



Global Residence Programme

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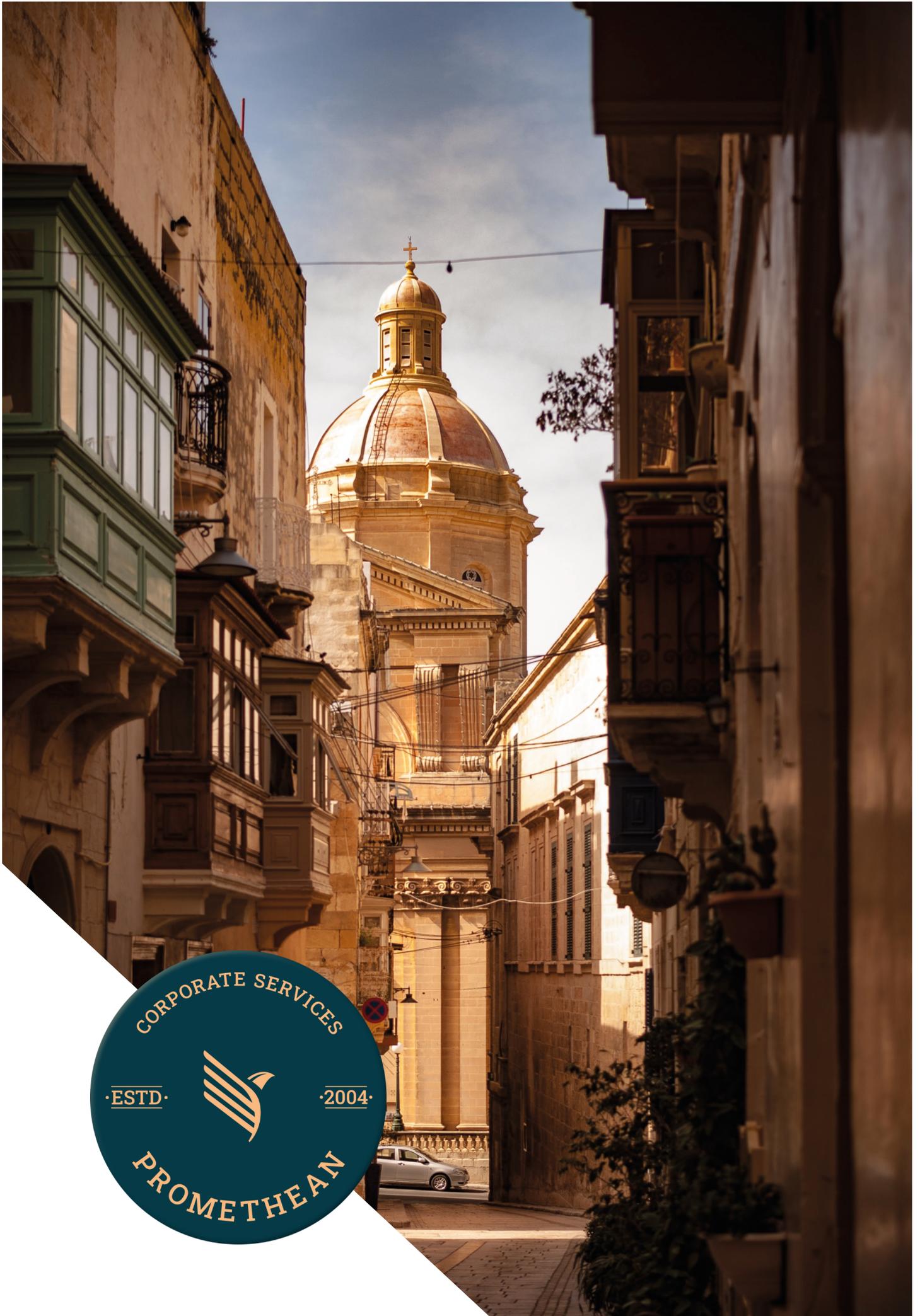
The Global Residence Programme (GRP)

Tax rate on foreign income remitted (received in Malta)	15%
Tax rate on Malta sourced income (income derived in Malta)	35%
Tax rate on capital sums / capital gains derived abroad & received in Malta	0%
Minimum tax requirements applicable to all the family	€15k

Minimum Property Requirements:

Purchase in Malta (except for property situated in the south of Malta)	€275k
Purchase in Gozo / south of Malta	€220k
Rental in Malta (except for property situated in the south of Malta)	€9.6k
Rental in Gozo / south of Malta	€8.75k

Minimum stay requirements in Malta	None
Wealth taxes / inheritance taxes	None
Minimum investments required	None



The Maltese government introduced a residency scheme in July 2013 to attract wealthy individuals seeking to obtain residence in Malta. To this end, the program is termed the Global Residence Programme ("GRP").

