the key to Efficient Wealth Management

Malta has become a natural hub for wealth management and family offices in the Mediterranean region.

Attracting high net worth individuals with favourable residency and tax planning solutions in full compliance with EU legislation, Malta offers the ideal environment for successful wealth management.

The jurisdiction offers an excellent physical and legal infrastructure bolstered by top-class professionals experienced in structuring customised solutions with innovative approaches.

All this governed by a world-class regulatory regime, served by skilled multilingual professionals and located in a politically stable, low-risk EU member environment that offers an attractive lifestyle within easy access of European and Mediterranean capitals.

more information on: www.financemalta.org
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Finance Industry Representative

FinanceMalta Chairman: Kenneth Farrugia

FinanceMalta, a non-profit public private initiative, was formally set up on the 20th May 2007 with the scope of promoting Malta’s international financial centre, both within, as well as outside, its shores. It brings together, and harnesses, the resources of the industry and government, to ensure that Malta maintains a modern and effective legal, regulatory and fiscal framework in which the financial services sector can continue to grow and prosper. The founding associations are: the Malta Funds Industry Association, the College of Stockbrokers, the Malta Bankers’ Association, the Malta Insurance Association, the Association of Insurance Brokers, and the Institute of Financial Services Practitioners. These associations, together with the Malta Insurance Management Association which is also affiliated with FinanceMalta, represent the financial services industry in Malta.

Malta Financial Services Authority (MFSA) Chairman: Joseph Bannister

The Malta Financial Services Authority (MFSA) is the single licensing and supervisory authority for all financial services activity. The Authority is an autonomous public institution set up by law. The sector overseen by the MFSA includes banks, investment firms, insurance companies and financial intermediaries who provide a wide range of products and services on the domestic and international markets. The regulation of the Malta Stock Exchange also falls under the responsibility of the MFSA. The MFSA is further responsible for consumer education and consumer protection in the financial services sector. It also manages Malta’s Registry of Companies.

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Finance Industry Regulator

Malta Financial Services Authority (MFSA) Chairman: Joseph Bannister

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Located in the centre of the Mediterranean, two to three hours flight time from most European centres, the Maltese government and the industry are committed to putting Malta on the map as the foremost centre for international financial services in the Euro-Med region.

All figures are quoted as at December 2012 unless otherwise indicated.
Malta, a small island state at the heart of the Mediterranean, has quietly emerged as one of Europe’s most stable and innovative finance domiciles. Malta’s decisions to join the European Union in 2004 and the eurozone in 2008 have proved pivotal to its development as a major finance and business centre. Today, Malta has strong banking, insurance, fund and wealth management sectors that have attracted investment from the world’s leading financial institutions, blue-chip multinationals and high-net-worth individuals.

### Country

**An English-speaking nation**

With a history stretching back thousands of years, Malta is the European Union’s smallest member state. However, the country’s size is no barrier and Malta has positioned itself as a hub for international business.

**Depth and breadth.** As a small nation, flexibility, innovation, competitiveness and adaptability have been elements of Malta’s development since the country began to fend for itself after independence from Britain in 1964. In the past few years, Malta has attracted record volumes of new business to its shores. Financial services have been identified as a key priority area for economic growth.

**Easy communication.** Inherited from the British, English is to this day the joint official language with Maltese, and is universally spoken and written. It is the language of legislation, education and business.

**Central base.** Malta’s capital city, Valletta, built by the Knights of St John in the 1500's, is the main business centre and the administrative heart of the country.

**Full parliamentary support.** Malta’s political leaders have a pro-business attitude and are committed to further assisting the finance sector to grow and encouraging foreign investors to establish operations in Malta.

### Knowledge Economy

**One of Europe’s top performers**

In recent years, Malta has been ranked among the strongest EU economies in terms of GDP growth. Services underpin the Maltese economy, accounting for 75 per cent of GDP, while industry accounts for 23 per cent and agriculture for just 2 per cent.

**A holistic vision.** Malta is establishing itself as the number one knowledge-based economy in the Mediterranean region. ICT, life sciences, education and financial services are only some of the areas the country is targeting and which have successfully reshaped Malta’s economic landscape in recent years.

**Last in, first out.** The country’s economy was one of the least affected by the recent financial crisis and experienced one of the shortest recession periods in the EU.

**Recording growth.** Unlike many other European countries, Malta has been recording economic growth in the past years. After the economy contracted in 2009, Malta was able to post GDP growth of 3.7 per cent in 2010 and of 2.1 per cent in 2011. The country is expected to end 2012 with GDP growth of 1.2 per cent which is predicted to rise to 1.6 per cent in 2013. At 6.9 per cent, Malta has one of the lowest unemployment rates in Europe. Unemployment in the EU stood at 10.7 per cent in November 2012.

**Aiming for more.** The development of the finance sector is part of long-term economic plans to increase its contribution to GDP from the current 12 per cent to 25 per cent in the coming years.
Market Access

A region of opportunities
Situated within two to three hours direct flight time from Europe’s major cities, EU membership and with it, the subsequent introduction of passporting rights, has accelerated growth in all sectors of Malta’s finance centre.

Wide range of market places. Malta offers instant access to an internal market of over 500 million people encompassing the 27 EU economies.

Good relationships. Malta has excellent relationships with its neighbouring Mediterranean countries and due to its geographic location, Malta is also an ideal stepping stone to the emerging markets of North Africa and the Middle East.

Post-crisis order. In a changing regulatory landscape with tighter requirements, Malta offers a safe EU location with a firm but flexible regulatory framework.

Follow the sun. Malta lies in a convenient time zone for doing business across the world: one hour ahead of GMT, meaning office hours coincide with Asia in the morning, Europe throughout the day and the US in the afternoon.

Infrastructure

A platform for business
Substantial investments in infrastructure and telecoms networks have created a highly sophisticated business environment.

Cutting-edge systems. Malta has overcome its geographical limitations by building up a state-of-the-art telecoms infrastructure. International connectivity is ensured by two satellite stations and four submarine fibre-optic links to mainland Europe.

Growing industry cluster. Malta’s finance industry is today made up of about 600 regulated entities, up from 180 at the end of 2004. In addition, around 11,500 other non-regulated entities operate in Malta and service international clients, offering legal and other support services.

Connected Marketplace. Malta’s excellent air and sea infrastructure and long-standing trade links with major ports in Europe, North Africa and Asia provide for a network of worldwide connections.

Affordable office space. Office space can be found all over Malta and rents are reasonable.

Finance Centre

A fully-fledged domicile
Malta’s resilience in the face of financial turmoil, economic recession and debt crisis has strengthened its position as a global financial services centre. Former niche industries have become pillars of the country’s economy.

Prepared for cross-border interaction. The country’s fund industry is booming as more and more fund managers recognise the island’s potential to serve as a springboard into Europe. The Net Asset Value of funds administered in Malta just broke the 10 billion euro mark.

Setting an example. The country’s banking system now consists of Maltese and international banks and is one of the soundest in the world. Bank of Valletta, the largest financial services provider on the island, passed the 2012 EU stress test with a strong capital buffer.

Growing wealth management location. The availability of a wide range of investment vehicles, among them also trusts and foundations, has made Malta a natural hub for wealth management and family offices in the region.

International expansion. From 2004, the insurance sector grew from 8 insurance companies servicing the local market to more than 15 insurance companies with business in other countries.

Competitiveness

A credible challenger
Malta regularly receives high rankings in benchmarking reports. In 2011, the European Commission viewed the competitiveness of Malta’s economy in terms of labour productivity as above average in an EU-wide comparison, while the country has improved its ranking in the Global Competitiveness Report 2012-2013 of the World Economic Forum, climbing from 54th place to 47th (out of 144 countries).

Tier 1 reputation. As an EU and eurozone member, Malta offers a regulatory framework that is fully harmonised with EU and OECD rules, yet offers a sophisticated and flexible platform for the financial services industry.

High performance. While global finance centres around the world struggled, Malta’s finance sector not only withstood the effects of the recent economic and financial downturn but posted year-on-year growth. Despite the international turmoil, Malta’s finance sector has expanded between 20 and 30 per cent annually.

Low risk environment. Malta is a European Union member and has a long-established and strong democratic tradition. Economic policies are liberal and the country is committed to an open business environment.

Quick start up time. A company can be incorporated in a couple of days. Malta’s regulator, the MFSA, has set timeframes for the approval of licence applications for financial services such as investment funds or insurance vehicles, with the option of fast-track applications for certain vehicles and service providers.
Lifestyle
The highest standards of living at the heart of the Mediterranean

Lying at the centre of the Mediterranean Sea, between Europe and North Africa, Malta offers a refreshing change from other chaotic and high-cost finance centres.

Sun and sea. As a small Mediterranean island, Malta offers unrivalled, easy access to beautiful beaches where the sea and the sun can be enjoyed in equal measure.

So much more. The island boasts a diverse range of shopping, cultural and leisure activities in addition to well-equipped public and private hospitals and clinics. Malta’s educational system is excellent, and all personal needs – from private banking to tax planning – are catered for.

Relaxed atmosphere. Malta is renowned for its well-balanced work life rhythm. The country’s small size – it takes just 45 minutes to cross Malta – reduces commuting time and increases leisure time. With a very low crime rate, the country is also a safe place for families to live.

