Citizenship by Investment in Malta
Individual Investor Programme

“The Maltese climate, culture, history and lifestyle all combine to make Malta one of the most attractive places to live in Europe. This coupled with Malta’s attractiveness as a business hub and its competitive tax system explains Malta’s rising popularity with the internationally mobile community.”

A full European Union (EU) Member State, Malta has enjoyed strong and consistent growth in its financial services industry and is fast becoming the jurisdiction of choice for a number of multinational companies looking for an ideal hub from which to do business within the EU, Middle East and North African markets. An efficient work force, a stable and safe environment, a low-cost and tax-efficient jurisdiction, highly-qualified work-force, strategic geographical location, English as a business language and a strong legal and fiscal framework are all ingredients which combine to make Malta the ideal place to do business and have resulted in Malta's ranking among the top five emerging financial centres in the world in the City of London's Global Financial Index.

In addition to these many advantages to establishing a corporate presence here, Malta has for many years also been a location of choice for persons looking for a friendly place in the sun to relocate to with their families within the EU. Described fondly as a melting pot of cultures and peoples, a place where crime hardly exists, the locals are hospitable, the health care and education systems are excellent, the climate close to perfect and which has consistently been voted as one of the top 3 places in the world to live in / retire to! A country which boasts of a relatively low cost of living, has English as an official language and has no wealth taxes.

At a Glance
Citizenship by Investment

Main conditions
- Clean criminal record
- Health Insurance
- Non-Refundable Contribution of €650,000
- Residential property in Malta: Purchase €350,000; rental €16,000 per annum
- Approved investment of €150,000 e.g. Malta Government Stocks
- Resident of Malta for one year before acquiring citizenship

Process
- Application through authorised agent
- Thorough due diligence on all applicants
- Envisaged approval time-frame: 4-6 months
Citizenship

The Maltese Government has just published rules allowing individuals who satisfy a thorough due diligence process and who make a significant contribution to the social and economic development of Malta to acquire Maltese Citizenship by naturalisation. Becoming a Maltese citizen conveys many advantages: primarily becoming a citizen of a country which has historically been a frontier between cultures, a hub for international commerce, yet a country which has developed and retained a proud heritage and an identity of its own. Maltese citizens, are subject to and benefit from EU Law and also benefit from visa free travel arrangements to some 160 destinations worldwide. The programme is open for 1,800 successful applicants.

An application for citizenship may be made by any individual who is at least eighteen years of age for oneself and dependents. The general conditions for eligibility are as follows:

- Production of certificate that the applicant and dependents are of good health and not suffering from any contagious disease;
- Production of police certificates demonstrating a clean conduct;
- Applicants have never appeared before an International Criminal Court, are not listed with INTERPOL and do not have pending charges/ have not been convicted of certain crimes including rape, paedophilia, indecent assault, defilement of minors, terrorism, abduction, money laundering, funding of terrorism, crimes against humanity, war crimes, or crimes that infringe upon Protection of Human Rights and Fundamental Freedoms;
- Applicants are not a potential threat to national security, public policy or public health;
- Applicants have not been denied a visa to a country with which Malta has visa-free travel arrangements or if ever so denied have subsequently obtained a visa to the country that issued the denial;
- The making of a contribution to the Maltese Economy by means of a non-refundable contribution of €650,000 by the main applicant, €10,000 of which is payable upon application and the remainder upon approval of the application in principle, plus an additional:
  - €25,000 for their spouse and each child below 18 years of age; and
  - €50,000 for each dependent parent aged 55 or over and each unmarried child aged between 18 and 26.
- A commitment to retain a residence in Malta for a period of at least 5 years, either through the purchase of a property, having a value of at least €350,000, or through leasing of a property, for which the minimum annual rent must be €16,000. Such property is not to be let or sublet during this 5 year period. This condition may be satisfied within four months of the approval in principle by Identity Malta; and
- An investment of €150,000 in Government approved financial instruments, which must be maintained for a minimum period of 5 years. This condition may be satisfied within four months of the approval in principle by Identity Malta.

Applications are to be submitted to Identity Malta Agency on behalf of applicants by accredited agents who are obliged to carry out a first due diligence check on all applicants above the age of twelve. KPMG Malta is an accredited person authorised to guide applicants and submit applications on their behalf. Identity Malta Agency is the competent authority established by Government to vet and process applications. The process will include thorough due diligence checks on the applicants.

