



DOING BUSINESS FROM MALTA

TTN Malta September 2006



DOING BUSINESS FROM MALTA

- Companies
- Trusts
- E-gaming
- Occupational Pensions
- Captive Insurance
- Owning property in Malta
- Permanent residence



COMPANY TAXATION



MALTESE COMPANIES

New system from 1/1/2007

- Malta uses the known tax refund system for foreign income
- From 2007 applicable to residents and non residents – no distinction – no discrimination

Satisfies EU criteria



MALTESE COMPANIES

Holding companies

- Participating holding companies
Pay normal corporate taxation rate 35%

BUT - Full tax refund to shareholder/s

Net tax 0%



MALTESE COMPANIES

- International Trading Companies

Pay normal corporate taxation rate 35%

BUT refund of 6/7 of tax paid

Net tax 5.00%

MALTESE COMPANIES

Important features

- Full imputation system
- No w/h taxes on dividend, royalties or interest paid;
- No CFC-type provisions;
- No thin capitalisation rules;
- Advance revenue rulings;
- 43 double taxation treaties.

MALTESE HOLDING COMPANIES



Double Taxation Relief - 3 types

- ◆ Treaty Relief – 43 treaties
- ◆ Unilateral relief
 - Non treaty countries
 - On proven overseas taxes allowed as credit
- ◆ Flat Rate Foreign Tax Credit (FRFTC):
 - No treaty or
 - low (<25%) or no tax paid overseas.
 - Mechanism reduces tax from 35% to 18.75%

 - PROVIDES SIGNIFICANT CASH FLOW ADVANTAGES IN CASE OF LARGE PROFITS

MALTESE COMPANIES



Refund of tax paid by company

- ◆ Paid to shareholder
- ◆ On dividend distribution
- ◆ Inland Revenue bound to issue refund not later than the 14th day of the month following that in which a valid claim is submitted.

MALTESE COMPANIES



Redomiciliation

- ◆ Regulations in place for facilitating company redomiciliation to/from Malta.

MALTESE COMPANIES



Redomiciliation requirements

- ◆ similar in nature to a company as known in Malta;
- ◆ from an approved jurisdiction – currently EU and EEA member states, OECD member states, Jersey, Guernsey, Gibraltar, British Virgin Islands, Bahamas, Bermuda, Isle of Man, Cayman Islands and Mauritius;
- ◆ laws of the foreign company jurisdiction must allow such continuance;
- ◆ Company M&A, statute or charter must specifically allow such continuation.



TRUSTS

TRUSTS

Trust and Trustees Act (TTA) - updated from January 2005

- Modelled on UK law
- Approved by OECD and FATF
- No requirement for trust registration

TRUSTS

TTA offers:

- support to trustees for smooth operation
- strong 'consumer protection' – eg beneficiaries
extensive right to information
- Fast track 'passporting' of foreign trustees to Malta

TRUSTS

Impact of foreign law trusts:

- Foreign law trusts fully recognised
- This makes it a safe jurisdiction
- Thus trustee can relocate to Malta and retain foreign trusts

TRUSTS

Taxation

- Trusts are considered to be transparent for tax purposes.
- Trust income not charged to tax in the hands of a trustee if it is distributed to a beneficiary.
- Undistributed income charged at 35%.
- If beneficiaries are non-resident and all income does not arise in Malta, there is no taxation under Maltese law.



OCCUPATIONAL PENSIONS



Occupational Pensions

In 2002 the Special Funds Act was enacted to facilitate the establishment of funded second pillar retirement arrangements.

In March 2006 Malta transposed the 2005 EU Occupational Pensions Directive

This directive is intended to create a cross border pensions market.

Occupational Pensions

Retirement schemes

Can be constituted by:

- Contract
- Trust deed - from 1st October 2006

These schemes must be registered with MFSA

Either

- Defined benefit scheme or
- Defined contribution scheme

Occupational Pensions

Retirement schemes

Can be :

- Defined benefit scheme or Defined contribution scheme
- Open (open membership) or closed schemes (specified groups)
- Must appoint a Retirement Scheme Administrator



Occupational Pensions

Retirement Fund – investment pooling vehicle

A Collective Investment Company set up for the principal purpose of holding and investing contributions made for one or more:

Retirement schemes or

Overseas retirement plans

Occupational Pensions

Retirement Fund – regulation

Funds must be registered.

They are regulated to protect members/beneficiaries.

