

DOING BUSINESS IN MALTA



ABOUT ECOVIS MALTA

Profile

We are a Malta-based firm specialising in tax advisory, accountancy, auditing and legal services.

ECOVIS Malta is a member of the International Ecovis Network. Through this network we are in a position to assist clients globally through the extensive network of professional advisors.

Our Vision

Our vision is reflected in our drive to provide a holistic, tailored, high value consultancy service, based on years of professional experience.

We are committed to delivering effective solutions, expert advice and comprehensive support of the highest standard, to all our clients, in a timely manner.

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ECOVIS INTERNATIONAL

Origins

ECOVIS International amongst the top 20 accounting and consulting network worldwide by combined fee income of its independent member firms. It is represented in over 80 countries and employs about 9,000 people worldwide.

ECOVIS clients tend to be mainly mid-sized firms. Both locally and internationally, the ECOVIS one-stop-shop concept ensures all-round support in legal, fiscal, managerial and administrative issues.

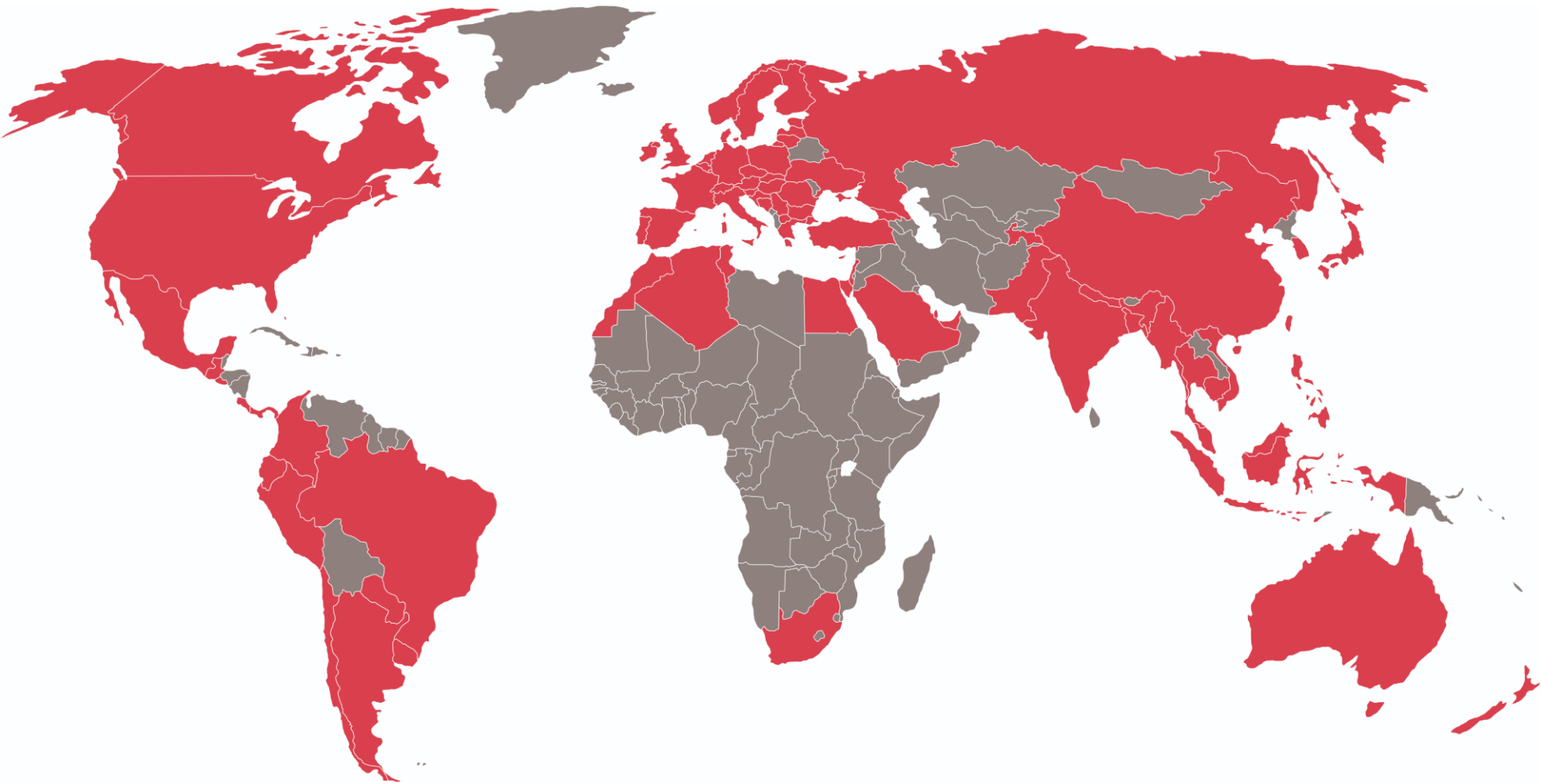
The name ECOVIS, a combination of the terms economy and vision, expresses both its international character and its focus on the future, and growth.