Exclusive living. The property market features a variety of top-of-the-range homes, including apartments, townhouses and villas, as well as excellent office space at reasonable rents.

Costs & Fees
Cost-competitive environment

Cost is one of the key drivers behind today’s business decisions. When compared to mainland Europe, Malta offers significant cost-advantages as a finance centre, making it a competitive alternative.

Facilitating business. Companies in Malta can benefit from the country’s extensive network of double taxation treaties as well as from a number of business promotional incentives.

The bottom line. Legal and accounting fees are lower than in most other European jurisdictions, as are other operational costs and salaries which are 20-30 per cent lower than those prevailing in the more established centres.

International Rankings

1st in both Online Sophistication and Full Online Availability


13th soundest banking system and 15th position in Financial Market Development

Financial Stability Board, September 2012

1st in the timely implementation of EU Internal Market rules into national law

Economic and Financial Affairs, European Commission, June 2010

3rd place for overall quality of life and 1st place for best climate

International Living, 2011, 144 countries reviewed

Advice & Assistance
Pool of support

Malta’s workforce is multilingual and highly educated. Employment in the financial service sector has doubled during the period 2004 to 2012. Some 10,000 people are now employed in the sector.

Established service providers. Malta’s professional service firms have been at the forefront of the finance centre’s growth. At the same time many consultants and advisors have also gained experience overseas.

International excellence. Employees and service companies are quick, efficient and have developed expertise in niche areas such as captive insurance, funds, trusts and wealth management.

Part of global networks. Most of the country’s law firms are affiliated to international networks and many lawyers have post-graduate degrees in finance. Together with the big four accountancy firms, as well as many other accountancy and auditing practices, they service international clients.

Multilingual services. Ingrained with a British-influenced work ethic, most Maltese speak at least three languages – Maltese, English and Italian. Many also have knowledge of another language, usually French or German.
A Growing Wealth Management Centre

Key Reasons for Malta’s Success

Hedge funds, private equity and real estate – Malta offers all the favourite investment vehicles of high-net-worth individuals and families, while the EU member state allows investors to protect their assets through the establishment of trusts or foundations.

Resilient Industry

Throughout the financial crisis, Malta has emerged as a key hub for wealth management and family offices, as well as for wealthy individuals, expats and pensioners seeking an advantageous residency location. Having won international respect for the excellence of its financial services industry and established itself as one of the safest and best run financial centres in Europe, high-net-worth individuals, globe-trotting professionals and retirees from Europe and beyond are attracted by Malta’s favourable tax planning and asset management solutions.

Tailor-made Structures

Malta’s strengths as a wealth management centre lie in its solid fundamentals: the finance centre offers a wide range of investment vehicles including investment funds, trust companies, and an attractive tax regime. In addition, the country has an excellent physical and legal infrastructure which is bolstered by tried and tested professionals with a track record in structuring customised solutions and offering innovative approaches. The regulatory regime is widely respected, and as an EU member state with a low-risk environment, Malta offers a very attractive international lifestyle – within easy access of most European and Mediterranean capitals.

Reputable Banking Centre

Rated as the 13th soundest banking system by the World Economic Forum’s Global Competitiveness Report 2012-2013, Malta’s strong banking infrastructure caters for all levels of wealth from the mass affluent to the ultra-high-net-worth individual requiring the more personalised services of a private banker. Malta has been experiencing a steady increase of banks specifically established to offer investment banking, private banking and wealth management services to their wealthiest clients. In times of increased regulatory oversight, Malta’s financial advisors assist clients in safeguarding and expanding their wealth in a reputable EU location.

Alternative Investment Tools

Shipping has been an essential part of Malta’s economy for the millennia. In more recent years, Malta has also aimed to position itself in niche areas and has introduced extensive VAT incentives for the registration of yachts under the country’s flag. In addition to its maritime heritage, Malta has developed a strong legislative framework for the registration of aircraft. Private jets can now be registered under Malta’s law, which also allows the jet to be owned by a trust. In addition to providing high-net-worth families with a diversified investment portfolio and a place to live or holiday, purchasing real estate in Malta traditionally generates high returns, due to the limited land mass of the island, if one opts for re-sale.

Service Providers of High Standard

Maltese professionals such as tax advisors, lawyers and accountants are recognised to be among the best in the world, and this excellent reputation is helping to expand the Maltese product-offering as a wealth management centre. A number of family offices have already chosen to locate their operations or certain functions to Malta. The country’s prudential regulatory and supervisory system, under which trustees and other investment services providers have to be licensed, gives comfort to the families by ensuring certain standards are met. With its excellent reputation for high standards of regulation and supervision, competitive costs and a highly educated workforce, Malta is prepared to satisfy the most diverse and sophisticated customer requirements.

Wealth Management

EU and eurozone location

Multi-disciplined advisors that are able to adapt to the changing needs of high-net-worth individuals and their families

Sound and sophisticated banking system

Fast-track authorisation for Professional Investor Funds

Flexible investment structures (SICAVs, trusts, partnerships etc.)

One of the few civil law jurisdictions that have developed a trust concept by integrating it with Roman law sources

A reputable stock exchange

Recognition of foreign trusts

Offering the set-up of both trusts and foundations

Legislation published in English

A stable macroeconomic environment
Trusts in Malta

Malta is one of the few jurisdictions that cater for both trusts and foundations. While trusts are peculiar to systems of law based on common law and are not generally found in civil law countries, Malta, a civil law country, is an exception to this rule.

Built on the key concepts of certainty, security and confidentiality, Malta’s EU membership makes the country an attractive location for the establishment of trusts. It gives high-net-worth individuals the peace of mind that comes with a highly regulated environment, which, at the same time, remains faithful to the original concept of a trust.

Flexible Trust Law

Trusts have been around in Malta since 1988; however, the law governing trusts has in recent years undergone major changes. The Maltese trust laws were originally adapted from the 1984 Jersey Trusts laws but were updated in 2004 under the new Trusts and Trustees Act. This law makes Malta one of the only countries that has successfully managed to incorporate the Anglo Saxon Trust concept with its Roman law based legal system. This new system has helped accelerate the process of setting up a trust by allowing the creation of customised solutions for each individual trust set up, making trusts an attractive solution to personal and business needs.

The type of trust one should use depends on many factors, such as type of asset or business, financing, income type, susceptibility to being sued and marital status.

Maltese law caters for all the main types of trust one would normally find in traditional common law jurisdictions such as:

- Discretionary trusts;
- Accumulation and maintenance trusts;
- Fixed interest trusts;
- Spendedfruit trusts;
- Charitable trusts;
- Unit trusts.

Recognition of Foreign Trust Law

Malta’s trust law allows settlors to establish trusts governed by a foreign law, and foreign trusts are fully recognised in Malta. The country not only recognises trusts created voluntarily and evidenced in writing as required under the Hague Convention, but also recognises any other trust of property arising under the law of another country, meaning that even constructive or resulting trusts arising under foreign law will be recognised and enforced in Malta. However, if a foreigner chooses a trust under Maltese law, the Maltese rules of reserved portion and ‘forced heirship’, whereby the assets of a deceased person must be divided as prescribed by law, will only apply if the settlor was domiciled in Malta at the time of his/her death. If a Maltese trust is set up, but has no connection to Malta because of the domicile of the settlor at the time of setting up the trust, or the location of any immovable property, the trust will be governed exclusively by the Trusts and Trustees Act.

Reliable Service Providers

In Malta, a professional trustee and a foundation administrator have to be licensed by the Malta Financial Services Authority (MFSA). This system ensures that certain standards are met and provides settlors with a higher degree of assistance. The MFSA has already licensed some 125 Maltese and international fiduciary companies to offer trust and trustee services in the country. Among the companies that have set up operations in Malta are internationally operating firms, but also a large number of smaller firms, local and foreign, that assist with the setting up and administration of trusts and foundations in Malta.

Lower Set-up Costs

Malta offers another key attraction to people choosing where to set up a trust: significantly lower set up and administrative costs. On average, setting up a trust in Switzerland will cost a minimum of €6,000; in Malta the cost of setting up a fully-fledged trust is around €1,000. Professional fees in Malta, including trust management fees, legal fees and audit fees, are also significantly lower than in other jurisdictions, while the country’s professional classes enjoy an excellent international reputation.

Means of establishment: A trust may be created unilaterally or bilaterally, by oral declaration or in writing. A unit trust must always be created in writing.

The Settlor: The settlor is the person who sets up the trust. The settlor must be of age, have full capacity to contract and a free disposition of the assets settled on trust. While imposing fiduciary obligations upon the trustee in favour of the beneficiaries, trusts do not leave the settler with any rights in relation to the trust property – except as specifically provided for in the Trusts and Trustees Act. The Trusts and Trustees Act lists the settlor's rights (which may be supplemented by the trust deed) as follows:

- The settlor has the power to seek court directives as to trust validity;
- The settlor has the right to a variation of terms and revocable trusts where the Trust Deed so provides;
- In cases of trust termination, interest lapses or no existing or possible beneficiary; the trustee holds the trust property for the settlor (or his or her heirs) absolutely; and
- It is the trustee's duty to provide the settlor with information, subject to the terms of the Trust Deed.

