



# Residence & Relocation

**“We keep moving forward, opening new doors, and doing new things, because we’re curious and curiosity keeps leading us down new paths.”**

*Walt Disney, Film Producer & Director*

Malta holds a plethora of significant characteristics that make it the jurisdiction of choice for one to live in. These include its sublime weather, charming atmosphere, safe environment and language. Malta also holds an advantageous tax regime and competitive cost of living. EU and Non-EU citizens have different rights and possibilities when residing in Malta. When one intends to reside in Malta for more than 3 months, he or she is obliged to apply for a residence permit. An individual who is in possession of a residence permit is taxed on income arising or remitted to Malta at the normal progressive income tax rates (current maximum rate is 35%) applicable to every Maltese resident person on his or her chargeable income. The rate can also be mitigated to 15% under a number of tax schemes provided by Maltese tax legislation.

## Ordinary **Residence**

Those individuals who choose to remain in Malta for a period longer than three months are also obliged to apply for their residence permit. Moreover, those individuals who reside in Malta for more than six months in a calendar year, would be considered to be resident in Malta for tax purposes. Save in those circumstances where an Acquisition of Immovable Property (AIP) permit is required, there is no minimum value property requirement which the ordinary resident ought to abide to when purchasing or leasing his residential property in Malta.

### **Income Tax**

Individuals who are ordinarily resident but not domiciled in Malta are taxed on a remittance basis. This implies that such individual is only charged to tax on foreign sourced income which is remitted to Malta, on locally sourced income and capital gains. Capital gains and capital sums remitted to Malta are not charged to tax in Malta. The income tax rates which are applicable to Maltese residents, are also applicable to ordinary residence permit holders.

# Tax Rates

## Single

<b>From</b>	0	8,501	14,501	60,001
<b>To</b>	8,500	14,500	60,000	And over
<b>Rate</b>	0%	15%	25%	35%
<b>Subtract (€)</b>	0	1,275	2,725	8,725

## Married

<b>From</b>	0	11,901	21,201	60,001
<b>To</b>	11,900	21,200	60,000	And over
<b>Rate</b>	0%	15%	25%	35%
<b>Subtract (€)</b>	0	1,785	3,905	9,905

## Parent

<b>From</b>	0	9,801	15,801	60,001
<b>To</b>	9,800	15,800	60,000	And over
<b>Rate</b>	0%	15%	25%	35%
<b>Subtract (€)</b>	0	1,470	3,050	9,050

*Those individuals who have not resided in Malta for more than six months in a calendar year are considered to be temporary residents. Such individuals are not taxed in Malta unless they are in receipt of Maltese sourced income or capital gains.*

## EU/EEA Nationals

EU/EEA nationals may exercise their freedom of movement, moving their residence to other member states, including Malta. An individual who wishes to become ordinarily resident in Malta is required to have a Maltese residential address, generally acquired through purchasing or renting a property in Malta. Moreover, the EU/EEA national, ought to be covered by a local or international health insurance policy.

### **Economic Self-Sufficiency**

Individuals who opt to apply for ordinary residence on the basis of economic self-sufficiency are required to provide adequate proof of sustaining themselves, as well as their dependants (where applicable). This is to evidence that such individuals will not use recourse to Maltese public funds. The current minimum requirement is set at a capital of €14,000 or a weekly income of €92.32 in the case of single individuals, whilst in the case of a married couple, a capital of €23,300 or a weekly income of €108.63. Further to this, €8.15 should be added per dependent.

### **Study / Vocational Training**

EU/EEA students enrolled in an educational establishment recognized by law or who are in Malta for vocational training, are granted temporary residence all throughout their educational or training period. Such students and their family members are given the right to reside in Malta, given that they are capable of sustaining themselves financially and are covered by a health insurance policy against all risks in Malta.

### **Family Member**

Individuals seeking ordinary residency in Malta may be accompanied by their relatives as long as they prove to be dependent on the applicant. Family members include the spouse or dependent descendants, ascendants and extended family members. The term also includes life partners in relation to which a stable and durable relationship for a minimum of two years, preceding the date of application, ought to be evidenced.

### **Permanent Residency to EU Nationals**

After a continuous period of 5 years of residing in Malta, an EU/EEA national and his family members may apply for Permanent Residency in Malta. The continuous period of 5 years allows the individual and his family members to be absent from Malta for a maximum of 6 months per year. An individual may be absent for a maximum period of 1 year for extraordinary reasons.

# Third Country Nationals

A third country national (TCN) may also reside in Malta, given specific conditions are met, as outlined hereunder. A TCN must also reside in suitable accommodation and be covered by a local or international health insurance policy.