Strength

The particular strength of Ecovis lies in the combination of personal advice at a local level, together with the availability of general expertise of an international and interdisciplinary network of professionals.

Every Ecovis office can rely on qualified specialists in their back offices, as well as on specific industrial or localised know-how of Ecovis experts worldwide. This diversified expertise provides clients with effective support, especially in the fields of international transactions and investments – from preparation in the client's home country to support in the target country.

ECOVIS NETWORK GLOBAL PRESENCE



Algeria, Argentina, Australia, Austria, Bahamas, Bangladesh, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Georgia, Germany, Greece, Great Britain, Guatemala, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Republic of Korea, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Morocco, Myanmar, Nepal, Netherlands, New Zealand, Norway, North Macedonia, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Republic of Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Tajikistan, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, USA (associated partners) and Vietnam.

MALTA - AN ATTRACTIVE BUSINESS PROPOSITION

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INTRODUCTION

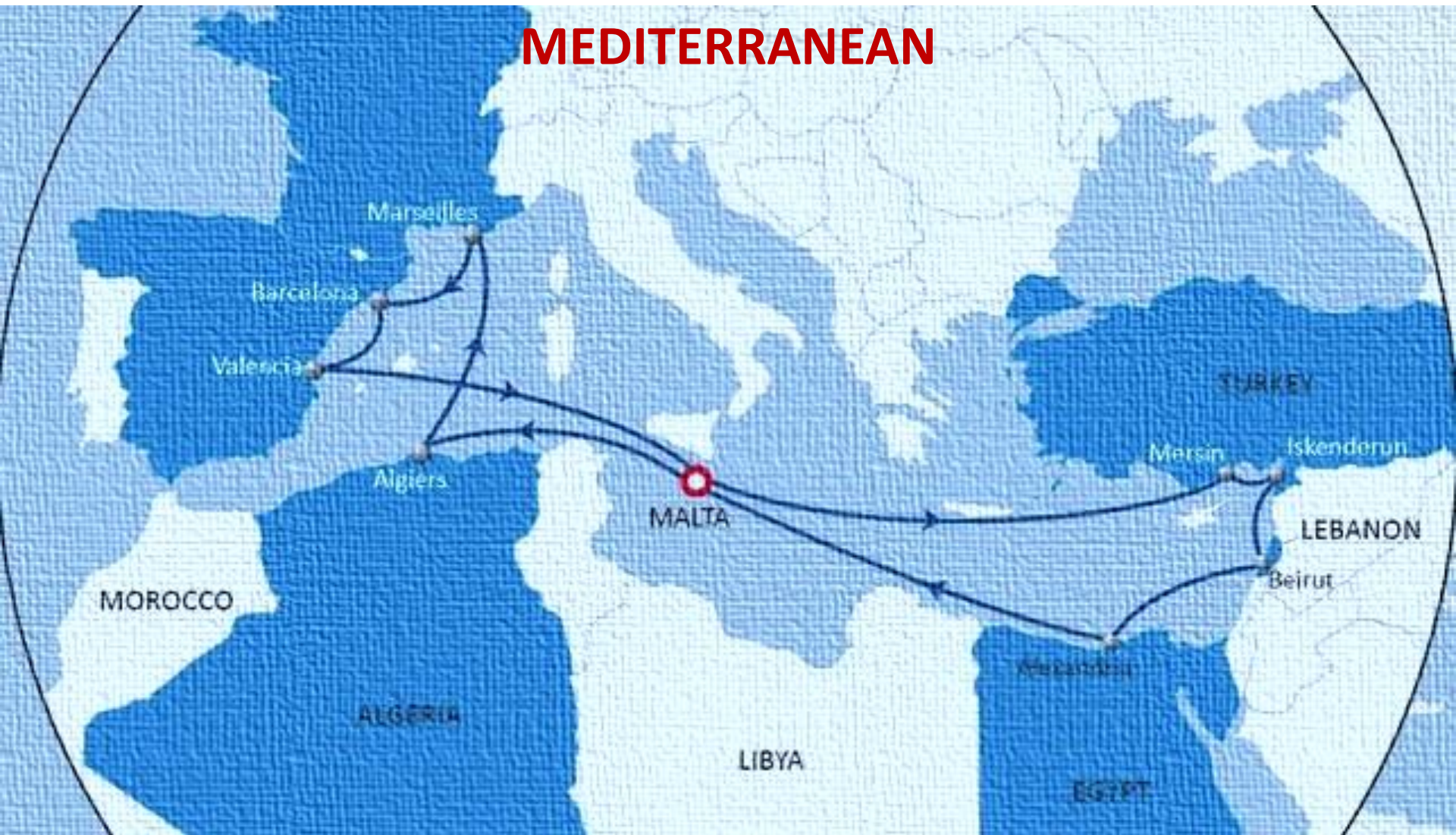
Welcome to Malta!