The Beneficiary: The beneficiary is the person who may benefit from the assets of the trust. All beneficiaries have to be mentioned by name or are ascertainable by class or by relationship to a person alive or dead. For instance, children not yet born or conceived may be beneficiaries. The rights of the beneficiary are personal and are regarded as movable property. Subject to the trust deed, the beneficiary may sell, charge or deal with his or her interest in any manner, provided that this is done in writing.

The beneficiary has the right to information from the trustee and may seek court directives regarding the validity of the trust. The beneficiary may also disclaim his or her interest, or part thereof.

The Trust Deed: The Trust Deed is the instrument whereby the trust is created and includes the terms of the trust and may also be in the form of a unilateral declaration of trust. For example, a Trust Deed may provide for the addition of new beneficiaries (e.g. for unborn children) or the exclusion of a specific benefit to certain beneficiaries under conditions clearly stated in the Trust Deed.

Letter of Wishes: The settlor can guide the trustee in a separate letter of wishes on how the trustee should exercise his discretion. Depending on the relationship between the settlor and the beneficiaries, the settlor can inform the beneficiaries of this letter, however, he/she may also choose not to disclose this letter to the beneficiaries.

Legal Form: A trust is a form of legal institute which does not have its own legal personality. Trusts are not registered anywhere and there are no formalities for the annual maintenance of trusts other than statutory obligations which are imposed on trustees in the administration of trusts (e.g. for example the duty to prepare accounts).

Set-up time: There are no statutory restrictions that could delay the setting up of a trust in Malta. Therefore, the time required depends on the particular circumstances and mainly relates to the drafting of the Trust Deed.

Termination: A trust is subject to a maximum duration of 100 years, however, it can be terminated earlier if all beneficiaries acting in unison demand termination, which the trustees must accept.

Attacking trusts: A creditor would need to take action against the trustee. As the assets of the trust are not the personal assets of the trustee, only the trust assets are exposed. Trust assets might be subject to precautionary and execution warrants (such as garnishee orders, injunctions and warrants of seizure) which can be issued by Maltese courts.

Ensuring trustees’ performance: Professional trustees are licensed by the MFSA, which has also issued a code of conduct to provide guidance to trustees as to the standards required under the Trusts and Trustees Act and other financial services legislation, as well as to the best practice in the industry. Trustees must exercise their fiduciary duties prudently and competently and, subject to the terms of the trust and the provisions of the Trusts and Trustees Act, consider the rights of all beneficiaries when making decisions affecting the administration of the trust. If a trustee fails to administer a trust in accordance with the law and the respective trust deed, the trustee is liable for such a breach and can be sued for it.
Foundations in Malta

Previously regulated by customary law, a special law on foundations was introduced in 2008. While a foundation adopts corporate principles, the law is mainly based on Italian and French civil code provisions.

Attractive Foundation Law

While foundations have been recognised and regulated in Malta for almost 200 years through Maltese case law and doctrinal writings, in 2008 Malta enacted specific legislation to clearly define their legal framework. Maltese foundations are today regulated by the Second Schedule of the Civil Code (Chapter 16 of the Laws of Malta), which dedicates an entire sub-title to foundations. The legislation allows for the set-up of two types of foundations: Private and Purpose Foundations, which have particular uses and benefits for certain clients.

Private Foundations: These are set up for the benefit of a named person or class of persons called beneficiaries. The foundation’s patrimony is owned by the foundation itself (due to its separate legal personality) and is administered by designated persons (known as ‘administrators’) for the benefit of such beneficiaries.

Purpose Foundations: Such foundations have no ascertained or ascertainable beneficiaries but are established exclusively:

• For any charitable, philanthropic or other social purpose;
• As a non-profit making organisation;
• For any other lawful purpose (not necessarily a social purpose and can be a private purpose).

Separate Legal Identity

Unlike trusts, foundations have a legal personality and the foundation itself becomes the legal owner of the foundation property. Based on Maltese company law principles and Italian and French civil law provisions, Maltese foundations require the appointment of administrators who are responsible for the administration of the foundation’s property. They are regulated under the Trusts and Trustees Act. The public deed creating a foundation must be registered. However, only a minimum of information is available to the public and confidentiality is retained.

Key Features of a Foundation

Means of Establishment: A foundation can only be constituted in writing, either by a public deed or by a will. The foundation deed must be registered with the Office of the Registrar of Legal Persons.

Assets: The assets of a foundation may originate from any lawful business or activity and may consist of present or future assets of any nature. The minimum endowment of money or property to set up a foundation must be worth at least €1,165 (and €43 for a foundation established exclusively for a social purpose or as non-profit making).

Foundation deed: The foundation deed must contain the following information:

• The name of the foundation, which must include in it the word ‘foundation’;
• The registered address in Malta;
• The purposes or objects of the foundation;
• The constitutive assets with which the foundation is formed;
• The composition of the board of administrators, and if not yet appointed, the method of their appointments;
• The legal representation (a local representative is necessary, if the administrators of the foundation are non-Maltese resident); and
• The term for which it is established.

In the case of a private foundation, the deed of foundation must contain the names of the beneficiaries, or in the absence of such indication, a declaration that the foundation is constituted for the benefit of the beneficiaries. In the latter case, the beneficiaries must be indicated in a separate legal instrument, known as a beneficiary statement, which must be signed by the founder, addressed to the administrators and authenticated by the Notary Public who has published the foundation deed. In order to protect confidentiality, the beneficiary statement does not need to be filed; in its stead a note of reference referring only to the founder is filed with the Registrar of Legal Persons.

Legal Form: Once the foundation is established and the deed is filed, a new legal person is created and the foundation itself becomes the owner of the foundation property.

Termination: Except when foundations are used as collective investment vehicles, in securitisation transactions or in the case of purpose foundations (which may be established for an unlimited term), foundations are valid for a maximum term of 100 years from their establishment.

Founder: Rights of the founder:

• The founder may exercise supervision over administration of the foundation, obtain a copy or copies of accounts, inventory and descriptive notes of property;
• He/she may intervene in court proceedings concerning the appointment of administrators or the disposal of assets.

Conditions for the founder:

• The founder may also be an administrator;
• The founder may be a beneficiary during his lifetime but in this case, he/she cannot act as sole administrator of the foundation.

Administrator: Duties of the administrator:

• The administrators (whether natural or legal persons) are responsible for maintaining possession and control of the property of the foundation, safeguarding such property and ensuring compliance with the statute of the foundation and the law;
• They are bound by fiduciary obligations stipulated in the Civil Code. Any fiduciary who breaches such obligations shall be bound to return any property, together with all other benefits derived by him, whether directly or indirectly, to the person to whom the duty is owed.

Conditions for the administrator:

• The administrator can be based outside Malta. However, a person resident in Malta must be appointed to act as the local representative of the foundation in this case;
• The administrator may be the founder, however, in such situation, the founder cannot be the sole administrator.

Supervisory Protector: The deed can provide for a supervisory council or the office of protector. They usually exercise supervision over the acts of the administrators, and may be vested with powers of appointment or removal of administrators.
Investment Funds in Malta

Regulation, transparency and good governance: Malta offers the key advantages that today’s investors are looking for. At the same time, the country provides a less costly domicile for the establishment of funds, for fund administration and for global custody services provided to these funds than the more established finance centres.

The funds sector is the fastest growing financial sector in Malta. While in 1995 there were only five collective investment schemes (CIS) licensed, the number increased to more than 550 today. EU membership in 2004 and the subsequent adoption of the euro in January 2008 provided the crucial catalyst for the development of Malta’s fund industry in the first place. The finance centre’s regulatory framework was approved by the EU and passporting rights for funds were introduced.

Choice of Fund Structures

Malta’s legislation, the Investment Services Act and subsidiary legislation, provides for the setting up of UCITS and non-UCITS retail funds as well as Professional Investor Funds (PIFs). However, most funds are either set up as UCITS or as PIFs.

PIFs are non-retail funds for financially literate, high-net-worth investors. They are not regulated as tightly as UCITS. Hedge funds, private equity funds and property funds usually take the form of PIFs. The PIF regime caters for three classes of funds targeting experienced investors, qualifying investors and extraordinary investors.

Innovative Vehicles

Maltese registered funds can be formed in a number of possible vehicles, including open-ended and closed-ended corporate entities, contractual funds and limited partnerships. The investment company with variable share capital (SICAV) is to date the most widely used vehicle, particularly in the non-retail sector, and it can be structured to include master feeder funds and umbrella funds with segregated sub-funds. Malta also enacted regulations which make it possible for a fund to be constituted as an Incorporated Cell Company (ICC) or as an Incorporated Cell in a Recognised Incorporated Cell Company (RICC) which can act as a fund platform.

Asset management companies in Malta have already launched fund platforms exclusively open to family offices and third-party managers to provide them with an efficient and cost-effective solution to enter the market. The platforms are usually registered as PIFs, while clients can choose their own service provider for the management of their segregated sub-funds.