## **TCN Beneficiaries under Special Tax Schemes**

Third country individuals who are already in possession of a permit issued by the Director General of Inland Revenue, under the Permanent Residence Scheme or High Net Worth Individuals Residency Scheme, ought to apply for a uniform residence permit under such category without the need to submit evidence of income and accommodation. The same treatment applies in relation to TCNs who apply for a permit under the Global Residence Programme rules.

## **Employment / Self-Employment**

When applying for ordinary residence on the grounds of employment, the applicant must be in possession of a work permit. Self-employed individuals are required to be in possession of the pertinent licenses, and satisfy at least one of the following criteria:

- ☑ Must invest a minimum of €100,000 within the first 6 months from the date of issue of the employment licence (rental contracts do not qualify). The

investment ought to consist of fixed assets which must be used for business purposes. Expenses such as salaries and legal cannot form part of the abovementioned minimum investment of €100,000; or

- ☑ Be highly skilled innovators with a sound business plan. The business plan must be submitted with the application for an employment license. Moreover, the applicant must commit to recruiting at least three EEA/Swiss/Maltese nationals within eighteen months of establishment; or
- ☑ Be a sole representative of an overseas company (with a sound reputation and established for at least three years abroad) wishing to establish a branch in Malta; or
- ☑ Be a person leading a project that has been formally approved by Malta Enterprise and formally notified by the latter to the Employment and Training Corporation (ETC).

## **Shareholders / Ultimate Beneficial Owners of a Malta Resident Company**

A TCN applying for residency on the basis of obtaining an employment license on this ground must meet one or more of the following criteria:

- ☑ Every TCN shareholder must have a fully paid up share capital of at least €100,000 which may not be redeemed, reduced or transferred to a third party during the first two years following the issuing of the Employment Licence; or
- ☑ Have made a capital expenditure of at least €100,000 that is to be used by the company. Capital expenditure shall solely consist of fixed assets (such as immovable property, plant and machinery) used for the business purposes as reflected in the business plan submitted with the application. Rental contracts do not qualify. Such expenditure needs to be supported by receipts in the company's name; or
- ☑ The company is a sole representative of an overseas company (with a sound reputation and established for at least three years abroad) wishing to open a branch in Malta. Evidence of representation is required; or
- ☑ The company is leading a project that has been formally approved by Malta Enterprise and formally notified by the latter to ETC.

In the scenario where a director is not a shareholder, the application does not need to meet the above criteria. However, the application will be processed from a labour market consideration. Moreover, recruitment of EEA/ Swiss/Maltese nationals affords the TCN's application favourable consideration.

## **Other Grounds for Attaining Maltese Residency**

Maltese immigration rules provide for further grounds upon which TCNs can attain Maltese residency. These include the following:

**Study** - Students furthering their studies to attain a recognized higher education qualification through a full-time course offered by an authorized higher education establishment in Malta, are granted residency in Malta.

**Family Members** - TCNs, who have resided in Malta for a minimum period of 2 years, may be reunited with their family members in Malta, through the attainment of Malta residency in relation to such family members. Such family members comprise the TCN's spouse being 21 years of age or over and minor unmarried children under 18 years of age, subject to the fulfillment of pertinent conditions. Family members may also be gainfully employed/self-employed and educated in the same manner as their sponsor. Moreover, after the pertinent time frame, family members are given the right to an autonomous residence permit.

**Partners of Maltese Citizens** - In order for the TCN partners of Maltese citizens to attain Maltese residency, proof ought to be shown that there is regular and stable income amounting to a minimum of €8,222. Moreover, the partnership ought to have subsisted for at least 2 years. In such cases, a residence permit is issued for 1 year. Nevertheless, if it can be proved that the partnership has subsisted for 5 years preceding the residence application, a residence permit could be issued for 3 years.

**Long Term Residence for Third Country Nationals**

TCNs who have been legally residing in Malta for a minimum period of 5 years may qualify for the attainment of a Long Term Resident Status, issued for a period of 5 years. Such an individual could be absent from Malta for a maximum period of 6 consecutive months, or a total of 10 months, within this 5 year period. Amongst other requisites, proof of stable and regular resources evidencing self-sufficiency and sufficient means for maintaining one's family members should be produced.



## Special Tax Schemes

### Malta Retirement Programme

The Malta Retirement Programme (MRP) is designed to attract nationals of the EU, EEA and Switzerland who are not in an employment relationship and are in receipt of a pension as their regular source of income. Individuals benefitting from this programme may hold a non-executive post on the board of a company resident in Malta.