Being the smallest Member State of the European Union, representing only 0.07% of the Eurozone, Malta offers exponential opportunities in terms of residence, employment, business, and other entrepreneurial avenues.

The information in this guide is presented in a concise format and should be utilised solely for reference purposes. We strongly recommend that you seek professional advice before proceeding further. Should you require our assistance, do not hesitate to contact us at malta@ecovis.com. Our team is at hand to help and guide you in whatever you might require.



STRATEGIC LOCATION AT THE HEART OF THE MEDITERRANEAN





GEOGRAPHY, DEMOGRAPHY & WEATHER

Geography

Malta, Gozo, Comino, Comminotto and Filfla form the Maltese archipelago. This is located right at the centre of the Mediterranean Sea, 93km south of Sicily and 288km North of Tunisia. The archipelago covers an area of 316 km², of which only Malta, the largest island, and Gozo are inhabited, with a population of around 450,000. The capital city of Malta is Valletta.

Weather

The weather and climate in the Maltese Islands is typically Mediterranean, and similar to that found in other Southern European countries on the shores of the Mediterranean basin. Annual rainfall approximates 560mm and the average temperature is of 18 degrees Celsius. Winters are generally mild, and summers are very warm and dry.



HISTORY & GOVERNANCE

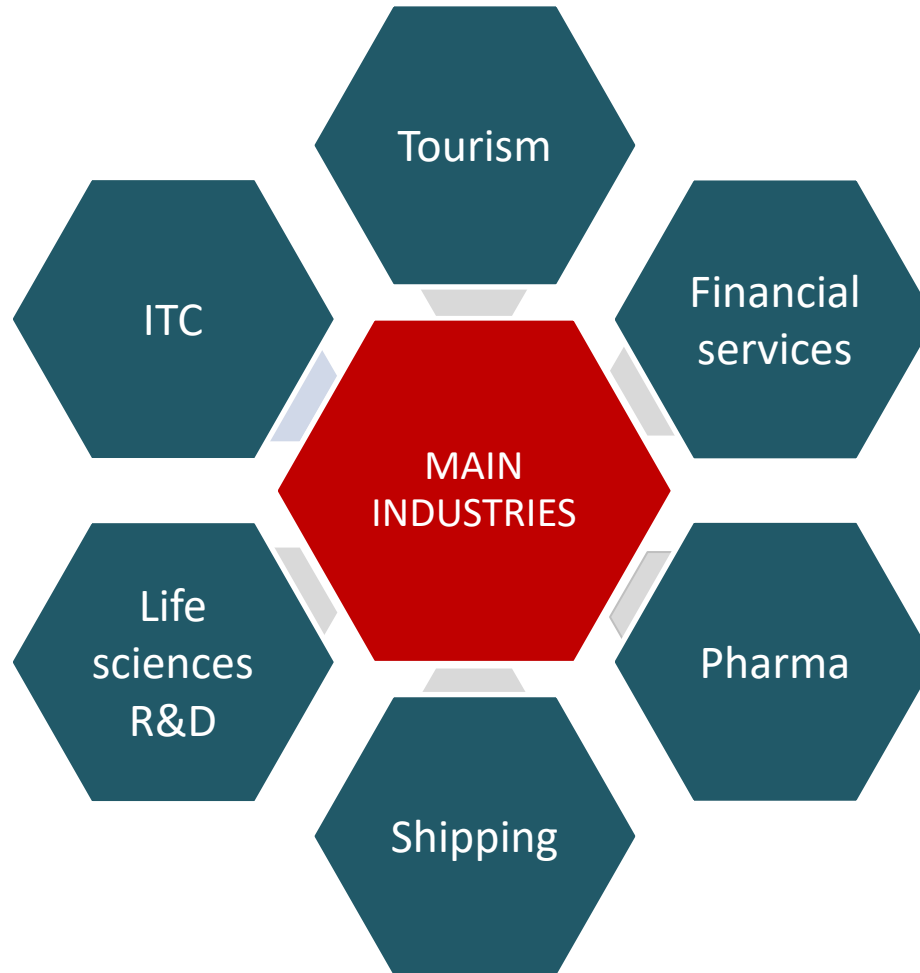
History

The location of the Maltese islands has always been strategically attractive, as is evidenced by its rich history of wars and conquests. The islands have played a vital role in the struggles of succession of powers for domination in the Mediterranean. Malta has thus been moulded for centuries by foreign rule, including that of the Phoenicians, Romans, Greeks, Arabs, Normans, Sicilians, Swabians, Aragonese, the Knights of St. John, the French, and the British.