The scheme is particularly appealing to non-EU nationals who had sought to obtain residence in Malta under the previous rules catering for High Net-worth Individuals (HNWI), which carried a considerably higher price tag.

The rules confer a most advantageous tax status to qualifying third-country nationals, namely a 15 percent rate of tax on all foreign income remitted to Malta. The program seeks to attract individuals and their families, including business people, pensioners, consultants, and holders of intellectual property rights, to the country, who can now avail themselves of a viable alternative place of residence in Europe. For the applicant to qualify as a beneficiary under the program, several conditions should be satisfied, outlined below.

Minimum Property Requirements:

Beneficiaries under the program are entitled to pay tax at an advantageous rate of 15 percent on all that income that is foreign-sourced (arises outside of Malta), and which is, in turn, remitted or received in Malta. This is subject to a minimum amount of tax amounting to EUR 15,000 payable by the beneficiary after considering any double taxation relief that the beneficiary may be entitled to in terms of any pertinent double tax treaty and Malta's domestic tax legislation. The minimum tax requirement is payable in respect of income arising outside Malta. Furthermore, contrary to the previous rules, no additional tax will be payable by the beneficiary's dependents. Other Maltese sourced income attributable to a beneficiary, the beneficiary's spouse, and pertinent dependants as outlined hereunder shall be taxed at a flat rate of 35 percent.

In the year when the special tax status is confirmed or canceled, the minimum tax ought to be paid in full. Furthermore, in the year of application, the special tax status is granted before 30th April 2013. The minimum tax for the first year will be payable no later than the 30th of April. The confirmation of special tax status will be issued by the Commissioner of Inland Revenue, subject to the minimum tax payment within a thirty-day time window.

An individual who benefits from the special tax status must submit an annual tax return, including a yearly declaration. Any material changes that affect the beneficiary's special tax status need to be outlined.