**As an Authorised Registered Mandatory, Promethean Advisory Limited can assist you throughout the entire application process.**

Eligibility	EU/EEA/Swiss nationals who are not in an employment relationship and are in receipt of a pension as their regular source of income. Such individuals are granted the possibility to hold a non-executive post on the board of a Malta resident company, or partake in activities related to any institution, trust or foundation of a public character and any ancillary organization or body of persons engaged in philanthropic, educational or research and development activity.
Income Requirements	The applicant must receive his entire pension in Malta. The pension needs to constitute at least 75% of the individual's Malta chargeable income for any particular tax year. An individual will not be deemed to be receiving a pension if he is in receipt of a lump sum payment or any capital sum received by way of commutation of pension, retiring or death gratuity.
Minimum Tax Requirements	Beneficiaries who are granted such special tax status will be taxed at the rate of 15% on any income received in Malta by themselves or their dependents. The minimum tax payment per annum is that of €7,500 with a further €500 payable per dependent and/or special carer.
Property Requirements	Eligible pensioners encompass those who own or rent immovable property used as their principal place of residence worldwide. Such property may solely be occupied by the applicants, their family members and special carers if so accompanied. The minimum property purchase value in Malta, stands at €275,000, whilst the minimum property purchase value in Gozo is of €250,000. The minimum property rental value in Malta is of €9,600 and €8,750 in Gozo.
Stay Requirements	Applicants must not be Maltese nationals, nor be domiciled in Malta or intend to establish their domicile in Malta within 5 years from the date of application. Applicants must however reside in Malta for at least 90 days per year, averaged over any 5 year period, without spending more than 183 days in a calendar year in any jurisdiction outside of Malta.
Documentation Requirements	A health insurance policy covering the applicant and his dependents is required and ought to be renewed on a yearly basis. The applicant also requires a police conduct certificate, amongst other pertinent documents.
Administrative Government Fee	A non-refundable administrative fee of €2,500 is payable to the Maltese authorities, upon submission of the application.



## Highly Qualified Professionals

The expansion of the financial services and gaming industry since joining the EU, together with the flourishing of the aviation services in recent years, has prompted the Maltese government to recognise the increased need of highly qualified professionals in the aforementioned target sectors.

The objective of the Highly Qualified Persons Rules, is the creation of a particular incentive to attract highly qualified persons to occupy 'eligible office' within companies licensed and/or recognized by the Malta Financial Services Authority, companies licensed by the Lotteries and Gaming Authority and companies holding an Air Operators' Certificate. Foreign individuals, who are not domiciled in Malta, may take advantage of the Highly Qualified Professionals Rules.

EU/EEA/Swiss nationals can benefit from the 15% tax charge for a consecutive period of 5 years, whilst non- EU nationals benefit from

the reduced tax charge for a consecutive period of 4 years. However, individuals who have already been employed prior to 1 January 2009 may not benefit from such a reduced tax rate.

All emoluments received in respect of income from a qualifying contract of employment, chargeable to tax in Malta should be fully disclosed and the individual's eligible office must be proved. Moreover, the applicant must be in receipt of a stable and regular means of resources in order to maintain himself and any dependents, and all should be covered by a health insurance policy.

TCNs who physically stay in Malta for more than 4 years in the aggregate or acquires real rights over immovable property in Malta, or holds a beneficial interest inter alia of real rights over such immovable property will have their rights withdrawn with retrospective effect.



# RESIDENCE & RELOCATION

Eligibility	Persons who occupy 'eligible office' with companies licensed and/or recognized by the Malta Financial Services Authority, companies licensed by the Lotteries and Gaming Authority and companies holding an Air Operators' Certificate.
Income Requirements	An individual's income from a qualifying contract of employment in an eligible office with a company licensed and/or recognised by the Malta Financial Services Authority, The Lotteries and Gaming Authority or an aviation undertaking licensed by the Aviation Directorate at Transport Malta, is subject to tax at a flat rate of 15%. The income ought to amount to at least €75,000 adjusted annually in line with the Retail Price Index. The 15% flat rate is imposed up to a maximum income of €5,000,000 (five million euro), with the excess being exempt from tax.
Minimum Tax Requirements	No minimum tax requirements.
Property Requirements	No minimum property purchase/rental thresholds, but beneficiary must find suitable accommodation.
Stay Requirements	No minimum tax requirements.
Documentation Requirements	Applicants must hold a valid employment contract drawn up for exercising work in Malta and have at least 5 years of professional experience in the field of their work whilst being in possession of adequate professional qualifications. Applicant must be in possession of a valid travel document in terms of Maltese immigration law and of sickness insurance in respect of all risks normally covered for Maltese nationals, for both the beneficiary and the members of his/her family.
Administrative Government Fee	No Government fee imposed.