Governance

Malta became self-governing in 1921 but reverted to a colonial regime in 1936. Heavily bombed by Germany and Italy during World War II, in 1942 the Islands received Britain's George Cross in recognition of their "heroism and devotion". In 1964, Malta gained independence, becoming a republic in 1974. In 1979, Malta formally ended its colonial and military links with Britain, proclaiming a neutral status. Malta joined the European Union in 2004, and the Eurozone in 2008.

KEY ECONOMIC PILLARS



ECONOMY

Malta's GDP per capita, adjusted by purchasing power parity, stands at €29,600, and ranks 15th amongst EU countries, in terms of purchasing power.

Malta relies heavily on tourism, which contributes approximately 25% of the country's GDP. At the same time, however, the Island's focus on high value activities has proved very successful in diversifying its economy. This is evidenced by the growth of new industry sectors, including i-gaming, pharmaceuticals, aviation, financial services, film production, and ICT.

The island presents a highly interesting proposition to companies seeking the right location for their operations. Foreign investors are attracted by Malta's modern business infrastructure, excellent telecommunications, a highly skilled and educated English-speaking workforce, together with other incentive packages available in Malta. Attracting foreign direct investment remains a priority in the Maltese Government's agenda. Proof of this is the range of incentives it has introduced in this respect.



