



# MALTA TAX FACTS

## 1. PERSONAL INCOME TAX

Single Rates		
Taxable income	Tax Rate	Subtract
€	%	€
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
Over 60,000	35	8,725

Married Rates		
Taxable income	Tax Rate	Subtract
€	%	€
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
Over 60,000	35	9,905

Parent rates		
Taxable income	Tax Rate	Tax
€	%	€
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
Over 60,000	35	9,050

Non-residents (married or single)		
Taxable income	Tax Rate	Subtract
€	%	€
0 – 700	0	0
701 – 3,100	20	140
3,101 – 7,800	30	450
Over 7,800	35	840

### Returned migrants (on foreign source income)

Married		Single	
First €5,900	0%	First €4,200	0%
Excess	15%	Excess	15%

Subject to minimum annual tax liability of €2,325 after double tax relief

### Permanent residence permit holder (on foreign source income remitted to Malta) – 15%

Subject to minimum annual tax liability of €4,192 after double tax relief (for existing holders)

### Malta Global Residence Programme

The Programme, provides favourable measures for non-European expatriates willing to settle in Malta, including low tax, subject to the purchase or lease of an immovable property in Malta at pre established thresholds.

The minimum tax to be payable is €15,000 per annum and will include all qualifying dependents residing with the beneficiary. Other income remitted to Malta is to be taxed at a flat rate of 15%. Any income arising in Malta will be taxed at a flat rate 35%.

### The Residence Programme Rules

The Residence Programme Rules are aimed to attract individuals who are nationals of the EU, EEA or Switzerland. Individuals benefitting from this Programme are not precluded from working in Malta.

Persons qualifying under this scheme are subject to tax at a reduced rate of 15% on any foreign income remitted to Malta by the beneficiary, their spouses and children, with the possibility of claiming double taxation relief.

The minimum amount of tax payable in terms of these rules in respect of income arising outside Malta is €15,000 for any year of assessment.

### The Malta Retirement Programme Rules

The Malta Retirement Programme Rules are applicable to EU/EEA/Swiss nationals who are not in employment and who are in receipt of a pension, as supported by documentary evidence, all of which is received in Malta and constitutes at least 75% of their chargeable income.

Beneficiaries of this special tax status will need to pay a minimum tax of €7,500 annually and a further €500 in respect of every dependent and household staff.

Any other income arising in Malta or any other foreign income which is not subject to tax in terms of these rules will be subject to tax at a flat rate of 35%.

### Individual Investor Programme

The Individual Investor Programme of the Republic of Malta (IIP), which came into force by Legal Notice 47 of 2014, allows for the granting of citizenship through a certificate of naturalisation by investment (in other words, citizenship) to reputable individuals and their dependents provided they make a significant contribution to the social and economic development of the country, following a rigid and thorough due diligence process that includes detailed background checks.

### Malta Residence and VISA Programme

Recently, the Maltese Government announced a new residence programme - the Malta Residence and Visa Programme. Through Legal Notice 288 of 2015, the Malta Residence and Visa Programme is available to non-EU nationals together with their registered dependants, who are entitled to be issued with a residence permit allowing the beneficiaries to reside, settle or stay indefinitely in Malta. The certificate issued in terms of the Programme entitles the holder to travel within the European Union, on presentation of a valid travel document, without requesting a visa.

### Highly qualified Persons Rules

Individuals who meet the requirements set out in the Rules and who wish to avail themselves of the 15% tax rate need to apply to the relevant competent authority and provide the necessary documentation.

The 15% tax rate is final and cannot be reduced by means of double taxation relief, credit or set-offs of any kind.

### Employment outside Malta - 15% flat rate

## 2. CORPORATION TAX

A company is deemed to be a Maltese resident if it is registered or effectively managed and controlled in Malta. A non-resident company is subject to corporate tax if it carries on a trade in Malta through a branch or permanent establishment situated therein.

The rate of corporate tax in Malta is 35%, but a full imputation system is in place that grants full relief from corporate tax on any distributed profits. The tax paid by the company is available as a credit to the shareholders when distributions are made to them. As a result, shareholders are not subject to any further tax on dividends, since the highest rate of tax for individuals is equal to the corporate tax rate in Malta.

#### Taxation at the level of the Maltese company

	€
Income	100
CIT @ 35%	35
Income allocated to Maltese Taxed Account or Foreign Income Account	65

#### Taxation at the level of the shareholder

	€
Net dividend received by shareholder	65
Tax at source (CIT)	35
Gross dividend received by shareholder	100
Tax on dividend received	35
Full imputation credit (TAS)	(35)
Tax suffered on dividends	0



### REFUNDABLE TAX CREDIT SYSTEM

Under Malta's refundable tax credit system, shareholders of a company registered in Malta are entitled to claim tax refunds on income distributed from a company's Maltese Taxed Account (MTA) and Foreign Income Account (FIA).

