GAINING EU CITIZENSHIP THROUGH MALTA

THE COMPLETE GUIDE TO THE
MALTA INDIVIDUAL INVESTOR PROGRAMME (MIIP)
Executive Summary

This is a guide to securing EU passports for you and your family. Wealthy individuals and families can achieve this through the Malta Individual Investor Programme. Malta offers possibly the most secure method to gaining EU citizenship, supported by EU institutions, as well as a safe, warm, and enjoyable place to live and flourish.
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About the Programme

Introduced at the beginning of 2014, the Malta Individual Investor Programme (IIP) offers wealthy individuals and families from anywhere in the world citizenship in a highly respected EU Member Country.

The Malta Individual Investor Programme is the first investment citizenship program of its kind to be recognised by the European Commission, and the executive body of the European Union has formally acknowledged the legality of the program. This was achieved because the Government of Malta has shown it is committed to the highest standard of due diligence and vetting of investor applicants, ensuring only persons of impeccable standing and repute will be admitted. As such, whilst it is not the fastest or cheapest route to EU citizenship, it is arguably the most secure.

It is administered by a public body called Identity Malta. However, you may only apply via an approved intermediary such as Boston Trust Limited. Finally, interested parties must note that the programme is not open indefinitely. There are a limited number of possible spaces available and the scheme is very popular. As such, interested parties should express an interest as soon as possible.

“Whilst it is not the fastest or cheapest route to EU citizenship, it is arguably the most secure.”

The Benefits

Successful candidates will be granted citizenship in Malta by a Certificate of Naturalization, which can also be extended to include their families. Once a candidate is awarded Malta citizenship, which includes EU citizenship, they have the right of establishment in all 28 EU countries and Switzerland. This provides an individual and their family members the opportunity to live, work and study in any of the member countries of the European Union.

Successful individuals also have the ability to set up business in Malta, and can get a Malta passport enabling them to enjoy visa-free travel to more than 166 countries across the world including the USA, Canada, Middle East, Africa, Asia, and most countries in North, Central and South America. Once obtained the citizenship is hereditary, and may be passed down to any future generations.

Malta is a safe country that enjoys a low cost of living index. The country has long been a vacation spot for Europeans and high net worth individuals who flock to the island for its sunny and warm climate year-round. Malta offers a modern infrastructure, ranging from reliable phone and internet service, to secure banking, to well-established air and sea routes connecting the island to the European mainland and international destinations.

“Once obtained the citizenship is hereditary, and may be passed down to any future generations.”
Eligibility

To be considered eligible for Maltese citizenship, the main applicant must be at least 18 years of age and meet all of Malta’s immigration requirements.

The Malta citizenship by investment program has some of the strictest due diligence standards of any immigrant investor program in the world to ensure only deserving and reputable applicants are granted Maltese citizenship. Applicants must therefore have a clean criminal record, verified by the Malta government through INTERPOL, the International Criminal Court, and various other sources and authorities.

Applicants must also show that they do not suffer from any contagious diseases. All individuals party to the application are required to hold global health insurance coverage for a minimum amount EUR 50,000 and must give proof that they can maintain the same for an indefinite period.

All individuals and families applying to the Malta Individual Investor Program must make a non-refundable contribution to the National Development and Social Fund set up by the Government of Malta and run by a board of trustees – see our summary of costs on page 10. The fund finances projects in the country linked to public health, education, job creation, social improvement, and innovation.

Applicants must also commit to retaining an immovable residence in Malta for a minimum time period of five years, which cannot be let or sublet. This can be done by either buying a property in Malta for at least €350,000 and maintaining ownership for 5+ years, or by leasing a property for 5+ years with a minimum annual rent of €16,000.

Before an individual can be admitted for a Maltese citizenship by investment, applicants are further required to invest at least €150,000 in government approved financial instruments (bonds, stocks, and debentures that benefit the nation) and must commit to keeping the investment for at least five years, after which it will be returned with interest.