Requirements for Administrators, Asset Managers,
Custodians, Auditors and Actuaries (for DB schemes)

Occupational Pensions

Overseas Retirement plans

No obligation to register in Malta

May establish a Retirement Fund in Malta

May invest in an already established Retirement Fund in Malta

Occupational Pensions

Taxation

Basic concept –

- non resident beneficiaries and
- fund income from foreign sources



significant tax advantages



Affiliated Insurance Companies (AIC)

Captives

Affiliated Insurance Companies (AIC) - captives



EU passporting rights benefits enable the freedom to provide cross border services and write business directly anywhere in the EU

Captives can be registered and operated from Malta.

Affiliated Insurance Companies (AIC) - Captives



Advantages in Malta

- Protected cell companies (PCC)
- Tax - may qualify as an ITC - around 5% tax
- State of the art EU - compliant legislation carefully designed not to be over-regulated
- Ease of redomiciliation



RESIDENTIAL PROPERTY

Permit Requirements

◆ *5 designated zones -*

- no permits required
 - no restrictions on quantity
- applies to EU and non EU citizens

◆ *Other areas*

- EU citizens may freely acquire 1 property as ***primary*** place of residence
- Permit required for secondary residence unless 5 year continuous residence in Malta proven
- NON EU citizens require permits for all purchases

Taxation

◆ Capital gains

- Vendor's ordinary residence past 3 yrs - 0% CGT
- Sale within 5 years
 Otherwise CGT 35% or Final tax 12% of sale price
- Sale after 5 years
 Final tax 12% of sale price

◆ Inheritance taxes

- No inheritance taxes.
- 5% transfer duty on death

Taxation

- ◆ Annual property taxes
 - No property taxes or rates

All taxes, including Capital gains taxes, are payable in full even if property is acquired through corporate structures.

Sale and Repatriation

- ◆ No restrictions on sale
- ◆ All sales proceeds may be repatriated



PERMANENT RESIDENCE

Permanent residence

- ◆ Any person may apply for permanent residence status

- ◆ Must:
 - Must prove Capital assets of LM150k (€350k)
 - Minimum income of LM10k (€24K)

 - Taxed at flat rate of 15% on remittances to Malta
 - (minimum remittance LM6k pa + LM 1k per dependant)



Permanent residence

- No minimum stay requirements
- A low annual tax liability of Lm1,800 (approx. US\$5,100 = Euro4,200)
- No world-wide income/wealth tax - tax only paid on income remitted to Malta
- Acquire property worth >€72000 OR rent at a minimum annual rent of €4250
- No minimum investment requirements
- No Inheritance/Wealth Taxes

INTERNATIONAL MANAGEMENT SERVICES LTD.



For further information contact us at:

International Management Services Ltd.
Regent House, Office 21
Bisazza Street,
Sliema SLM 15
MALTA