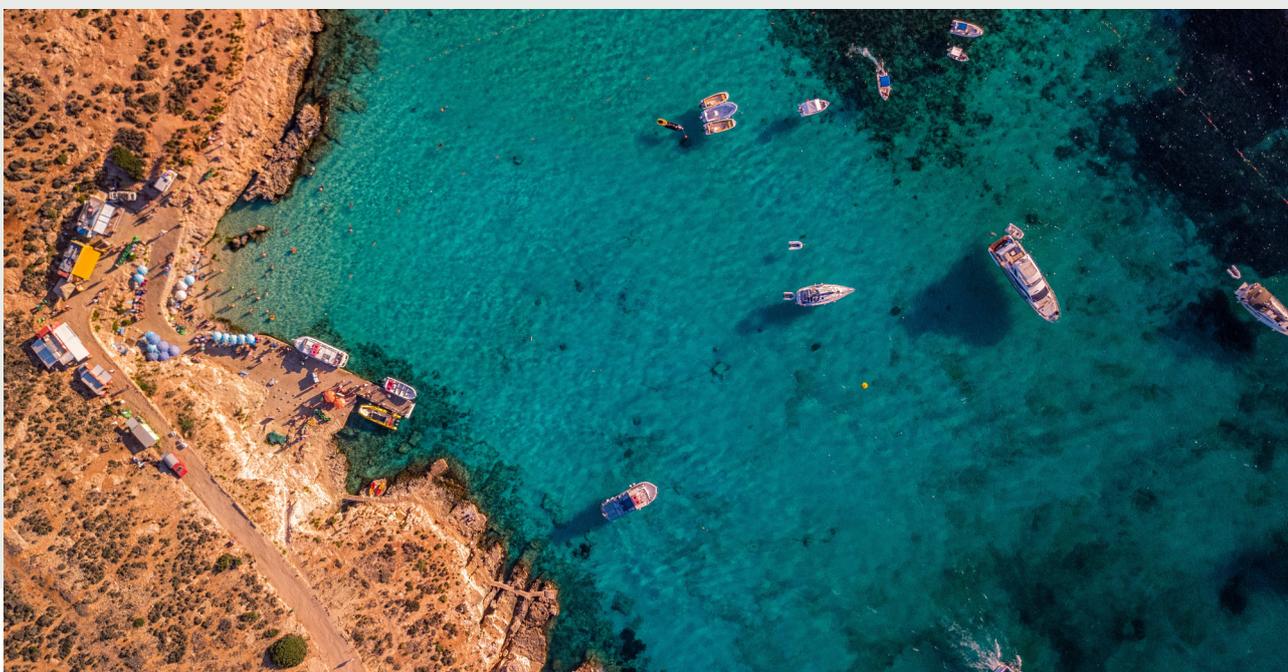
Dependant persons

The rules provide for a definition of dependents, which has been widened from the previous HNWI rules and no longer solely comprises the wife and children under the age of 21. To this end, the age limit attributable to children (natural, adopted, or in care) is now age 25. The definition also encompasses dependent brothers, sisters, and direct relatives in an ascending line provided that the Director of Inland Revenue is satisfied that these are indeed dependents of the beneficiary of the GRP. Employees of the beneficiary are also provided for the regulations, including carers/butlers and other persons who may have been employees of the applicant for the preceding two years, as eligible dependents. A contract of service must evidence such an employment relationship.

Consequently, the definition of dependants comprises the following parties:

- ☑ The beneficiary's spouse or a person with whom the beneficiary is in a stable or durable relationship;
- ☑ Minor children, including little adopted children, who are in the care or custody of the beneficiary or persons mentioned above;
- ☑ Persons under the age of 25, including adopted persons, who are children of, and are in the care and custody of, the beneficiary or the person mentioned in (a) above, provided that such persons are not involved in any economic activity;
- ☑ Persons, including adopted persons who are children of, and in the care and custody of, the beneficiary or the person mentioned in (a) above, and who, because of illness or disability, are unable to maintain themselves;

Dependent brothers, sisters and direct relatives in the ascending line of the beneficiary or the person mentioned in (a) above.



Immovable Property Requirements

To be granted the program's special tax status, an applicant is obliged to satisfy minimum property purchase or minimum property rental requirements. To this end, the applicant ought to purchase or rent immovable property in Malta or Gozo. Furthermore, the pertinent legislation provides that the property must be solely occupied by the applicant, his/her family members, and any special carers accompanying them.

If a property is purchased in Malta, the purchase value must amount to a minimum value of EUR 275,000. However, sensitive to the property market values in Gozo and the South of Malta, the pertinent implementing legislation provides for lower property purchase thresholds in both Gozo and the Southern part of Malta, with the minimum value, in this case, being of EUR 220,000.

The rules also provide for a situation where the applicant is given the option of renting a property. Likewise, the legislation provides for minimum rental values being EUR 9,600 in the case of a parcel being rented in any part of Malta except for the southern part of Malta. If an applicant wishes to rent property in the south part of Malta or Gozo, the minimum rental value decreases to EUR 8,750.

Where an applicant has purchased a property before the introduction of the GRP at a cost which is inferior to the aforementioned values, such property will nevertheless still qualify to be considered as a qualifying property within the remit of the rules — if the value of the property, as at the date of application, is duly certified by an architect to be equivalent or superior to the minimum values indicated above.

Fundamentally the qualifying property, whether purchased or rented, ought to be the applicant's primary residence and a principal place of abode worldwide. The rules also provide for an explicit prohibition about the leasing or sub-leasing of the qualifying property.

Immovable Property Requirements

The program does not impose a minimum stay requirement in Malta. Consequently, permit holders need not spend a minimum of days in Malta. Nevertheless, beneficiaries under this scheme must spend no more than 183 days in every calendar year in any other single jurisdiction.

Application Process

Applicants under the scheme ought to apply for beneficiary status under the scheme through an Authorised Registered Mandatory (ARM).

A non-refundable government fee of EUR 6,000 must be paid and submitted with the application. However, the fee is reduced to EUR 5,500 where the beneficiary acquires or rents immovable property situated in Gozo or the South of Malta.

Beneficiaries purchasing or renting property in the following locations can avail themselves of the lower property purchase or property rental thresholds, together with a lower Government administration fee: Birżebbuġia, Cospicua, Fgura, Għaxaq, Gudja, Kalkara, Kirkop, Luqa, Marsascula, Marsaxlokk, Mqabba, Paola, Qrendi, Safi, Santa Luċija, Senglea, Siġġiewi, Tarxien, Vittoriosa, Xgħajra, Żabbar, Żejtun, Żurrieq.

It is fundamental to note that applicants and their accompanying dependents must be covered by a health insurance policy covering all risks across the EU. Furthermore, applicants must receive stable and regular financial resources sufficient to maintain themselves and their dependents. Applicants are also required to satisfy a fit and proper test as provided by the Maltese Authorities. They must be in possession of a valid travel document as needed by Maltese immigration law.



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