LEGAL SYSTEM

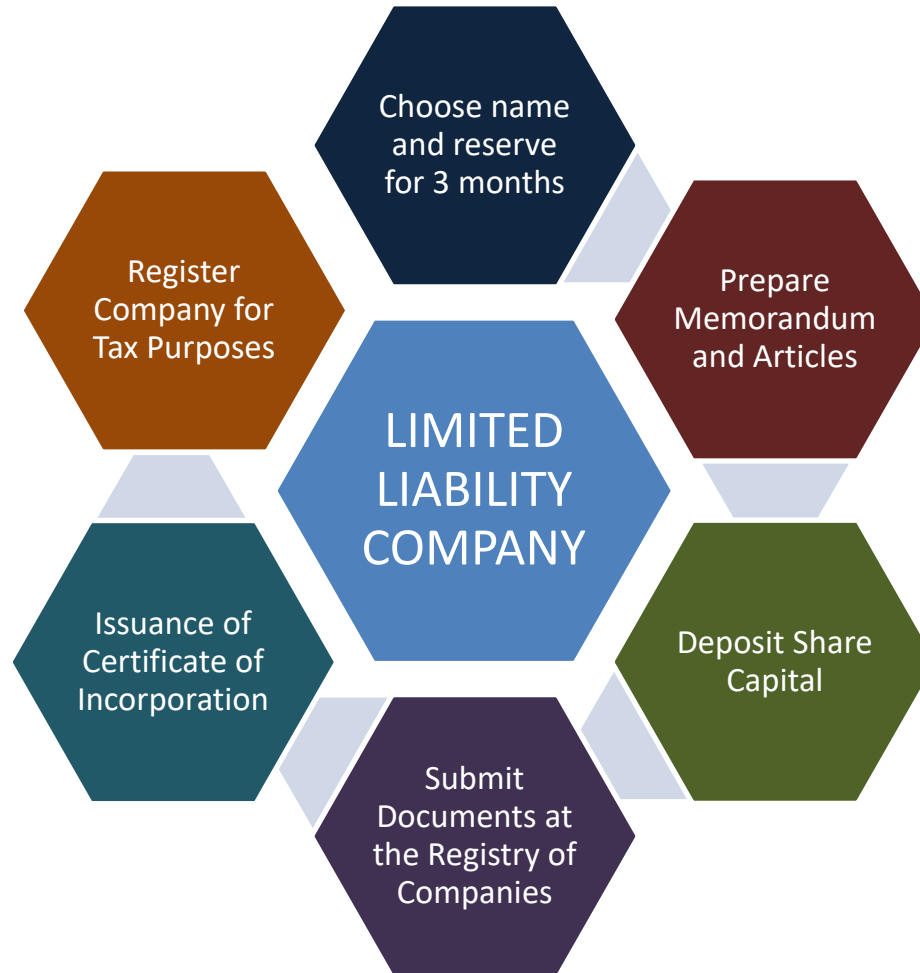
Maltese law has diverse origins. Its private law is based on the Napoleonic Code, while its commercial and criminal legislation is based on English Law. Despite the great influence of common law, the Maltese legal system is a codified system. As a European Union member, Malta's legislation today dovetails with that of the EU.

The Maltese Courts are divided into Superior and Inferior courts. The Superior Courts are constituted by the Constitutional Court, the Court of Appeal, the Court of Criminal Appeal, the Criminal Court, and the Civil Court. The Inferior Courts are constituted by the Court of Magistrates.

MALTA BUSINESS VEHICLES

Type of Entity
Private Limited Liability Company
Public Limited Liability Company
Partnership 'en nom collectif'
Partnership 'en comandite'
SICAV
Branch (Permanent Establishment)

SETTING UP OF A MALTA COMPANY



CONTINUATION OF COMPANIES

A foreign company may establish a place of business in Malta either in the form of a subsidiary, or through the establishment of a branch operation.

Companies, branches, and subsidiaries formed and incorporated or registered under the laws of a foreign approved country, being similar in nature, may be redomiciled to Malta without being dissolved or liquidated, and without the need to reincorporate these under Maltese jurisdiction.