High-Profile Service Providers

Funds registered in Malta, while requiring at least one resident director, are not required to appoint a local administrator. In general, Maltese regulation allows service providers to be based anywhere in the world as long as it is in a jurisdiction recognised by the Maltese financial authorities. The existence of locally-based administrators such as Valletta Fund Services, HSBC, Apex, Custom House, Praxis and TMF, all offering fund administration services could be seen as a more convenient option; however, the regulation ensures flexibility and choice.

Along the strong network of fund administrators, a number of other prominent service providers have moved to the island and together with local players they have built up a comprehensive industry cluster. Around 70 fund management companies have set up in Malta, most of them are foreign owned. Global custody service providers, among them HSBC and Deutsche Bank, as well as the big four accounting firms have a presence in Malta. They add extra weight to the industry of small and medium-sized accountancy firms that have flourished in tandem with the growth of the fund sector. Most of the country’s legal firms are part of international networks such as Lex Mundi and Lexis Nexis, and are regularly ranked on Chambers, Martindale-Hubbell or similar. They are well-versed in setting up the necessary corporate vehicles, preparation of offering documents and the regulatory procedures for licensing.
Professional Investor Funds

Eligibility of Investors

Investors must demonstrate that they possess the required expertise, experience and knowledge to make investment decisions and assess their risks. The conditions listed below are not cumulative, but at least one of the conditions must be satisfied:

**Experienced**
- At least one year experience in a professional position in the financial services sector or having been active in such types of investments.
- Reasonable experience in the acquisition or disposal of funds or instruments with similar risk profiles to that of the proposed PIF.
- Having carried out investment transactions of a significant size at a certain frequency.
- Any other appropriate justification.

**Qualifying**
- Person (or entity) must have net assets in excess of €750,000. If the PIF is established as a trust, this condition applies to the net value of the trust’s assets. Individuals must meet this threshold either on their own, or jointly with their spouse. This is a mandatory condition.
- Reasonable experience in investment decisions on funds with a similar risk profile and in instruments similar to the fund in question.
- A senior employee or director of service providers to the PIF.
- A relation or close friend of the promoters limited to 10 persons per PIF.

**Extraordinary**
- Person (or entity) must have net assets in excess of €1.75 million. If the PIF is established as a trust, this condition applies to the net value of the trust’s assets. Individuals must meet this threshold either on their own, or jointly with their spouse. This is a mandatory condition.
- A senior employee or director of service providers to the PIF.
- The investor qualifies as a PIF promoted to extraordinary investors.
- A body corporate or partnership wholly-owned by persons or entities satisfying any of these criteria that is used as an investment vehicle by such persons or entities.

**Types of Professional Investor Funds**

A Professional Investor Fund is an alternative investment fund. There are three different types of PIFs:

- **PIFs promoted to experienced investors:** with a minimum investment of €500k or equivalent, are subject to some investment restrictions (other than in the case of property funds), unlimited leverage, appointment of a Custodian is not mandatory (provided assets are subject to adequate safekeeping arrangements), and must issue an Offering Document; and

- **PIFs promoted to qualifying investors:** with a minimum investment of €750k or equivalent, with no investment restrictions, unlimited leverage, appointment of a Custodian is not mandatory (provided assets are subject to adequate safekeeping arrangements), and can issue a simplified marketing document in lieu of a more detailed offering document.

- **PIFs promoted to extraordinary investors:** with a minimum investment of €7.5 million, if the PIF is established as a trust, this condition applies to the net value of the trust’s assets. Individuals must meet this threshold either on their own, or jointly with their spouse. This is a mandatory condition.

The underlying assets in which these funds can invest range from transferable securities, private equity, immovable property and infrastructure, to the more complex asset classes pertaining to the world of debt financing and derivatives. In fact, a Professional Investor Fund is mainly used for hedge fund set-ups.

Benefits of PIFs

**Greater flexibility.** Since PIFs are not intended for the general public, but for professional or wealthy investors, they are not burdened with the restrictions usually imposed on retail funds, therefore offering greater flexibility.

**No investment restrictions.** PIFs benefit from not being subject to investment restrictions (apart from PIFs sold to experienced investors, which have certain investment restrictions).

**Fast-track licensing process.** Provided all documents are submitted to the MFSA, the authority shall issue an ‘in principle’ approval to the promoters of the fund within a reasonable time period, usually between two to three months, depending on the complexity of the structure.

**Possibility of self-management.** PIFs may be self-managed without the need to appoint a third-party manager. This means promoters have the option to use a self-managed fund without the need to have a presence in Malta. The management of the fund would be undertaken by an investment committee. Self-managed funds are subject to particular rules regarding the composition of the board members and the investment committee, as well as share capital requirements.

**Free choice of service providers.** Contrary to other fund jurisdictions, PIFs do not need to appoint a manager, custodian (except for PIFs targeting experienced investors), administrator or any other service provider who is licensed in, or who has otherwise exercised passporting rights into Malta. The MFSA also accepts any service provider licensed in a recognised jurisdiction (EU, EEA and OECD members as well as some other countries that are considered as having EU equivalent rules). This allows clients to continue using the services of any external service provider with whom they might already have a professional history.

**Low qualification entry levels.** €10,000 for experienced investors.

**Shariah-compliant funds.** Malta offers PIFs compatible with Islamic funding structures and financing vehicles, e.g. Ijarah and Murabahah funds.
### Key Features of PIFs

<table>
<thead>
<tr>
<th>Condition</th>
<th>Experienced</th>
<th>Qualifying</th>
<th>Extraordinary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structures</td>
<td>Mostly open- or closed-ended investment companies, but unit trusts, contractual funds and limited partnerships can also be used</td>
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<tr>
<td>Regulated by</td>
<td>Investment Services Act</td>
<td>Investment Services Act</td>
<td>Investment Services Act</td>
</tr>
<tr>
<td>Service Provider</td>
<td>Must be based in Malta or in a recognised jurisdiction.</td>
<td>Must be based in Malta or in a recognised jurisdiction.</td>
<td>Must be based in Malta or in a recognised jurisdiction.</td>
</tr>
<tr>
<td>Fund Manager</td>
<td>Optional. Self-managed PIFs allowed. Manager may also act as administrator.</td>
<td>Optional. Self-managed PIFs allowed. Manager may also act as administrator.</td>
<td>Optional. Self-managed PIFs allowed. Manager may also act as administrator.</td>
</tr>
<tr>
<td>Fund Administrator</td>
<td>Optional</td>
<td>Optional</td>
<td>Optional</td>
</tr>
<tr>
<td>Custodian/Prime Broker</td>
<td>Required. Must be independent from fund manager.</td>
<td>Optional. Provided there are adequate safekeeping arrangements. Where appointed, custodian does not need to be based in Malta.</td>
<td>Optional. Provided there are adequate safekeeping arrangements. Where appointed, custodian does not need to be based in Malta.</td>
</tr>
<tr>
<td>Investment Advisor</td>
<td>Optional</td>
<td>Optional</td>
<td>Optional</td>
</tr>
<tr>
<td>Compliance Officer</td>
<td>Optional. May also act as money laundering reporting officer (MLRO).</td>
<td>Required. May also act as MLRO.</td>
<td>Required. May also act as MLRO.</td>
</tr>
<tr>
<td>Money Laundering Reporting Officer</td>
<td>Optional. Provided there are adequate safekeeping arrangements. Where appointed, custodian does not need to be based in Malta.</td>
<td>Required - Not required if fund does not promote and market its own units/shares.</td>
<td>Required - Not required if fund does not promote and market its own units/shares.</td>
</tr>
<tr>
<td>Local Representative</td>
<td>Optional</td>
<td>Required if all officials and service providers are established abroad.</td>
<td>Required if all officials and service providers are established abroad.</td>
</tr>
<tr>
<td>Auditor</td>
<td>Required</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>Net Worth of Investors</td>
<td>€750,000 (or other conditions)</td>
<td>€750,000 (or other conditions)</td>
<td>€7.5 million (or other conditions)</td>
</tr>
<tr>
<td>Offering and Marketing Documents</td>
<td>Must prepare an offering document.</td>
<td>Must prepare an offering document.</td>
<td>Must prepare either a brief offering document or a brief marketing document.</td>
</tr>
<tr>
<td>Listing</td>
<td>Optional</td>
<td>Optional</td>
<td>Optional</td>
</tr>
<tr>
<td>Borrowing Limits</td>
<td>100% of NAV in respect of borrowing used for investment purposes and leverage through derivatives. Unlimited borrowing for temporary liquidity.</td>
<td>Unlimited borrowing for temporary liquidity.</td>
<td>Unlimited borrowing for temporary liquidity.</td>
</tr>
<tr>
<td>Diversification</td>
<td>Fund of hedge funds must invest in at least five hedge funds.</td>
<td>Fund of hedge funds must invest in at least five hedge funds.</td>
<td>Fund of hedge funds must invest in at least five hedge funds.</td>
</tr>
<tr>
<td>Minimum Entry Level</td>
<td>€/ US$ / £ 10,000</td>
<td>€/ US$ / £ 75,000</td>
<td>€/ US$ / £ 750,000</td>
</tr>
<tr>
<td>Annual Report</td>
<td>Must be submitted with a Custodian’s report.</td>
<td>Must be submitted. Custodian’s report is not required.</td>
<td>Must be submitted. Custodian’s report is not required.</td>
</tr>
<tr>
<td>Setup Time</td>
<td>Approximately two to three months.</td>
<td>Approximately two to three months.</td>
<td>Approximately two to three months.</td>
</tr>
</tbody>
</table>

### Other features applicable to all PIFs:

- **Reporting Requirements**
  - Half-yearly Report
  - Annual Report
  - Compliance Report

- **Application Fees and Expenses**
  - Application fee for a preliminary indication of acceptability: €600

- **Application for a licence of a PIF**
  - €1,500 per scheme
  - €1,000 per sub-fund
  - €1,500 per incorporated cell

- **Supervisory Fee**
  - €1,500 per scheme
  - €500 per sub-fund
  - €1,500 per incorporated cell
UCITS Schemes

Malta is already home to a number of UCITS, with the UCITS IV provisions further enhancing the country’s domicile appeal.