**Promethean Advisory Limited can assist with the attainment of such status and with all related tax and immigration advice as may be required by the client.**

## **Global Residence Programme (non-EU/non-EEA Nationals)**

The Maltese Government has introduced a new residency scheme in July 2013, with the main aim of attracting wealthy individuals seeking to obtain residence in Malta. To this end, the programme is termed the Global Residence Programme (GRP). The scheme is particularly appealing to non-EU nationals who 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 new rules confer a most advantageous tax status to qualifying TCNs, namely a 15% rate of tax on all foreign income remitted to Malta! The programme seeks to attract individuals and their families including business people, pensioners, consultants and holders of intellectual property rights, to Malta, who can now avail themselves of a viable alternative place of residence in Europe. As an Authorised Registered Mandatory, Promethean Advisory Limited can assist you throughout the entire application process.

Eligibility	This scheme applies to non-EU/EEA nationals who do not have a long term residence permit in Malta, nor benefit from another scheme.
Income Requirements	Applicants must be in receipt of stable and regular means of resources in order to maintain themselves and any depend- ents.
Minimum Tax Requirements	Minimum tax threshold is set at €15,000 per annum. No additional minimum tax is due for dependants. The rate of tax is set at 15% on foreign source income remitted to Malta. Where applicable, a number of double tax treaties can grant relief on such income.
Property Requirements	Required to purchase immovable property having a threshold of €275,000 for property in Malta, or €220,000 for property in Gozo and the South of Malta. In the case of rental property, the threshold is set at €9,600 per annum for property in Malta and €8,750 per annum for property in Gozo and the South of Malta.
Stay Requirements	No minimum stay requirements, but a beneficiary ought not to spend more than 183 days in a calendar year in any juris- diction outside of Malta.
Documentation Requirements	Beneficiary and his/her family must be covered by a health insurance policy and must be in possession of a valid travel document.
Administrative Government Fee	Application fees amount to €6,000 for those individuals seeking to live in Malta, and €5,500 for those who seek to live in Gozo or the South of Malta. Moreover, no bond is required.

### **The Residence Programme (EU/EEA/Swiss Nationals)**

By virtue of Legal Notice 270 of 2014, The Residence Programme, which replaces the old High Net Worth Individuals (EU/EEA/Swiss Nationals) rules, endeavours to attract affluent individuals who are nationals of the EU, EEA or Switzerland and who do not enjoy permanent resident status in Malta. Permanent resident status in Malta is granted in terms of Article 6 of the Free Movement of European Union Nationals and their Family Members Order. Individuals benefitting from this Programme are not precluded from working in Malta. These rules shall be deemed to have come into force with effect from 1st July 2013. The Residence Programme imposes the same property thresholds and tax implications as the Global Residence programme.



## **Qualifying Employment in Innovation and Creativity**

The Qualifying Employment in Innovation and Creativity (Personal Tax) Rules allow for eligible persons to benefit from a 15% income tax rate. For an employee to qualify under these rules, the employee ought to occupy an eligible office and have a minimum salary of €45,000 (adjusted annually in line with the Retail Price Index). Eligible offices include: Chief Executive Officer, Chief Technical Officer, Chief Creative Officer, Head of Writing, Lead In-World Writer, Lead Game Programmer, among others. Any income exceeding €5,000,000 would be exempt from tax. This option is available for a period of 3 consecutive years for EEA (EU countries, Norway, Iceland and Liechtenstein), Swiss Nationals and third-country nationals. However, third country nationals ought not to physically stay in Malta, in the aggregate, for more than 1,460 days. For the incentive to apply, the individual must not be a shareholder of the company that he works with nor domiciled in Malta, and the individual must be self-sufficient. In order to benefit from these rules, applicants are to request a formal determination from the Malta Enterprise Corporation.

## **Reparation of Maltese Persons established in a Field of Excellence**

These rules grant a qualifying beneficiary a reduced rate of tax amounting to 15% on employment income derived from duties exercised in Malta. The contract of employment must provide for a minimum gross salary of €75,000. A person would qualify under these rules if he/she is established in a field of excellence and returns as an ordinary resident in Malta provided that he/she had been ordinarily resident in Malta for at least 20 years, but has not been ordinarily resident in Malta for the 10 consecutive years prior to his/her return to Malta. A field of excellence means an area of professional competence in which an eligible person has excelled and which area is relevant for the manufacturing and research and development sectors. These fields are determined by Malta Enterprise.