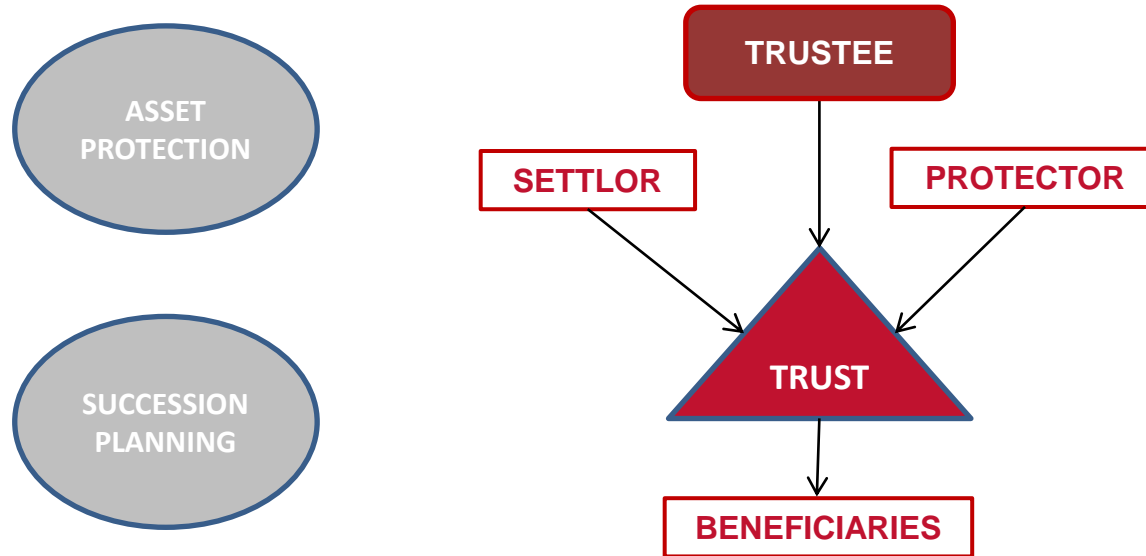


FINANCIAL SERVICES SECTOR

The financial services sector in Malta has developed considerably over the past years, and Malta has established itself as an international financial centre. The World Economic Forum's Global Competitiveness Index for 2015-2016 placed Malta amongst the top 20 financial jurisdictions.

The Malta Financial Services Authority (MFSA) was established on the 23rd July 2002, taking over the supervisory functions which were previously carried out by the Central Bank of Malta, the Malta Stock Exchange and the Malta Financial Services Centre. The MFSA is now the single regulator for financial services in Malta, and is a fully autonomous public institution.

MALTA TRUSTS



The Malta Trust is a legal relationship created by a person (the “Settlor”) who places assets under the control of a Trustee, **in order** to deal with that property for the benefit of persons (the “Beneficiaries”), or for a particular purpose.

Trusts are very often used as a means of asset protection and succession planning, affording the administration and control of the estate in the hands of professionals guided by the wishes of the settlor.

BASIS OF TAXATION IN MALTA

Worldwide Basis of Taxation

Persons, whether individual or corporate, that are ordinarily resident and domiciled in Malta, are subject to tax on their worldwide income and capital gains.

Source Basis of Taxation

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

Source & Remittance Basis of Taxation

Persons resident but not domiciled in Malta are subject to tax on:

- Income arising in Malta, whether received in Malta or otherwise;
- Income arising outside Malta, which is received in Malta;
- Gains derived from Malta, whether received in Malta or otherwise;

Capital gains arising outside Malta, whether received in Malta or not, are outside the scope of Malta taxation.



GENERAL PRINCIPLES OF TAXATION

Corporate Tax and Full Imputation

All Malta resident companies are subject to income tax at a rate of 35%. There is no separate system of corporation tax, and a company is subject to tax in much the same way as an individual.

A full imputation system is applicable. This means that dividends paid by a company resident in Malta, carry a tax credit equivalent to the tax paid by the company on its profits out of which the dividends are distributed. This system applies to both resident and non-resident shareholders.

Double Tax Relief

Malta has in force double taxation treaties with over 70 countries, including important trading partners and emerging economies. This regime is meant to encourage the growth of international trade, including that of financial services.

Most of these agreements are based on the OECD model. This provides for the elimination of double taxation according to the articles of the relative taxation treaty.

Maltese Tax Law also provides for unilateral tax relief where there are no double taxation treaties.

Participation Exemption & WT

A participation held by a Maltese company in a non-resident company qualifies as a participating holding, if certain conditions set out in the law apply. Dividends and capital gains derived from a participating holding are 100% exempt from tax in Malta. Legal provisions exist to deter abuse in this respect.

In principle, an economic income is only taxed once under Maltese Tax law. In this respect, the law does not impose any withholding tax upon the distribution of dividends.