UCITS (Undertakings for Collective Investment in Transferable Securities) are harmonised European retail fund products that can operate throughout the EU on the basis of a single authorisation from one member state provided that it follows certain notification procedures. UCITS offer a high degree of investor protection and are recognised by regulators worldwide. They can be marketed to both retail and institutional investors.

**UCITS usually invest in transferable securities such as:**

- Shares in companies and other securities including transferable securities such as:
  - UCITS usually invest in worldwide. They can be marketed to both and are recognised by regulators offer a high degree of investor protection through certain notification procedures. UCITS member state provided that it follows harmonised European retail fund products. UCITS can operate throughout the EU on the basis of a single authorisation from one member state provided that it follows certain notification procedures. UCITS offer a high degree of investor protection and are recognised by regulators worldwide. They can be marketed to both retail and institutional investors.

**Key Features of UCITS based in Malta**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structures:</strong></td>
<td>Mostly open-ended investment companies, but unit trusts, contractual funds and limited partnerships can also be used.</td>
</tr>
<tr>
<td><strong>Regulated by:</strong></td>
<td>Investment Services Act</td>
</tr>
<tr>
<td><strong>Permitted Business:</strong></td>
<td>Schemes may offer units to the general public in Malta and in any other EU or EEA state.</td>
</tr>
<tr>
<td><strong>Fund Promoter:</strong></td>
<td>The promoter (generally the Investment Manager) is responsible for the fund’s structure, set up, strategy and distribution. There are no eligibility requirements for the promoter of a Malta UCITS.</td>
</tr>
<tr>
<td><strong>Corporate Requirements:</strong></td>
<td>- The scheme's head office and registered office shall both be established in Malta; - The board of directors must be composed of a minimum of two directors, at least one independent from the manager and the custodian. Self-managed schemes shall have at least one Maltese resident director; - There is a requirement for local substance depending on the fund structure.</td>
</tr>
<tr>
<td><strong>Custodian:</strong></td>
<td>Required. Must be a licensed institution or such other body or association acceptable to the MFSA with an established place of business in Malta.</td>
</tr>
<tr>
<td><strong>Administrator:</strong></td>
<td>Optional. - Where an administrator is not appointed, the manager is responsible for the administration of the scheme; - Where appointed, the administrator must be a recognised administrator; - Must be different from the custodian; - Services can include valuation, transfer agency and registrar, corporate secretariat and listing agent.</td>
</tr>
<tr>
<td><strong>Fund Manager:</strong></td>
<td>Optional. - Fund may be self-managed or may appoint a management company approved by the MFSA; - Must have sufficient financial resources and liquidity at its disposal; - Must demonstrate sufficient and relevant experience; - Roles, responsibilities and experience must be described in the fund prospectus.</td>
</tr>
<tr>
<td><strong>Investment Advisor:</strong></td>
<td>Optional. - Must have sufficient financial resources and liquidity at its disposal; - Must demonstrate sufficient and relevant experience.</td>
</tr>
<tr>
<td><strong>Compliance Officer:</strong></td>
<td>Required</td>
</tr>
<tr>
<td><strong>Money Laundering Reporting Officer:</strong></td>
<td>Required</td>
</tr>
<tr>
<td><strong>Auditor:</strong></td>
<td>Required. - Must be approved by the MFSA; - Responsible for certifying the fund’s annual report and accounts, which should include an audit report.</td>
</tr>
<tr>
<td><strong>Licence Application:</strong></td>
<td>Documents required, amongst others: - Constitutional documents; - Maltese UCITS are required to draw up a Key Investor Information Document (KIID) in accordance with UCITS IV rules; - Details on all service providers involved; - Agreements with the fund’s service providers; - Personal Questionnaire and curriculum vitae of the directors; - Business plan covering three years; - Marketing plan; - Other documents affecting rights of members.</td>
</tr>
<tr>
<td><strong>Supervisory Fees:</strong></td>
<td>Application for a licence - €2,000 per scheme - €250 per sub-fund up to 16 sub-funds - €2,000 sub-fund in the form of an IC</td>
</tr>
<tr>
<td><strong>Reporting Requirements:</strong></td>
<td>- Monthly statistical return to the MFSA; - Half-yearly compliance reports; - Annual reports.</td>
</tr>
<tr>
<td><strong>Capital Requirement:</strong></td>
<td>- Third-party managed: €235,000 (if formed as a company) - Self-managed: not less than €100,000</td>
</tr>
</tbody>
</table>

**Why Malta**

- **Licence Application:**
  - €2,500 per scheme
  - €450 per sub-fund up to 15 sub-funds
  - €2,500 per scheme
  - €2,000 sub-fund in the form of an IC

**Benefits of Malta-based UCITS**

- **EU passporting rights:** UCITS established in Malta can be marketed in all EU/EEA member states.
- **Up-to-date regulatory framework:** Malta is ranked first for transposing EU directives into national law.
- **Economies of scale:** Larger distribution network that can be achieved through a UCITS scheme results in a reduction in costs for investment.
- **Structuring opportunities:** Possibility to set up umbrella funds, allowing different sub-funds and share classes.
- **Lower costs:** Cheaper set-up and running costs.
- **Flexible regulator:** The MFSA combines a high standard of regulation with an efficient response to industry needs. Every licence is subject to standard conditions. These standard conditions can be adapted to suit specific circumstances as long as standards are not compromised.

**License Application:**

- €2,500 per scheme
- €150 per sub-fund for 16 sub-funds or more
- €400 per sub-fund up to 15 sub-funds or more
- €2,500 per scheme

**Regulatory Fees:**

- €2,000 per scheme
- €450 per sub-fund up to 15 sub-funds
- €2,500 per sub-fund for 16 sub-funds or more
- €2,000 sub-fund in the form of an IC

**Supervisory Fees:**

- €2,500 per scheme
- €400 per sub-fund up to 15 sub-funds
- €2,500 per sub-fund for 16 sub-funds or more
- €2,500 sub-fund in the form of an IC
Expat Residency

Malta offers a unique lifestyle of unsurpassed quality which combines comfort with luxury, the modern and the traditional, and work with pleasure. On top of that, Malta has recently introduced new programmes which offer special benefits to foreigners wishing to move to the island.

Three Different Schemes

Malta recently introduced three different incentives targeting different groups. The Malta Retirement Programme (MRP) is designed to attract pensioners, the High-Net-Worth Individuals Rules shape Malta as a favourable residency location for affluent foreigners and the Highly Qualified Persons Rules aim to entice professionals to work in Malta’s economy. Conditions and requirements of these programmes vary.

Malta offers the perfect luxury expat destination for anyone looking for an unpretentious, beautiful and refreshingly affordable destination. Leveraging a rich legacy of historical buildings and magnificent architecture, Malta boasts an abundance of lifestyle properties, ranging from sea-front apartments to exclusive villas with pool. This makes it easy for applicants who have to purchase property in Malta as part of the eligibility criteria of a programme to find the right property.

Malta Companies

A Malta Company is the ideal vehicle for a number of activities, ranging from property ownership to the management of eCommerce activities and licensed financial services provision.

Incorporating a company in Malta is relatively easy and only takes a couple of days. The Maltese legal structure is a hybrid system of Civil and Common law. While it is based on the civil law pattern of continental Europe, most administrative and fiscal legislation is constructed on the British model. This offers Malta a particular advantage in company formation as practitioners have a cultural affinity with both systems and can easily bridge the gap between continental European and Anglo (UK) legal frameworks. The incorporation procedure usually takes one week.