Finally an applicant must be able to prove that they have maintained residence in the country for at least one year prior to citizenship being granted.
Malta is more than just an attractive passport. It is also an excellent low-tax jurisdiction for building European businesses and owning luxury assets. Its superyacht sector, for example, is significant.
Timeline of Submission Stages

The exact timeline will vary depending on the time taken by both the applicant and Identity Malta to complete certain steps. The timeline below shows an ideal timeline based on someone who is not yet resident in Malta.

- **0 Months**: Residency application. EUR 5k fees (+1k per dependant). Applicant must be present.

- **6 Months**: The presentation of the full application for citizenship may occur at any point during the 12-month residency period. This includes payment of the majority of the fees and contributions required, as well as proof that investment and property requirements have been met. The process takes approximately 240 days and an interview may be required.

- **12 Months**: Oath of allegiance and issuance of passport. Applicant must be present. May take 5 days.

- **18 Months**: Certificate of naturalisation may take an additional 6-24 months based on checks.
1. Presentation and submission of residency application

Potential candidates who are not already resident in the country are strongly advised to begin the Malta residency process immediately since the Individual Investor Programme has a 12-month residency requirement.

An appointment would be scheduled with Identity Malta for the formal submission of the residency application, once the required supporting documentation has been collected and the necessary forms completed. A Maltese address is required at this point.

Provided that all the required due diligence and documentation are in place, and no issues occur during the checks conducted, Identity Malta would take approximately 1 month to issue the applicants with Maltese residency cards. E-Residency Cards for the purposes of the Malta Individual Investor Programme have a validity of eighteen (18) months.

Upon initiation of the applicant’s residency in Malta, a non-refundable fee of €5,000 for the primary applicant and €1,000 for each family member is due on account of the National Development and Social Fund contribution. The applicant must be present for the submission of the initial residency forms.

It is important to note that in the case of Politically Exposed Persons (PEPs), Identity Malta must be immediately informed and provided with all the relevant details prior to submission of an e-residency application.

Should the e-Residency card expire before the application process has been completed, applicants are required to repeat the above process. The only fee applicable in this case would be the renewal fee of €200 per applicant.

2. Presentation of the full application for citizenship

Formal submission of the full application for citizenship to Identity Malta would only be possible if the required supporting documents have been collected, and the necessary forms finalised.

At the point of submission, Due Diligence fees, Passport fees, and Bank Charges fees as outlined below must be settled together with a second instalment and part-Contribuition Non-Refundable Deposit (per applicant).

Identity Malta would then determine whether all documentation has been submitted in accordance with relevant legal obligations. Within 5 working days, the Accredited Agent would receive a confirmation whether the application has been accepted for review or requires additional paperwork.

Within 90 days the Accredited Agent would further receive confirmation from Identity Malta regarding whether the application and supporting documentation are formally in order, at which time Identity Malta may request further supporting documentation if at all required. The application would be subject to a further 30 days of additional verification by the Government of Malta’s regulatory body.

Once an application has been formally accepted by Identity Malta, a second stage lasting 120 days begins, during which further reviews of the application and in depth Due Diligence checks are conducted for Approval in Principle to be
granted. This approval is subject to the candidate fulfilling all their remaining obligations under the Maltese nationality program for investors.

Five days after the in principal approval has been granted, Identity Malta would issue a formal request for payment in relation to the remaining balance of National Development and Social Fund contribution. The candidate has 20 days to pay the full amount.

Upon the final Identity Malta compliance approval, the applicant must provide evidence of €150,000 bonds investment as well as proof of a Malta real estate purchase or rental.

One must keep in mind that additional information and/or documentation (original or certified copy documents) may be requested by Identity Malta even after completion of phase one as the case may be. Applicants should proceed to submit such information/documentation in a timely manner as applications would be placed in a dormant state until the requests are fulfilled.

Applicants may also be requested to attend an interview which will be conducted by Identity Malta officials. Should an interview be required, applicants will be notified in due course by their respective agent.

3. Oath of Allegiance and Naturalisation

Should no further documentation be required at this stage, Identity Malta will then issue a Letter of Invitation to arrange a suitable appointment for the applicant and his/her dependants to take the Oath of Allegiance.