### SIX-SEVENTHS REFUND

A person in receipt of a dividend paid by a company registered in Malta from profits allocated to its Foreign Income Account (FIA) or Maltese Tax Account (MTA) may claim a refund of six-sevenths (6/7) of the Advance Company Income Tax (ACIT) paid by the distributing company. This is subject to two conditions:

- The company is not entitled to claim double tax relief on income allocated to the FIA; and
- The income does not qualify as passive interest or royalties.

If double tax relief is claimed on FIA income, a 2/3 refund will ensue.

### FIVE-SEVENTHS REFUND

Distributions of profits derived from passive interest or royalties are entitled to claim a five-sevenths (5/7) ACIT refund. This refund also applies to dividends received from a participating holding in a company that does not satisfy the anti-abuse provisions in the proviso to Article 12(1)(u). The five-sevenths refund does not apply when a dividend is paid out of profits allocated to the FIA where the company has claimed relief for double taxation.

### FULL REFUND

Upon a dividend distribution from profits made up of dividend income on gain from the disposal of a participating holding, a claim may be made for a refund of all the Malta tax paid in respect of those profits. A participating holding is a holding that arises where:

- a company holds directly at least 10% of the equity shares of a company whose capital is wholly or partly divided into shares, which holding confers an entitlement to at least 10% of any two of the following:
  - i. right to vote;
  - ii. profits available for distribution; and
  - iii. assets available for distribution on a winding-up; or
- a company is an equity shareholder in a company and the equity shareholder company is entitled, at its option, to call for and acquire the entire balance of the equity shares not held by that equity shareholder company, to the extent permitted by the law of the country in which the equity shares are held; or
- a company is an equity shareholder in a company and the equity shareholder company is entitled to first refusal in the event of the proposed disposal, redemption, or cancellation of all of the equity shares of that company not held by that equity shareholder company; or
- a company is an equity shareholder in a company and is entitled to either sit on the Board or appoint a person to sit on the Board of that company as a director; or
- a company is an equity shareholder that holds an investment representing a total value, as on the date or dates on which it was acquired, of a minimum €1,164,000 (or the equivalent sum in a foreign currency) in a company and that holding in the company is held for an uninterrupted period of not less than 183 days; or
- a company is an equity shareholder in a company and where the holding of such shares is for the furtherance of its own business and the holding is not held as trading stock for the purpose of a trade.

The application of the participation exemption to dividends from a participating holding is linked to an anti-abuse provision, this being that the exemption applies provided that the body of persons in which the participating holding is held satisfies any one of the following conditions:

- i. it is resident or incorporated in a country or territory forming part of the EU; or
- ii. it is subject to any foreign tax of at least 15%; or
- iii. it does not have more than 50% of its income derived from passive interest or royalties.

If none of the above conditions are satisfied then both of the following conditions must be fulfilled:

- i. the equity holding by the company registered in Malta in the body of persons not resident in Malta is not a portfolio investment, in other words, it is not a holding of shares by a company registered in Malta in a company or partnership not resident in Malta that derives more than 50% of its income from portfolio investments; and
- ii. the body of persons not resident in Malta, or its passive interest and royalties, have been subject to any foreign tax of at least 5%.

### TWO-THIRDS REFUND

A non-resident person in receipt of a dividend paid from profits allocated to the foreign income account, or any profits distributed by an international trading company, may claim a refund of two-thirds (2/3) of the Malta tax paid by the company in respect of those profits distributed to him or her by way of such dividend. This is also available when the company has availed itself of the Flat Rate Foreign Tax Credit or any other form of double taxation relief.

### 3. TAX DEPRECIATION

The rates below apply for both corporate income tax and personal income tax, and replace accounting depreciation, which is not an allowable deduction. Tax depreciation is calculated on a straight-line basis.

Category	Annual Rate (%)
Computers and electronic equipment	25
Computer software	25
Motor Vehicles	20
Furniture, Fixtures, Fittings & Soft Furnishings	10
Equipment used for construction of buildings and excavation	16.67
Catering Equipment	16.67
Aircraft	
Aircraft airframe	16.67
Aircraft engines	16.67
Aircraft engine or airframe overhaul	16.67
Aircraft interiors & other parts	25
Ships and vessels	10
Electrical & Plumbing Installations and Sanitary Fittings	6.67
Cable Infrastructure	5
Pipeline Infrastructure	5
Communication & Broadcasting Equipment	16.67
Medical Equipment	16.67
Lifts and Escalators	10
Air-conditioners	16.67
Equipment mainly designed or used for the production of water or electricity	16.67
Other machinery	20
Other plant	10



#### 4. SOCIAL SECURITY

Employees	Basic weekly wage		Rate
	From	To	
Under 18 years	0.10	168.01	6.62
18 years & over	0.10	168.01	16.80*

\* Or if employee chooses, 10% of basic weekly wage  
Persons born up to 31 December 1961

Persons with basic weekly wage			
Between	168.02	344.86	10%
Persons with basic weekly wage			
Between	344.87	n/a	34.49
Persons born from 1st January 1962 onwards			
Persons with basic weekly wage			
Between	168.02	425.73	10%
Persons with basic weekly wage			
Between	425.74	n/a	42.57
Students under 18 years		10% Max	
	n/a	n/a	€4.38
Students under 18 years		10% Max	
	n/a	n/a	€7.94

Employers pay an amount equal to that payable by employees.