Key Features of Malta Companies

- **Company Law:** Companies Act 1995. Type of Company: Private and Public Limited Liability Company Language of Legislation and Corporate Documents: English Exchange Control: No Length of Time to Incorporate: approximately 1 week Government Registration Fee: There is a minimum registration fee, payable to the Registry of Companies of €145 (registration in paper) or €20 (registration in electronic format). This increases in proportion to the amount of authorised share capital of the company Shelf Companies Available: No

Corporate Names

- **Name Restrictions:** Names identical or similar enough to create confusion, offensive or otherwise undesirable Endings and Abbreviations Required: “Private Limited Company”, “Limited” or its abbreviation ‘Ltd.’ Length of Time to Verify Name Availability: Less than 24 hours depending on name similarity Reservation of Names Permitted: Yes Language of Name: Any language using the Latin alphabet

Capital and Shareholders

- **Minimum Number of Shareholders:** 2 (there are exceptional circumstances where one member is permitted) Corporate Shareholders Permitted: Yes Local Shareholders required: No Disclosure of Shareholders: Yes (Anonymity can be retained through a licensed Fiduciary or Trustee) Minimum Authorized Shares to be Issued: €1,164.69 (one thousand one hundred and sixty four euro & sixty nine cents) Bearers Shares Permitted: No Registered Shares Permitted: Yes

Directors and Company Secretary

- **Minimum Number of Directors:** 1 (there is no minimum retirement age) Minimum Number of Company Secretaries: 1 Corporate Directors Permitted: Yes Corporate Company Secretary Permitted: No Local Directors / Company Secretary Required: No Disclosure of Directors / Company Secretary: Yes Appointment of Subsequent Directors / Officers: Yes

Meetings

- Annual General Meeting of Shareholders Required: Yes – notice to be given to every member of the company and its auditor Annual General Meeting of Directors Required: No Location of Directors and Shareholders Meetings: Malta - for place of effective control & management Adoption by Consent Permitted: Yes Quorum Required for Purpose of Meetings: 2 members personally present shall be a quorum in so far as the articles of the company do not contain other provisions. Meanwhile, if any business is to be transacted at a meeting, the quorum stands at: a member or members holding in the aggregate at least one tenth of the paid up share capital of the company and who hold the right to attend and vote at meetings. In this case, a proxy for a member will be taken into consideration in determining the quorum.

Local Requirements

- **Registered Office/Agent:** Yes / No Register of Directors / Officers to be kept at Registered Office: Yes Company Seal Required: No Copy of Minutes to be kept at Registered Office: Yes, or at any such place as may be specified in the memorandum of articles Copy of Share Register to be kept at Registered Office: Yes, or at any such place as may be specified in the memorandum and articles

Annual Requirements

- **Minimum Annual Government Fee or Franchise Tax:** Registration of an annual return, €193.06 where the authorised share capital of the company does not exceed €1,000,000. Requirement to File Annual Return: Yes (42 days after the date to which it is made up) Requirement for Financial Audited Accounts: Yes Requirement to file Financial Statements: Yes (ten months after the end of the relevant accounting reference period + 45 days) Requirement to File Tax Return: Yes

Other Relevant Information

- **Place of Effective Control:** Malta - for place as may be specified in the memorandum of articles

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FinanceMalta investor guide series wealth management
Retirement Schemes in Malta

Malta has established itself as a centre for the management and administration of pension plans and industry experts expect substantial growth in the months and years ahead.

Special Funds Act

The establishment and operation of retirement schemes in Malta is governed by the Special Funds (Regulation) Act 2003. This Act also provides for the establishment of retirement funds which can be used as pension-pooling vehicles. This regulatory framework, which requires the registration and on-going supervision of pension schemes, as well as service providers and scheme administrators, investment managers and custodians by the Malta Financial Services Authority (MFSA), already makes Malta an attractive safe haven for accrued pension funds for expatriates living around the globe.

Home for UK pensions

The strength of Malta’s reputation as a base for the international pension market has recently been reinforced, especially for UK pensions. Retirement schemes established in Malta and regulated by the MFSA can apply for self-certification with Her Majesty’s Revenue and Customs (HMRC) in the UK as Qualifying Recognised Overseas Pension Schemes (QROPS). This certification results in tax efficiencies for UK non-residents who wish to transfer their funds to international plans.

New Legislation

To further facilitate the provision of cross-border pension schemes, the Maltese Parliament recently enacted the Retirement Pensions Act which is not yet in force. The Retirement Pensions Act, which is intended to regulate retirement schemes, retirement funds and the service providers related thereto, shall replace the current Special Funds (Regulation) Act. This new legislation, drafted by the MFSA, aims to solidify the regulatory and legislative framework relative to both occupational and personal pension plans and sets out a framework for pension schemes that will go further to attract multinationals, European employers, high-net-worth individuals and wealthy expatriates to base their pension provisions in Malta and benefit from a well-regulated, cost-competitive structure.

As a member of the EU, Malta provides a pan-European platform that is secure, well regulated, and innovative. Backed up by a professional support structure and an experienced skill base, Malta has anticipated new pensions legislation is widely expected to be well received internationally and industry insiders are keeping a sharp focus on the provision of international pensions as the next major development in the jurisdiction’s financial services offerings.

Pensions and Retirement Schemes

- Retirement schemes and retirement scheme administrators are licensed and their activities are fully regulated by the Malta Financial Services Authority (MFSA).
- Due to Malta’s EU membership, companies established in other EU member states can sponsor occupational schemes established in Malta.
- Fees for the administration and management of the scheme are comparatively lower than in other jurisdictions.
- A strong regulatory framework established by law and the MFSA ensures the integrity of the plan and peace of mind for the scheme’s members.
- Legislation allows for a number of customised structures that suit the requirements of individuals or international businesses.
- Malta satisfies the current HMRC requirements, enabling Malta retirement schemes to self-certify in terms of the UK’s QROPS legalisation.

Banking

With bank resiliency high on investor’s agendas, Malta’s banking sector has attracted attention as a secure location to manage wealth. The country’s banking infrastructure caters for all levels of wealth from the mass affluent to the ultra-high-net-worth individual, requiring the more personalised services of a private banker.

The Maltese banking sector has changed significantly over the last 15 years. It has developed from four retail banks serving the local population to an EU- compliant industry sector of world-class sophistication with 27 credit institutions. All in all, institutions from some 16 countries including Australia, Austria, Bahrain, Belgium, Greece, Portugal, Turkey, Cyprus, Finland, Italy, Kuwait, Switzerland, and the UK, have set up operations in Malta.

Sound and Conservative

The country’s banks suffered no systemic shocks or failures during the financial crisis and the sector has been ranked as the 13th soundest in the world by the World Economic Forum’s Competitiveness Index 2012-2013. Malta has a deep-rooted conservative approach to banking which supports the stability of the sector. Bank funding in Malta depends on retail deposits, not wholesale borrowing, and has over the years stuck to the conventional banking approach based on old fashioned intermediation between retail depositors and borrowers. Maltese banks do not rely on wholesale funding to support lending and maintain substantial liquidity and adequate capital based on prudent lending policies.

Private Banks

Malta’s key location at the centre of the Mediterranean has made it one of the top locations for wealth management services and family offices from the region. Specialist wealth managers such as Mediterranean Bank are offering Swiss-style private wealth management, while foreign banks such as Akbank T.A.S., Sparkasse, Volksbank, RAWAG and Raiffeisen all offer management solutions. In addition, retail banks such as Bank of Valletta, Banif and HSBC also provide professional financial advice and products to high-net-worth, corporate and institutional clients.

Investment Banking

Malta banks are well placed to serve the growing fund sector. With more than 150 funds already licensed by the MFSA, the country’s banks have a strong track record in setting up and managing different investment vehicles for institutional and individual investors ranging from mutual and real estate funds to pension funds, as well as other investment and financing products and services such as M&A advisory, equity and debt capital markets and the provision of tailor-made discretionary portfolio management services.

HSBC, one of the world’s largest global custodians, is present on the island. Bank of Valletta, Mediterranean Bank, Sparkasse Bank Malta, Deutsche Bank and Custom House also hold custody licences in Malta. In addition to the banks, a number of investment management companies provide services to investors and have strong relationships with international custodians.

Benefits of Banking in Malta

- Around 60 double taxation treaties
- Secure location for savings and assets.
- The country’s banking sector has been judged the 13th soundest in the world
- Malta’s banking industry is diverse and provides a wide range of services, including custodian banking, trade and project finance as well as specialist wealth management services.
Real Estate

In the past few years, Malta has become one of the most sought-after locations in Europe for foreign nationals seeking to purchase homes as an investment or for relocation purposes. Buying property in Malta has traditionally produced a very attractive return for investors. Unlike other Mediterranean countries, Malta’s property market has not collapsed in recent years, although prices have dropped slightly. Steady demand from local and foreign buyers and the fact that land is limited by the size of the island have continued to act in favour of property being a solid long-term investment. In fact, the dip in prices has put buyers in a very comfortable situation, providing a choice of high-quality properties at reasonable prices.

Villas, Farmhouses and Palazzos

From exclusive villas with swimming pools to modern apartments with a stunning sea view or traditional properties such as farmhouses in rural areas and townhouses or restored palazzos located in Valetta and its surroundings, buyers are finding that all tastes are catered for. Malta’s status as a member of the European Union and the eurozone makes it even more attractive to foreign nationals from EU member states, including all of the countries of the European Union in terms of GDP growth. Malta’s economy is stable and one of the best performing economies in the European Union in terms of GDP growth.

Five-Star Projects

The last few years have seen a large number of high-profile developments taking place. The properties currently being built in Malta reflect the new philosophy filtering across all areas of economic activity: high value-added is the order of the day. In the context of real estate, this means building five-star properties with five-star price tags. These multiple major construction projects are worth an estimated €5.45 billion and will add some 5,600 new residential properties as well as many commercial and leisure units to the Maltese real estate market. Major projects include Portomaso, Tigne Point, Pendergardens, Metropolis, and Fort Cambridge. These up-market developments turn Malta into an attractive option for lifestyle buyers and investors.