When visiting Malta to take the Oath of Allegiance, applicants and their dependants are requested to allow about five working days between the taking of the Oath and the issuing of the Passports. The Oath of Allegiance will be taken at the offices of Identity Malta. Immediately following the Oath of Allegiance, a fresh set of biometric data is taken for each applicant and the documents are verified in preparation for the issuing of the Passports.

Applications for a Maltese Identity Card are accepted at this stage and biometric data for this purpose will also be taken at Identity Malta’s offices.

4. Issuance of Naturalisation Certificate

Upon fulfilling all obligations under the Malta Individual Investor Program and having taken an Oath of Allegiance, the applicant will be issued a Certificate of Naturalisation and given a Malta Passport. The Minister shall issue a Certificate of Naturalisation after a period which may range from 6 months to 2 years, provided that proof of 12-month residence is obtained. Once the passports are issued, applicants will have to collect them in person from Identity Malta’s offices.

The above time frames are subject to the submission of full due diligence, as well as full disclosure from the applicant, as per the application requirements.
Malta’s booming economy rests on an extremely stable legal and political system modelled on the British example. This is an important consideration for those looking at citizenship by investment.
Summary of Costs

A complete schedule of the costs imposed by the Government of Malta as part of the scheme are outlined below, in the sections headed in black. In addition to these costs, you can expect to pay an additional sum to the approved organisation through which you submit your application, which will vary by company. If you would like us to provide a quote for this service, please request a quote.

All fees charged are non-refundable in the event that your application is not successful.

<table>
<thead>
<tr>
<th>Residency Stage</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part contribution of non-refundable deposit for:</td>
<td></td>
</tr>
<tr>
<td>- Main applicant</td>
<td>5,000</td>
</tr>
<tr>
<td>- Spouse</td>
<td>1,000</td>
</tr>
<tr>
<td>- Dependants, each (0-26 and 55+)</td>
<td>1,000</td>
</tr>
<tr>
<td>- Renewal of eResidency card, each, if necessary</td>
<td>200</td>
</tr>
<tr>
<td>Application Processing</td>
<td></td>
</tr>
<tr>
<td>Due diligence fees for:</td>
<td></td>
</tr>
<tr>
<td>- Main applicant</td>
<td>7,500</td>
</tr>
<tr>
<td>- Spouse</td>
<td>5,000</td>
</tr>
<tr>
<td>- Children aged 13-17, each</td>
<td>3,000</td>
</tr>
<tr>
<td>- Unmarried children aged 18-26, each</td>
<td>5,000</td>
</tr>
<tr>
<td>- Dependent parents and grandparents 55+, each</td>
<td>5,000</td>
</tr>
<tr>
<td>Passport fees per applicant</td>
<td>500</td>
</tr>
<tr>
<td>Bank charges per applicant</td>
<td>200</td>
</tr>
<tr>
<td>Part contribution of non-refundable deposit per applicant</td>
<td>5,000</td>
</tr>
</tbody>
</table>

| National Development and Social Fund Contributions                         | EUR  |
| Final contribution                                                          |      |
| - Main applicant                                                             | 640,000|
| - Spouse                                                                     | 25,000|
| - Children aged 13-17, each                                                  | 25,000|
| - Unmarried children aged 18-26, each                                       | 50,000|
| - Dependent parents and grandparents 55+, each                              | 50,000|
| Property Investments                                                        | EUR  |
| Purchase of residential property valued in excess of 350,000                 |      |
| OR                            16,000                                               |
| Lease of residential property with minimum annual rent of                   |      |
| Investment Obligation                                                      | EUR  |
| Required investment in a prescribed investment which must be held for a minimum of 5 years and pledged to IMA. | 150,000|
| Approved Organisation Fees                                                  | EUR  |
| Applications cannot be made directly to Identity Malta; you will need an approved organisation to do it on your behalf. If you would like us to quote for handling the application, please request a quote. | Request quote
Dependants and Family

If you are looking to gain EU citizenship, there is a good chance you also want it for your direct family. The MIIP allows families to move together as a unit. The main applicant may include the following dependants to his/her application as required:

- Spouse – in a monogamous marriage or in another relationship having the same or similar status to marriage.
- Dependants of 18 years of age and under.
- Dependants between the age of 18 and 26 years of age, who are not married and who are wholly supported by the main applicant and form part of the household.
- Dependants over the age of 55 years (e.g. parents or grandparents), who are wholly supported by and who form part of the household of the main applicant.