FOREIGN DIRECT INVESTMENT

Malta has been welcoming investors into the country since the early 1950s. This means that both private and public service providers are well aware of the requirements of an incoming operation.

Although a small economy, fully exposed to the vagaries of the global economic context, Malta has managed to weather recent upheavals remarkably well. This can be ascribed to the fact that the economy is diversified, with the result that a downturn in any one sector is compensated for by continued strong performance in other areas.

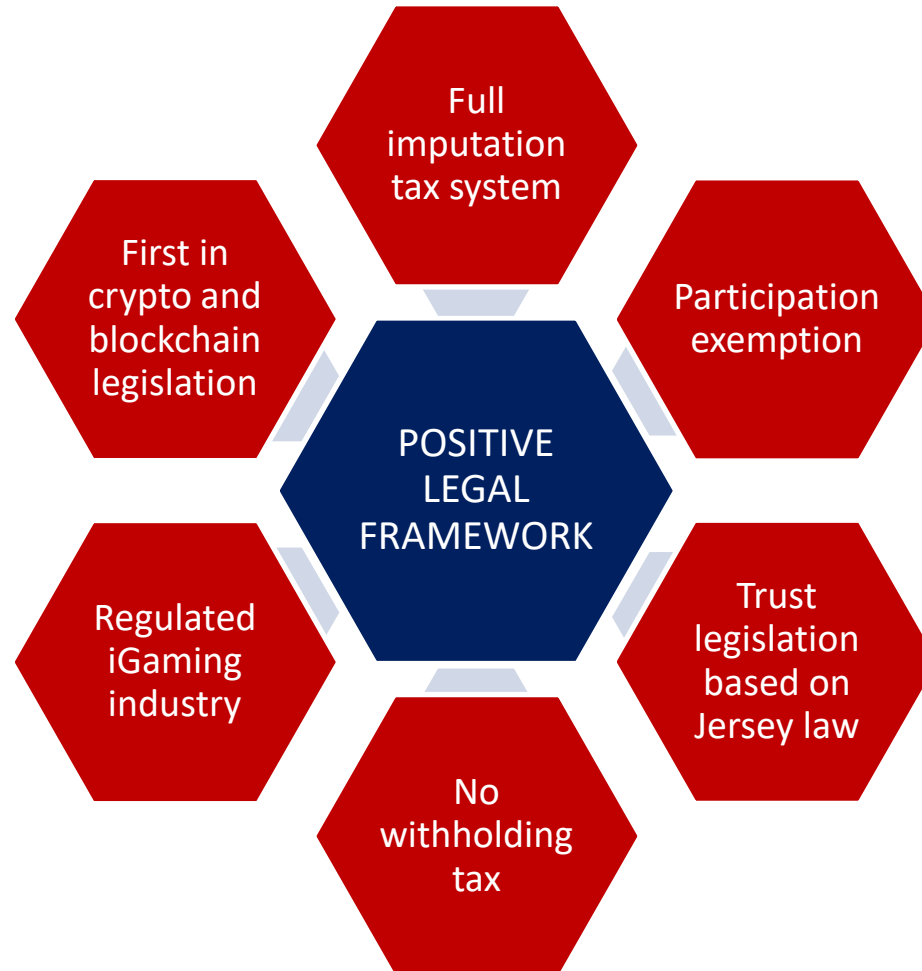
It is also pertinent to point out that, although the country is well known as a tourist destination and, increasingly, as a financial services hub, the manufacturing industry still has a very important role to play, with a contribution of over 13% to the country's GDP. It is also the second largest employer on the Island.

Setting Up & Incentives

The process of setting up on the island is a straightforward and transparent one, in which the investor is always kept updated as to what is required. Prospective investors often make use of a service provider from the private sector capable of seeing to all their legal and logistical requirements, from company registration, access to banking facilities and the recruitment of staff.

Malta Enterprise has developed a new set of incentives for the promotion and expansion of industry, and the development of innovative enterprises to sustain regional industrial and economic development in Malta. These are also aimed at supporting research and development initiatives associated with high risk projects.

A WELL-REGULATED ECONOMY



WHY MALTA?



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