Buying Property in Malta

Purchasing real estate in Malta is a straightforward process consisting of the following steps:

1. Promise of sale: Once a property has been chosen and price and conditions have been agreed, a promise of sale agreement is signed between the vendor and purchaser. At this point an amount equivalent to 1 per cent stamp duty as well as a 10 per cent deposit on the total purchasing price are paid by the buyer. This deposit will be forfeited in favour of the vendor should the purchaser fail to complete the final deed of transfer for no valid reason at law. The agreement is usually valid for three months or as agreed by the parties.

2. Notarial investigations: During this period, a notary will carry out the necessary research into the property to confirm good title.

3. Final contract: Once clear title to the property has been established, the final contract of sale may be entered into. The deed of sale being drawn by the notary will be registered in the Public Registry. The balance of the purchase price and a further 4 per cent stamp duty on the sale is to be paid on the publication of the contract.

Benefits of Investing in Property

Malta’s economy is stable and one of the best performing economies in the European Union in terms of GDP growth. A good selection of luxury property is available. A number of developments have been earmarked by the local authorities as Special Designated Areas (SDA), where there are no restrictions on acquisition for foreigners.

Conditions for non-Maltese Citizens

Buying a primary residence: Non-EU citizens can acquire real estate in Malta only after obtaining a permit for the acquisition of immovable property (AIP permit) from the Ministry of Finance, unless they purchase property in Special Designated Areas (SDA). All major lifestyle complexes are Special Designated Areas. EU citizens, who have not resided in Malta for at least five years, but have the intention of purchasing their primary residence i.e. take up residence in Malta, do not require a permit. EU citizens who have resided in Malta continuously for a minimum period of five years before the date of acquisition can acquire more than one immovable property without the necessity of obtaining a permit.

Buying a second home: Citizens of all EU member states, including Maltese citizens who have not resided continuously in Malta for a minimum period of five years require an AIP permit to acquire immovable property for secondary residence purposes.

Foreigners (EU and non-EU) may purchase any number of units within developments located in Special Designated Areas without the need for an AIP permit. Hence, such purchases are not governed by any of the above mentioned conditions.
Yachts & Aircraft Registration

Malta also offers alternative wealth management tools such as favourable conditions for the registration of ships and aircraft.

Yachts and Pleasure Boats
The Malta flag is one of the largest flag fleets in Europe. All types of vessels, including pleasure yachts, can be registered in the name of legally-constituted corporate bodies or entities, irrespective of nationality, or by European Union citizens (for pleasure yachts only).

Malta is an especially attractive base for super yachts. The owners of more than 250 super yachts (vessels over 30 metres in length) have already chosen Malta as a base for their yachts in order to take advantage of the location of the country and the cost-effective services provided by marinas and ancillary companies.

Registration as Commercial Yacht
Under the Commercial Yacht Code small yachts and super yachts, which do not carry cargo and do not carry more than 12 passengers, can be registered as commercial yachts. If such a Maltese registered vessel is owned, chartered or managed, then no income tax is due in Malta on or in relation to the ownership, operation or management of the yacht. Instead, the owner, charterer or manager has to pay an annual tonnage tax that is calculated according to the size of the vessel.

Yacht Leasing Structure
As far as yachts which are not commercially registered are concerned, the Maltese VAT guidelines address scenarios where a Maltese company purchases a pleasure yacht and enters into a ‘lease-sale’ of the yacht with a third party. The aim of this structure is to enable owners to pay VAT on their yachts calculated on the percentage of the time that the vessel is deemed to sail in EU waters – based on the assumption that the larger the yacht, the less time it stays there. For example, a 24-metre sailing boat or motor yacht is presumed to spend only 30 per cent of its time in EU waters and thus, VAT (at 18 per cent) should only be calculated at 30 per cent of the lease fee paid. The VAT department in Malta has issued guidelines which contemplate the deemed usage percentage in EU waters and reduces the effective VAT rate up to 5-4 per cent.

Benefits of Registration of Ships and Yachts under the Maltese Flag:
An internationally-recognised and reputable jurisdiction;
EU compliant legislation;
Clear technical rules;
A well-organised and efficient Commercial Yacht registration system;
Low registration costs for commercial yachts;
Efficient holding and administrative structures.

Private Aircraft Registration
Building on the success of its ship and yacht registration centre, Malta is establishing itself as a location for the registration of aircrafts. The Maltese aircraft register was first established in the 1960s, however, the country introduced a new Aircraft Registration Act in 2010, which streamlines and sets a defined legal framework to regulate aircraft registration in Malta. It also widens registration possibilities for aircraft not used for air service and implements the Cape Town Convention, now widely recognised as a market standard in aircraft finance transactions.

The legislation also provides for modern trends in aircraft ownership for business and private jets and pays specific consideration towards fractional ownership and the ownership of aircraft by trusts. In addition, it creates the possibility to register an aircraft while it is still under construction.

Applications for aircraft registrations are to include particulars and evidence relating to the aircraft, the ownership, acquisition, chartering and operation thereof and the qualifications of the registrant. The Maltese Aircraft Registration Act is fully compliant with EU legislation and allows the following persons/entities to register an aircraft in Malta:

- Citizens of EU or EEA member states, or Switzerland with a place of residence or business in the EU, the EEA or Switzerland.
- An undertaking formed and existing in accordance with the laws of Malta, a member state of the EU, the EEA or of Switzerland. The undertaking (which must be owned and controlled to at least 50% by EU/EEA/Swiss citizens or by an EU member state government) must have its registered office, central administration and principal place of business in the EU, the EEA or Switzerland.
- A natural person who is a citizen of or an undertaking established in an approved jurisdiction other than those referred to above. These shall be qualified to register an aircraft in construction or one which is not used to provide air services provided they satisfy certain conditions.
Malta’s professional service providers are internationally renowned for the excellence of their service and are well positioned to offer meaningful support and strategic guidance in the field of wealth and asset management.

**Legal Services**

High-net-worth individuals require legal advice that is as sophisticated as their business and investment interests and never loses sight of their goals. Malta’s legal profession is long-established and a large number of law firms operate on the island. They are regularly listed in Chambers, Legal 100, and other directories. All the leading international firms have a presence in Malta through associate links with local law firms. They can assist in the establishment of the necessary corporate vehicles in Malta, the set-up of trusts or foundations or the licensing of investment funds, amongst many other services.

**Accountancy and Audit**

The wealth management business in Malta is strongly supported by a large range of accounting and auditing practitioners ranging from small boutique practices to the global big four accountancy firms. There are many consultants on the island providing business advisory, back office support and other services. Fees for professional services are generally lower in Malta and are around two-thirds of those charged in other Western European locations.

**Investment Advisors:**

With approximately 120 investment services firms licensed in Malta, individuals or corporates seeking assistance in the management of their assets are spoilt for choice. As Malta’s regulations do not require an investment advisor to be based in Malta (e.g. in the fund sector), high-net-worth individuals can benefit from the flexibility to work with companies or individuals with whom they already have an established business relationship. However, many professionals and individuals are increasingly making use of services provided by local companies and find services of equal quality to that found in other wealth management centres, but at a substantially reduced cost.

**Family Offices:**

Family offices and multi-family offices have discovered Malta as an alternative wealth management centre. A number of family offices have already transferred their operations to Malta, while local service providers are extending their offerings and started to manage the affairs of high-net-worth individuals and families. The key reasons for this are:

- The wide range of investment vehicles ranging from trusts and foundations to investment funds and the combination of these structures provides family planners with the required tools to manage the wealth, business and personal interests of their clients.
- The country’s EU-harmonised legislation provides an advantageous operating framework for family offices, including a tax regime that is EU and OECD-approved. While its position at the centre of the Mediterranean also offers family offices a strategic location to develop and expand further into other countries in the Mediterranean basin.
- With a sound banking system, a reputable stock exchange and a pool of legal and financial advisors, Malta offers the right conditions for family wealth planning. Whether serving as a base for family offices, a residency option for the family itself or as a location offering partner services to family offices worldwide.

**Corporate Tax**

Malta offers a highly efficient fiscal regime which avoids double taxation on taxed company profits distributed as dividends. Malta companies are taxed at a rate of 35 per cent. However, a full imputation system applies to the taxation of dividends, whereby the tax paid by the company is imputed as a credit to the shareholder receiving the dividend. Following the distribution of a dividend, shareholders are also entitled to claim a tax refund of 6/7ths of the relevant tax paid in respect of trading income and 5/7ths of the relevant tax paid in the case of passive interest and royalties. The refund is reduced to 2/3rds where the distributing company claims double taxation relief.

Income and gains from a participating holding (where a company holds directly at least 10 per cent of the equity shares of a non-resident company, or meets certain other criteria) are exempt from tax. Alternatively, instead of claiming this exemption, a company can choose to pay tax at the normal tax rate and then receive a full refund of the tax paid upon a distribution of dividends.

Malta’s tax system has been deemed by the European Commission to be compliant with EU non-discrimination principles and has also gained approval from the OECD.