Within 120 days from the receipt of the application Identity Malta will confirm whether the application has been approved in principle, refused or still being processed. If it is approved in principle Identity Malta will issue a letter confirming such and the main applicant will be required to:

- Provide evidence that the applicants are covered by a global health insurance policy and declare that they are in a position to retain such a policy indefinitely;
A written declaration to either own or lease a residence in Malta and to make the investment as described above; and

Within 20 days of being notified, the payment of the balance of the contribution of €640,000 is to be made.

Following such approval and after the applicants take an oath of allegiance, the certificate of naturalisation will be issued provided that it is issued after the lapse of 6 months and not later than two years from the date of application and provided that the main applicant has been a resident of Malta for at least twelve months. We may advise on the specific conditions and criteria which need to be satisfied in order that the applicant be considered to be a resident of Malta.

The following fees are also due upon application:

Due diligence fees:
- Main applicant: €7,500;
- Spouse, unmarried dependents between 18 and 26 years and elderly dependents over 55 years: €5,000; and
- Young dependents between 13 and 18 years: €3,000.
- Passport fees of €500 per individual and bank charges fees of €300 per application are also payable.

General Tax System - Personal

Remittance basis of taxation: persons who take up residence in Malta but retain a domicile of origin or choice outside of Malta are only subject to Maltese tax on:

- Income/gains arising in Malta; and
- Income arising outside of Malta which is received in Malta

There is therefore no Maltese tax levied on:

- Any foreign source income which is not received in/remitted to Malta; and
- Any foreign source capital gains, even if this is received in/remitted to Malta.

There is therefore no worldwide taxation for persons who are not domiciled in Malta. Furthermore Malta has no wealth or similar taxes and upon an inheritance only duty of 5% is payable on immovable property situated in Malta.

The domicile of an individual is normally that of the father or mother and is normally their country of birth.

### Tax System in Malta

#### Non-domiciled individuals
- Only taxed on:
  - Malta source income/gains
  - Foreign Income received/remitted in/to Malta
- Not taxed on:
  - Foreign income not received in Malta
  - Foreign capital gains

#### Special Tax Status – non EU
- 15% tax rate on foreign income received in Malta
- Minimum annual tax €15,000
- Own residential property of €275,000 or rent for €9,600 p.a.

#### Special Tax Status - EU
- 15% tax rate on foreign income received in Malta
- Minimum annual tax €20,000 plus €2,500 per dependent
- Own residential property of €400,000 or rent for €20,000 p.a.

#### Corporate Tax
- 35% tax rate but effective tax rate on distributed profits of between 0% to 6.25%
- Applicability of EU directives
- 63 double taxation agreements
- No witholding taxes
- No wealth taxes
**Special Tax Status**

**Non-EU Nationals**

Non-EU Nationals wishing to take up residence in Malta may, in addition to benefitting from the remittance basis of taxation outlined above, opt to apply for and obtain a special tax status in terms of the Global Residence Programme Rules which in addition to facilitating the issue of a Maltese Residence Permit (with automatic Schengen area travel rights) would also entitle the holder to benefit from a reduced 15% flat tax rate upon all income arising outside of Malta which is received in Malta. This status is subject to fulfilling various conditions namely:

- The acquisition/rental of a residential property in Malta: acquisition for €275,000; rental for €9,600 per annum;
- The payment of an application fee of €6,000;
- Payment of minimum tax in the amount of €15,000 per annum.

**EU Nationals**

EU Nationals wishing to take up residence in Malta, may, in addition to benefitting from the remittance basis of taxation outlined above, opt to apply for and obtain a special tax status in terms of the High Net Worth Individual Rules which would result in the beneficiary thereof being entitled to claim a flat 15% rate of Maltese tax upon all income arising outside of Malta which is received in Malta.

This status is subject to fulfilling various conditions namely:

- The acquisition/rental of a residential property in Malta: acquisition for 400,000 Euro and rental for 20,000 Euro per annum;
- Payment of an application fee of 6,000 Euro; and
- Payment of minimum tax in the amount of 20,000 Euro per annum plus an additional 2,500 Euro per dependent per annum.

This is expected to be modified shortly so as to bring the applicable thresholds and fees in line with those applied in the Global Residence Programme Rules described above.

For further information regarding the applicable terms and conditions for acquiring these special tax statuses please do not hesitate to contact us.

**General Tax System - Corporate**

Malta’s tax system which is fully compliant with EU and international standards is highly attractive and results in an effective Maltese tax charge on distributed profits of between 0 – 6.25% depending upon the facts and circumstances.

For more information on the corporate tax system and Malta please refer to our Malta Country Profile and our Investing in Malta page on our website: www.kpmg.com.mt.