Note that there are additional charges for each dependant you choose to include in your application and that these are also non-refundable.

Education

One of the major questions for parents looking to gain citizenship is what it will mean for their children, and a large part of that is education. Malta has an excellent educational system, with English-speaking schools based on the British model. Education is compulsory between the ages of 5 and 16.

The Island has a well-respected university for higher education, although gaining EU citizenship also provides easier access to a variety of higher education opportunities throughout Europe, which is home to several of the best universities in the world.
Property in Malta

applicants are required to purchase or rent a property and to be resident in Malta for at least one year, so you will need to find somewhere suitable for you and your family.

Fortunately, Malta has a mature property market offering a variety of different forms of accommodation. With relatively built up urban areas, beautiful coasts, and a rich cultural heritage, you will have a choice between modern city apartments, vintage houses, sun-bleached villas, and everything in between.

Property prices in Malta have been rising for several years due to the booming economy and healthy labour market. As a result, many citizenship applicants consider buying properties as a long term investment.

Please let us know if you would like to be introduced to local real estate agents.
Taxation of New Citizens

Taxation under the Maltese tax system is based on domicile and residence and not citizenship. In light of this, should a non-domiciliary individual obtain Maltese citizenship, this would not in itself cause the beneficiary to acquire a new domicile of choice in Malta.

Residence for tax purposes is established by demonstrating an intention to reside in Malta indefinitely and definitely on the basis of a day count of 183 days. Tax residents of Malta who are not domiciled in Malta are taxable on a remittance basis.

Accordingly, individuals who are non-domiciled and not resident in Malta are not taxable on foreign source income not received in Malta, nor are they taxable on any capital gains arising outside Malta whether remitted or not. Tax is due only on income and capital gains arising in Malta.

Both income and capital gains taxes in Malta are extremely competitive compared to most European jurisdictions. If you would like more detailed tax advice, we can provide a local tax expert.

“Malta has no inheritance or death taxes, estate duty, net worth or wealth taxes, and no municipal taxes, rates, or real estate taxes.”

Sale of Property

After the lapse of the obligatory five-year period, property in Malta may be sold completely exempt from tax if such property is held for a period of three years as the resident’s sole and ordinary residence. If sold before the lapse of three years, a final property tax of 12% is chargeable on the selling price.

Wealth, Property, and Succession Taxes

The Maltese tax system has further benefits, in that Malta has no inheritance or death taxes, estate duty, net worth or wealth taxes, and no municipal taxes, rates, or real estate taxes.
Grounds for Refusal or Revocation of Citizenship

Refusal

Identity Malta will regard all applications on a case by case basis and may refuse an application on the basis of the following:

- Provision of false information.
- Discovery regarding the existence of a criminal record.
- Applicants are considered to be a potential national security threat.
- Applicants are likely to cause disrepute to Malta.
- Applicants have been denied a visa to a country.

In the above instances, Identity Malta may still be satisfied that the applicant is still worthy of being considered for approval notwithstanding the presence of any of the grounds listed above, due to special circumstances.

Revocation

Maltese citizenship granted through the programme is permanent and hereditary. Various authorities on constitutional law have expressed a position that it would be contrary to fundamental human rights for any government to issue a blanket revocation of citizenship, meaning that citizenship gained through the MIIP is legally secure. Maltese citizenship could only be revoked on an individual basis if specific criteria were met, including the following:

- If the citizenship was acquired by means of fraud, false representation or the concealment of any material fact.
- If a citizen has shown himself or herself by act or speech to be disloyal or disaffected towards the President or the Government of Malta.
- If a citizen had engaged, unlawfully traded, or communicated with an enemy or has been engaged in or associated with any business that was motivated by willingness to assist an enemy in that war.
Further Information

We have tried to cover all of the key information about the MIIP in this guide. If you would like to know more about this topic, however, please get in touch with us directly. We are always happy to provide more information, with no hidden fees or charges. Our experts on this topic are Ann and Becky. Their direct contact details are below and they can be contacted during European office hours.

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