**Taxation in Malta**

**Basis of Taxation**

A company incorporated in Malta is considered to be ordinarily resident and domiciled in Malta and is subject to tax on its worldwide income and capital gains.

A company incorporated outside Malta is considered to be resident in Malta if its management and control is exercised in Malta. But as the company is not domiciled in Malta, it is subject to tax on income arising in Malta and on foreign income (but not capital gains) that it receives in Malta.

A company that is not incorporated nor managed or controlled in Malta is subject to income tax only on income and capital gains arising in Malta.
Double Taxation Treaties
Malta has signed agreements for the avoidance of double taxation with over 60 countries. The Maltese tax system also includes Commonwealth relief, unilateral relief and the flat rate foreign tax credit, thereby ensuring that income arising from overseas is not subject to double taxation, even if there is no double taxation agreement in force.

Highly Qualified Professionals
To attract highly qualified personnel to the financial services industry, Malta has introduced a new incentive scheme in 2011 targeting well-paid foreign executives.

- Individuals who have their domicile outside of Malta and who are employed in senior positions with a company that is licensed or recognised by the Malta Financial Services Authority to conduct financial business in or from Malta, can benefit from a flat personal income tax rate of 15 per cent on income up to €5 million euro.

- Any income over €5 million will be tax-free.

- To qualify for this tax incentive the employee must earn a minimum of €75,000 per year, amongst other criteria.

The Highly Qualified Persons Rules 2011 apply to the following executive positions, amongst others: Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Chief Operations Officer, Chief Technology Officer, Portfolio Manager, Chief Investment Officer, Senior Trader/Trader, Senior Analyst (including Structuring Professional), Actuarial Professional, Chief Underwriting Officer, Chief Insurance Technical Officer, Head of Marketing and Head of Investor Relations.

EU nationals can benefit for an unlimited period from the reduced tax rate, EEA and Swiss nationals for a period of five consecutive years, while third-country nationals for four consecutive years. These periods commence in the year in which the recipient of the benefit/the professional first becomes liable to tax in Malta.

Individuals are taxed on the following basis:
A person who is ordinarily resident and domiciled in Malta is subject to tax on his worldwide income and capital gains.

A person who is resident but not domiciled in Malta is taxed on income and capital gains arising in Malta and on foreign income (but not foreign capital gains) received in Malta.

Non-resident individuals are subject to tax on income and capital gains arising in Malta.

EU nationals can benefit for an unlimited period from the reduced tax rate, EEA and Swiss nationals for a period of five consecutive years, while third-country nationals for four consecutive years. These periods commence in the year in which the recipient of the benefit/the professional first becomes liable to tax in Malta.
Travel & Living

Malta’s mild climate and sparkling blue seas make for a business environment that is second to none: compact but cosmopolitan, sophisticated but stress-free. In today’s hectic world, Malta offers the perfect balance between work and relaxation. Long sunny days and beautiful surroundings provide for an enviable outdoor lifestyle, and with its short distances, you can wave goodbye to long commuting hours and enjoy the friendly company of a growing expat community.

Globally Connected

It just takes two to three hours flying time from most European cities to reach Malta International Airport (MIA), the island’s only airport. Regular flights are provided by Air Malta, Malta’s national airline, as well as other airlines such as Lufthansa, Emirates, Air France, Aegean, Air Malta, Austrian Airlines, Scandinavian Airlines, Ryanair, EasyJet and Spainair.

Five-star Luxury

International hotel chains such as Hilton, Radisson, Corinthia and Intercontinental are present in Malta. Superior accommodation is also offered at the Palace Hotel, the Phoenicia Hotel, the Westin Dragonara Resort or the five-star boutique hotel Xara Palace Relais & Chateaux. The main tourist centres are Sliema and St. Julian’s as well as Bugibba and Qawra.

Flavours of the Mediterranean

There are many restaurants in which to enjoy a pleasant Mediterranean evening: from smart city restaurants in Baroque palaces to family-run trattoria-style places or seafood fish restaurants, the choice is wide. Bacchus Restaurant in Mdina and Barracuda Restaurant in St. Julian’s are two of Malta’s best establishments.

Markets and Malls

Most international chains and brands have a presence in Malta. Exclusive boutiques also sell designer wear at relatively low prices. The main shopping districts are Sliema and Valletta, where one can also find shopping complexes and street markets. Shops are usually open from 9 am – 1 pm and 4 pm – 7 pm and most are closed on Sundays.

Best Climate in the World

Malta enjoys more than 300 days of sunshine during the year. The magazine ‘International Living’ has rated the country’s climate the best in the world. Summers are dry and warm and winters are mild with daytime temperatures usually above 12 degrees. Even in winter Malta enjoys an average of 5 to 6 hours of sunshine and more than 12 hours a day in summer.
Personal Financial Services

As a sophisticated finance centre, Malta offers a wide range of services and insurance and investment products for the personal needs of executives and managers moving to Malta. The country’s banks operate a strong network of ATMs and branches across the islands. All major cards are accepted. Malta is also part of SEPA, the EU’s Single Euro Payments Area.

Perfect Spots for Sports

Water sports are popular in Malta. The conditions for scuba diving and snorkelling are excellent, particularly as the sea temperature never drops below 13 degrees C (55 degrees F), even in winter. Malta has one golf course, located at the Royal Malta Golf Club. Gyms and football or water polo clubs can be found all over the island. Boating excursions are offered by Hera Cruises and Malta Yacht Charters Company.

Buzzing Entertainment Hub

The sea, cafés, restaurants, clubs, cinemas, theatres, sports clubs or gyms are almost always within walking distance of office complexes or residential areas. There are a wide range of festivals celebrated in Malta, the biggest one being the annual Carnival. In addition, every town or village in Malta celebrates the feast of its patron saint with a big outdoor festival.

Visa-free Travel in the Schengen Zone

Malta’s immigration laws are in line with EU policies. The country is part of the Schengen zone. EU nationals are free to work and live in Malta. Non-EU citizens can find details about visa-exempt countries and visa application procedures on the website of the Ministry of Justice and Home Affairs at www.mjha.gov.mt. Third-country nationals also require work permits to work in Malta.

Powering the Finance Centre

Energy and water supplies are stable. The energy and water requirements are catered for by Enemalta and the Water Services Corporation respectively. Oil is so far the only type of energy used for electricity generation, while recent years have also seen a move towards alternative sources. The electricity is 240 volts AC, 50 Hz, and plug types are the three-pronged British model.
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Bank of Valletta PLC
Bank of Valletta is the leading financial services provider in Malta, offering investment banking, private banking, fund management, insurance, risk management, and services to clients in the UK, the UAE, and several other countries. The Bank’s services are available via its website, mobile app, and physical branches.

Baker Tilly Sant
Baker Tilly Sant is a firm of accountants, auditors, and tax advisors providing services in 131 countries around the world, ensuring that our clients are well-informed and advised on any aspect of their international affairs.

Boston (Malta) Limited
Boston is an independent, privately-owned fiduciary services group with offices in Malta and the Isle of Man. Boston’s deep industry expertise, international experience, and local knowledge mean that we can provide the very best service to our clients.

Castille Resources
Castille is widely recognized as the leading financial recruitment firm in Malta, offering bespoke solutions to high-net-worth individuals, families, and corporate clients. Castille Resources delivers best in class talent through our Permanent Placement, Executive Search and Interim services.

Curmi & Partners Ltd
Curmi & Partners is a boutique wealth management provider. Our mission is to be the first and obvious port of call as an investment house operating in all spheres of the economy, both locally and overseas. Curmi & Partners is an independent member of Baker Tilly International, a worldwide association of leading accounting practices operating in 131 countries around the world, ensuring that our clients are well-informed and advised on any aspect of their international affairs.

FinanceMalta
FinanceMalta is an independent, privately-owned fiduciary services group with offices in Malta and the Isle of Man. FinanceMalta’s deep industry expertise, international experience, and local knowledge mean that we can provide the very best service to our clients.
Whether you're entering or already operating in the European markets, seeking succession planning, advice on tax-efficient structuring of business and personal assets, advice on tax residence, emigration and immigration, tax compliance services and dispute resolution with tax authorities.

ZETA is a privately held independent group of firms based in Malta offering targeted services which include but are not limited to: Family Office; Transaction Structuring; Company Incorporation; Corporate Administration & Management; Trusts, Foundations & Nominees; Insurance Advisory & Management. ZETA is targeted services which include but are not limited to: Family Office; Transaction Structuring; Company Incorporation; Corporate Administration & Management; Trusts, Foundations & Nominees; Insurance Advisory & Management.

FinanceMalta is the public-private initiative set up to promote Malta's International Financial Centre. Membership advantages include:

- Company listing on our website
- Participate in webinars & podcasts
- Opportunities to showcase your firm
- Business networking & educational events
- Complimentary passes to some of Europe's most important events
- Opportunity to take part in road shows, press briefings & workshops
- Access to market intelligence reports & branded marketing materials
- Opportunities to showcase your firm
- Business networking & educational events

What a great combination

your firm benefiting from membership to FinanceMalta
Malta
The culture of getting things done

Securely Regulated
Market Driven
Competitively Skilled