Self-employed	Basic weekly wage		Rate
	From	To	
Single persons who are not self-occupied	1,005	8,500	24.52
Self-employed & self-occupied persons whose net income is:	910	9,960	28.73
Persons born up to 31st December 1961			
Self-employed & self-occupied persons whose net income is:	9,961	17,933	15%
Self-employed & self-occupied persons whose net income is:	17,934	n/a	51.73
Persons born from 1st January 1962 onwards			
Self-employed & self-occupied persons whose net income is:	9,961	22,138	15%
Self-employed & self-occupied persons whose net income is:	22,139	n/a	63.86



## 5. CAPITAL GAINS TAXATION

Capital gains arising in Malta are subject to income tax. This tax can either be:

- a) The final tax on property transfers. This is charged at 8% of the transfer value of immovable property, subject to no exceptions. If the property had been inherited before 25 November 1992 the tax is charged at 7%.
- b) An 8% final withholding tax system on all property transfers shall apply with the following two exceptions:
  - in the case of individuals who do not carry on the business of property trading, the applicable final withholding tax rate shall be 5% if the property is transferred less than five years after the date of its acquisition.
  - in the case of properties acquired by any person (individuals & companies) before the 1st January 2004 the applicable final withholding tax rate shall be 10% the value of the property transferred.

A number of exemptions also exist.

## 6. VALUE ADDED TAX

The following are the VAT rates and the items subject to VAT in Malta:

VAT	Rate %	Applied to
Standard	18	All taxable items except the items specified below
Reduced	5	Confectionery, medical accessories, printed matter, certain items for the exclusive use of the disabled, works of art, collector's items, audio books, e-books and antiques
Reduced	7	Accommodation requiring a license, sports activities

The VAT Act also lists which products and services are exempt with credit and which are exempt without credit.

### EXEMPT WITH CREDIT SUPPLIES

Most of the items listed by the Act that fall under the exempt with credit category are:

- Export of goods dispatched or transported to a destination outside the European Community;
- The supply of goods intended to be placed or while they are placed under a customs duty suspension regime;
- The supply of services, other than those exempted under sea vessels (as defined by the Malta VAT Act), consisting in work on movable goods that are intended to be placed or while they are placed under a customs duty suspension regime;
- The services of brokers or other intermediaries who act in the name and for the account of another person when these persons take part in activities classified as exempt with credit supplies;
- Processing of moveable goods intended for re-export outside the European Community;
- International transport of passengers, luggage, and motor vehicles accompanying passengers and the supply of services related to international transport of passengers;
- Customs formalities, when these relate to importation into or exportation to outside the EU, or in transit;
- Provisioning and re-fuelling of ships and aircraft;
- Supply of goods and service, including repairs, and so on, to ocean going ships and aircraft;
- Food, except that supplied in the course of catering;
- Pharmaceutical goods;



- Supply of transport by scheduled bus services;
- Scheduled inter-island sea trips provided by authorised carriers;
- School transport supplied by an educational establishment or supplied to such establishments for the purpose of being provided as school transport and other school transport organised by a central office;
- Transport organised by an employer or by a central office for the transport of employees to and from work;
- Supply of gold to the Central Bank;
- Supply of goods for consumption on cruise liners where the place of taxation in terms of Item 3 of the Third Schedule is deemed to be in Malta; and
- Intra Community Supplies.

#### EXEMPT WITHOUT CREDIT SUPPLIES

In the case of exempt without credit supplies, any input tax incurred in the process of providing such supplies cannot be recovered. Here are some examples:

- Letting of immovable property, excluding:
  - i. provision of accommodation in property licensed by the Malta Travel and Tourism Authority;

- ii. the letting of property by a limited liability company to a person registered under article 10 for his or her economic activity;
  - iii. licensed car parks;
  - iv. letting of permanently installed machinery and equipment;
- Transfer of immovable property;
  - Insurance and related services;
  - Credit, banking, and other services;
  - Investment services;
  - Cultural and religious activities;
  - Sporting activities by non-profit organisations;
  - Services by non-profit organisations to their members;
  - Lotteries and all gaming activities, whether local or international;
  - Postal services;
  - Health and welfare;
  - Provision of welfare services including services in retirement homes;
  - Provision of education or educational research provided by any registered school and by non-profit organisations;
  - Private tuition paid by teachers, except tuition for recreational, physical, or sporting activities;
  - The activities of public radio and television bodies, other than those of a commercial nature; and
  - The supply of water services by a public authority.