## **Acquisition of Immovable Property by Non Residents**

Acquisition of immovable property by individuals who are citizens of all European Union member states, including Maltese citizens, who have resided in Malta continuously for a minimum period of five years at any time preceding the date of acquisition may freely acquire immovable property without the necessity of obtaining a permit under Chapter 246 of the Laws of Malta. Citizens of all European Union member states, including Maltese citizens, who have not resided continuously in Malta for a minimum period of five years may only purchase their primary residence or any immovable property required for their business activities or supply of services, without the necessity of obtaining a permit under Chapter 246 of the Laws of Malta.

Citizens of all European Union member states, including Maltese citizens, who have not resided continuously in Malta for a minimum period of five years, require a permit to acquire immovable property for secondary residence purposes. Individuals who are not citizens of a European Member state may not acquire any immovable property unless they are granted an acquisition permit (AIP).

Nevertheless, there exist defined zones in Malta, referred to as Special Designated Areas (SDAs), where there are absolutely no restrictions to acquisition of property. There is also no restriction on acquisition through inheritance and there are also several other special exemptions.

Different rules apply to the acquisition by companies and other legal persons (bodies of persons). A body of persons, other than a commercial partnership, established in and operating from a European Union member state may freely acquire immovable property that is required for the purpose for which it has been set up as long as it is directly controlled by citizens of a European Union member state who have resided in Malta continuously for five years. A commercial partnership established in and operating from a European Union member state (therefore including Malta) may freely acquire immovable property that is required for the purpose for which it has been set up with at least 75% of its share capital held by a person (or persons) who is a European Union member state citizen.

Any other body of persons will require a permit (AIP) which is only granted if the property is required for an industrial or a touristic project or if the project is a contributor to the development of the economy of Malta.

### **Inheritance and Transfers Tax**

Maltese tax legislation does not impose any inheritance or wealth taxes, but stamp duty is payable in defined circumstances. Stamp duty is a tax levied on the fair market value of the asset which is being transferred. For the purposes of duty, transfer includes any assignment, conveyance, sale, partition, donation, sale and redemption of ground rent. Duty on documents is charged upon the execution of specified documents, when such documents (policy of insurance, bills of sale, banking credit card, notarial deeds and redemption of ground rent filed in Court) are executed in Malta or when use thereof is made in Malta.

**Causa mortis** in Malta relates to the succession of immovable property from a deceased person. On the death of a person, his successors in title will inherit any assets/obligations that the deceased may have had. The succession of immovable property is taxable (at varying rates depending on the circumstances). The default rate is 5% of the present value of the immovable property owned by the deceased. However, one may be entitled to certain exemptions and reduced rates depending on a number of circumstances such as when the inherited property was the ordinary residence of the deceased or of the beneficiary. For instance, there is no tax on the deceased's ordinary residence when this property is left to the deceased's surviving spouse. Also, since January 2013, there is an exemption from tax on the deceased's ordinary residence when such property is left to his children.

### **Import Duty and VAT**

When importing used household goods and other personal effects, EU/EEA nationals are not subject to import duty or VAT. Excise duty might be payable on exceptional items. Third country nationals might be asked by the authorities to provide a bank guarantee or make a deposit for such import duty or VAT. The deposit is refunded upon evidence that the third country national has resided in Malta for a cumulative period of 200 days within a year.

Private vehicles are subject to registration tax, but an exemption from such tax may be applicable depending on circumstances. Generally, any person transferring his/her residence from a place outside Malta to a place in Malta is entitled, to an exemption from motor vehicle registration tax, on a vehicle used for the carriage of not more than eight passengers in addition to the driver, or a cycle (motor cycles, motor tricycles and quadricycles) which has been registered in the name of that person for a continuous period of at least twenty-four months immediately before the date of his/her transfer of residence to Malta and is still so registered when the vehicle is imported or brought into Malta. Such person should also have lived outside Malta for a continuous period of at least twenty-four months immediately before transferring his/her residence to Malta. Other conditions apply.

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***Malta was listed by the United Nations, in its World Risk Report (2011), as one of the safest nations on Earth. The Maltese islands are a very safe destination in all aspects, be they climatic, social or geological. This fact, coupled with the country's long-standing reputation for warm hospitality, its unique heritage and culture, together with its advantageous tax system and robust financial laws, make Malta and Gozo a compelling destination for the widest possible spectrum of individuals wishing to take up residence in Europe, or an alternative European State.***



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