



ORDINARY RESIDENCE IN MALTA

Malta is an ideal place to take up residence. Besides its pleasant climate, safe environment and hospitable English-speaking population, it offers a range of benefits to individuals seeking to acquire residence on the island, given its advantageous tax regime and competitive cost of living. Various residence programmes are available for both EU and non-EU foreign nationals.

A key attraction for non-EU countries is Malta being part of the Schengen Zone. This means that non-EU citizens, upon becoming Malta residents, will obtain a Uniform Residence Permit enabling them to travel throughout the Schengen Zone without the requirement of a visa for at least three months. In order to apply for the Uniform Residence Permit, the applicant must have a place of residence in Malta.

Ordinary residence permits allow resident permit holders to take up residence in Malta and physically live in Malta with the possibility of taking up employment and doing business in Malta.

The concept of ordinary residence in Malta makes reference to various factors that link the applicant to the Maltese Islands, including the duration of his stay in the country, the frequency, regularity and nature of visits of the country, as well as business and family ties.

The qualifying criteria can be easily complied with, thus making the attainment of Maltese ordinary residence even more attractive. Some of these criteria vary according to whether the individual seeking to obtain ordinary residence in Malta is an EU/EEA national or a third country national.

Holders of ordinary residence permits are allowed to convert to other available residence schemes.

The transfer of one's residence from a high-tax jurisdiction to a lower tax overseas country is available to both EU/EEA and non-EU/EEA nationals.

ELIGIBILITY FOR ORDINARY RESIDENCE IN MALTA FOR EU/EEA NATIONALS

- **Financial independence** without the need to undergo complex means eligibility testing. Individuals need to show that they are economic self-sufficient and that they can provide for themselves and for their accompanying dependants without the need of any financial support from the Maltese government.
- **Evidence of a physical address** by purchasing or renting a property in Malta. This needs to be available at the time of filing the application. There is no minimum value property requirement¹.
- **Duration of stay.** An applicant must have physically lived in Malta for at least 3 months. He is obliged to apply for an e-Residence card with the Department for Citizenship and Expatriate Affairs.

ELIGIBILITY FOR ORDINARY RESIDENCE IN MALTA FOR THIRD COUNTRY NATIONALS

- Financial independence and evidence of a physical address (same criteria as for EU/EEA nationals)
- Employment, Self-Employment or holding a company in Malta:
 - **In case of employment** an employment licence is required in order for non-EU/EEA nationals to work in Malta.
 - **In case of self-Employment**, a third country national must meet one or more of the following requirements:
 - An investment in Malta capital expenditure of at least €500,000. Capital expenditure shall solely consist of fixed assets (such as immovable property, plant and machinery) used for the business purposes as reflected in the business plan submitted with the application. Rental contracts do not qualify;
 - Be a highly skilled innovator with a sound business plan which includes a commitment to recruit at least three EEA/Swiss/Maltese nationals within eighteen months of establishment;
 - Be the sole representative of an overseas company (with a sound reputation and established for at least three years abroad) wishing to open a branch in Malta;
- Be a person leading a project that has been formally approved by Malta Enterprise.
- **Shareholders** or ultimate beneficial owners of a Malta registered company
- **Resident Company.** Third country nationals may become ordinary residents in Malta if they are shareholders of a Malta company, provided that any one of the following conditions apply:
 - A fully paid up share capital of at least €500,000 which may not be redeemed, reduced or transferred to a third party for the first two years;
 - An investment in Malta capital expenditure of at least €500,000. Capital expenditure shall solely consist of fixed assets (such as immovable property, plant and machinery) used for the business purposes as reflected in the business plan submitted with the application. Rental contracts do not qualify;
 - The company is a sole representative of an overseas company (with a sound reputation and established for at least three years abroad) wishing to open a branch in Malta;
 - The company is leading a project that has been formally approved by Malta Enterprise.

¹ Unless there is the need for an Acquisition of Immovable Property (AIP) permit, which applies in very specific circumstances.

TAXATION

For tax purposes, an individual is normally regarded as being resident in Malta for a particular year if, in that year, his stay in Malta exceeds 183 days.

Foreigners who are resident but not domiciled in Malta are not taxed on their worldwide income² but only on Maltese source income and on foreign source income received in/remitted to Malta.

Foreign source capital gains are not taxed even if remitted to Malta. The applicable income tax rates are progressive rates from 0% up to a maximum of 35%.

SINGLE RATES

0	9,100	0%	0
9,101	14,500	15%	1,365
14,501	19,500	25%	2,815
19,501	60,000	25%	2,725
60,001	and over	35%	8,725

PARENT RATES

0	10,500	0%	0
10,501	15,800	15%	1,575
15,801	21,200	25%	3,155
21,201	60,000	25%	3,050
60,001	and over	35%	9,050

MARRIED RATES

0	12,700	0%	0
12,701	21,200	15%	1,905
21,201	28,700	25%	4,025
28,701	60,000	25%	3,905
60,001	and over	35%	9,905

The following are the rates applicable to non-residents, regardless of whether they are married or single:

NON-RESIDENT TAX RATES

Taxable Income €	Rate %	Deduct €
0-700	0	0
701-3,100	20	140
3,100-7,800	30	450
7,801 and over	35	840

DOUBLE TAXATION RELIEF

Malta residents are afforded protection by double taxation agreements, which ensure that tax is never paid twice on the same income in different countries. Malta has an extensive network of double taxation treaties and where there is no double taxation treaty, other forms of relief from double taxation available under domestic law, ensure that double taxation is eliminated.

INHERITANCE TAX

No death tax is payable in Malta. However, duty on documents and transfers is payable by the heirs of the deceased or the purchaser, in the case of real estate situated in Malta, and upon the purchase of shares in Malta companies.

However, no such duty is payable on share transfers effected by or in companies which have business interests to the extent of more than ninety per cent outside Malta. Likewise, an exemption from duty on share transfers by or in companies exists where more than half of the ordinary share capital, voting rights and rights to profits are held by persons who are not resident in Malta. Subject to certain exceptions, duty is due at the rate of 5% in the case of real estate, and 2% in the case of shares.

² If they are in receipt of foreign source income of €35,000 (which is not remitted to Malta) ordinary residence permit holders are subject to a minimum Malta income tax liability of €5,000 per annum.