeable to Maltese tax on:

- > income and chargeable gains arising in Malta,
- > income arising outside Malta and remitted into Malta.

## Corporate tax rates

Standard corporate tax on profits is charged at 35%. However, due to a refundable tax system, the effective tax rate after refund will range between 0% - 10%.

## Participation exemption

- > The Maltese income tax system exempts from tax income and capital gains derived by a company registered in Malta from a participating holding or from the disposal of such holding.
- > An anti-abuse provision has been introduced with respect to the participation exemption. Dividends derived from participating holdings acquired after 01st January 2007 are exempted when the following conditions are satisfied:
  - The holding related to a company that is resident or incorporated in the EU;
  - Subject to a foreign tax of at least 15%;

- Not deriving more than 50% of its income in the form of passive interest and/or royalty income.
- > Non exempt dividend income paid out as dividend to a shareholder may be eligible to a 6/7th tax refund of the Malta tax paid.

## Dividend income/payments

- > Income (profits) derived from trading activities that are taxed and paid out as dividend to a shareholder may be eligible to a 6/7th tax refund of the Malta tax paid, consequently trading income is effectively taxed at a rate of 5% in the hands of shareholders;
- > Under the refund system, the tax paid by the company is imputed as a credit to the shareholder receiving the dividends;
- > Dividends paid to non-resident persons are not subject to withholding tax regardless of whether they are paid out of taxed or untaxed profits.

## Interests / Royalties income

- > Income derived from passive interest and royalties activities are eligible to a 5/7th tax refund of the Malta tax paid upon distribution of the profits by way of a dividend to the shareholders.

## Capital gains

- > Income tax is imposed on capital gains derived from the transfer of ownership of the following assets only;
- > Immovable property;
- > Securities;
- > Business goodwill;
- > Copyrights, patents, trademarks and trade names;
- > Beneficial interests in trusts.

## Intertrust Switzerland offers the following services:

- > Incorporation and maintenance of Maltese companies;
- > Registration and administration of Trusts;
- > Opening of bank accounts;
- > Management services;
- > Fiduciary (nominee) share ownership services;

- > Finance & Administration services;
- > Registered office facility and physical office space;
- > Payroll services;
- > Permanent Residence Permits for internationally mobile people;
- > Trade-mark registration;
- > Yacht registration services;
- > Hedge Fund Registration.

Intertrust works closely with a preferred partner in Malta to assist in the service offering.

The content of this factsheet does not constitute legal, tax, regulatory, accounting or other professional advice and may therefore not be relied upon as such.

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Our clients come from every corner of the globe. Different countries, different cultures. Just like us. We have more than 1,000 professionals in more than 20 countries worldwide. So we have the local knowledge and sensitivity to see things from your point of view.