## 7. DOUBLE TAX TREATIES

### Payments from Malta

Malta does not levy withholding tax on dividend, interest, and royalty payments to and for the benefit, or on behalf, of non-residents, unless such income is effectively connected to a permanent establishment in Malta of the non-resident.

### Payments received in Malta

The following table shows the rates of withholding tax to be deducted from income under the terms of the double tax treaties that Malta has signed with its treaty partners.



Country	Dividends(%)	Interest (%)	Royalties (%)
Albania	5/10*	5	5
Australia	0/15	10*	10
Austria	15	0*	10
Bahrain	0	0	0
Barbados	5	5	5
Belgium	15	10	10
Bulgaria	0	0	5*/10
Canada	15	15	10
China	5/10	10	7/10
Croatia	5	0	0
Cyprus	0*	0*	10
Czech Rep	5	0	5
Denmark	0/15	0	0
Egypt	0*	10	12
Estonia	0*	0*	10
Finland	5/15	0	0
France	5/15	0*	10
Georgia	0	0	0
Germany	5/15	0	0
Greece	5/10	8	8
Guernsey	0	0	0
Hong Kong	0	0	3
Hungary	0*	0*/10	0*
Iceland	15	0	5
India	0*	10	15
Ireland	5*/15	0	0*/5
Isle of Man	0	0	0
Israel	0/15	5	0
Italy	15	10	10
Jersey	0	0	0
Jordan	0*	7*	7*
Korea	5/15	10	0
Kuwait	0	0	0*
Latvia	0*	0*	0*
Lebanon	5	0	5
Libya	0*	0*	0*
Liechtenstein	0	0	0
Lithuania	5/15	10	10
Luxembourg	5/15	0	0*
Malaysia	0	15	10*
Mauritius	0	0	0
Mexico	0	5/10	10
Moldova	5	5	5
Montenegro	5/9*	9*	5/9*



Country	Dividends(%)	Interest (%)	Royalties (%)
Morocco	6.5/10	10	10
Netherlands	5/15	0	0
Norway	0/15	0	0
Pakistan	10*	10	10
Poland	0/10	5	5
Portugal	10/15	10	10
Qatar	0	0	5
Romania	5	5	5
Russia	5/10	5	0
San Marino	0*	0	0
Saudi Arabia	5	0	5/7
Serbia	5/10	10	5/10
Singapore	0	7/10	10
Slovakia	5	0	5
Slovenia	5/15	5	5
S. Africa	5	0*	10
Spain	0/5	0	0
Sweden	0/15	0	0
Switzerland	0/15	0/10	0
Syria	0	7.5*	5*
Tunisia	10	12	12
Turkey	10/15	10	10
Ukraine**	5/15	10	10
United Arab Emirates	0	0	0
UK	0	10	10
United States	5/15	10/15	10
Uruguay	5/7*	10	5/10



(\*) These withholding tax rates do not emerge from the treaty but from domestic law.

(\*\*) Not yet in force.

## 8. STAMP DUTY

Inter vivos transfers	%
Immovable property	5
Shares in property companies	5
Other securities	2

Transmissions causa mortis (succession)		%
Immovable property		5
Shares in Maltese property companies		5
Shares in other Maltese companies		2
Other assets		0

Insurance policies	
Life	0.1% of sum assured
Other (except aviation, marine, export credit, suretyship & medical cover which are exempt)	10% of premium
(min. €13 or 11% if premium < €13)	

Life	0.1% of sum assured
Other (except aviation, marine, export credit, suretyship & medical cover which are exempt)	10% of premium
(min. €13 or 11% if premium < €13)	

## 9. SIGNIFICANT STATUTORY DATES FOR 2016

### Income tax Filing of income tax return

#### Individuals

Tax return & self-assessment	30 June
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#### Companies & other bodies of persons

Accounting date ≤ 30 June	1 April
Accounting date > 30 June	Last day of 9th month after accounting date

Payment of settlement tax	Tax return date
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Payment of provisional tax by self employed/self occupied persons	30 April 201X
	31 August 201X
	21 December 201X

Payment of provisional tax for part-time self – employed	31 May 201X
	30 September 201X
	15 February 201Y

Monthly remittance of FSS and social security contributions deducted by employers	Last working day of following month
Payer's annual reconciliation statement (FS7)	15 February 2016

### Social security

Contributions by self-employed/self-occupied persons	On the provisional tax payment dates
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