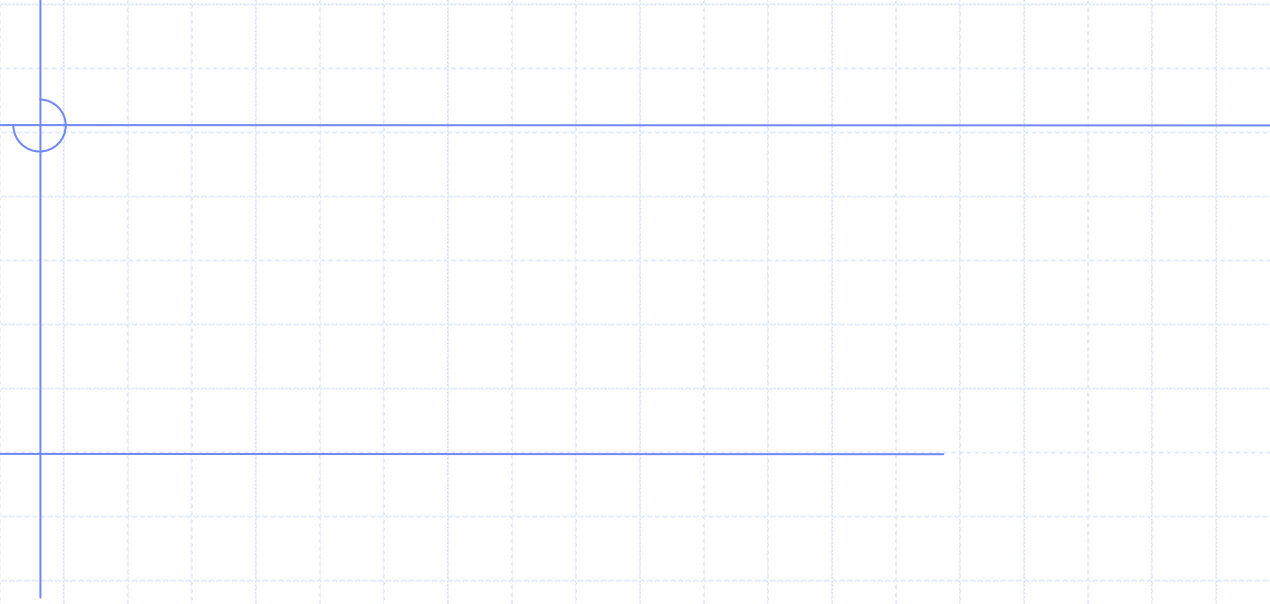
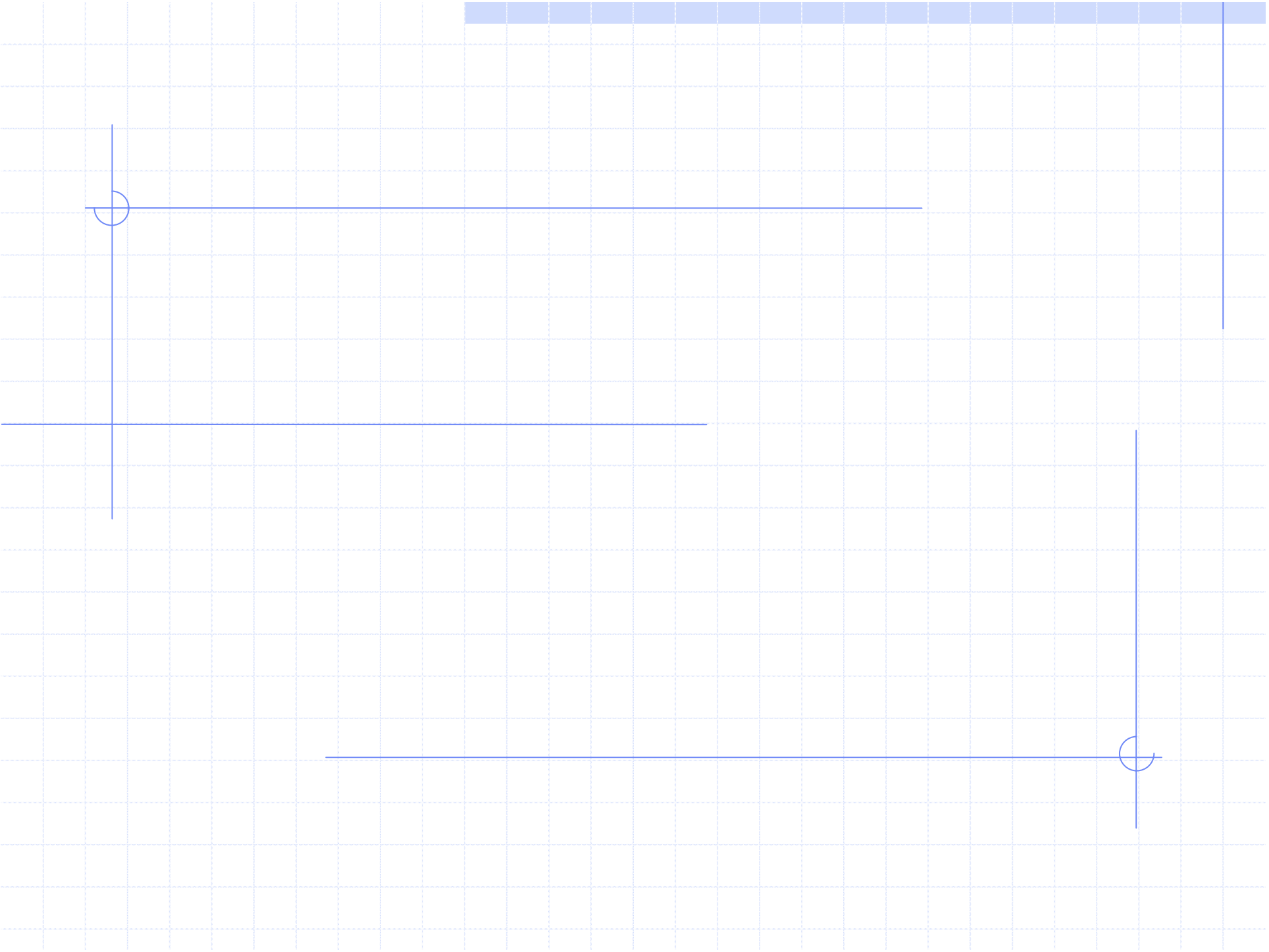
 +356 21 341219

 +356 21 340665

 info@imscons.com

www.imscons.com





E - Gaming

Objectives

The main objectives of the legislation are to ensure:

- The proper operation of interactive games
- The protection of players
- The prevention of money laundering
- Exigencies of public interest



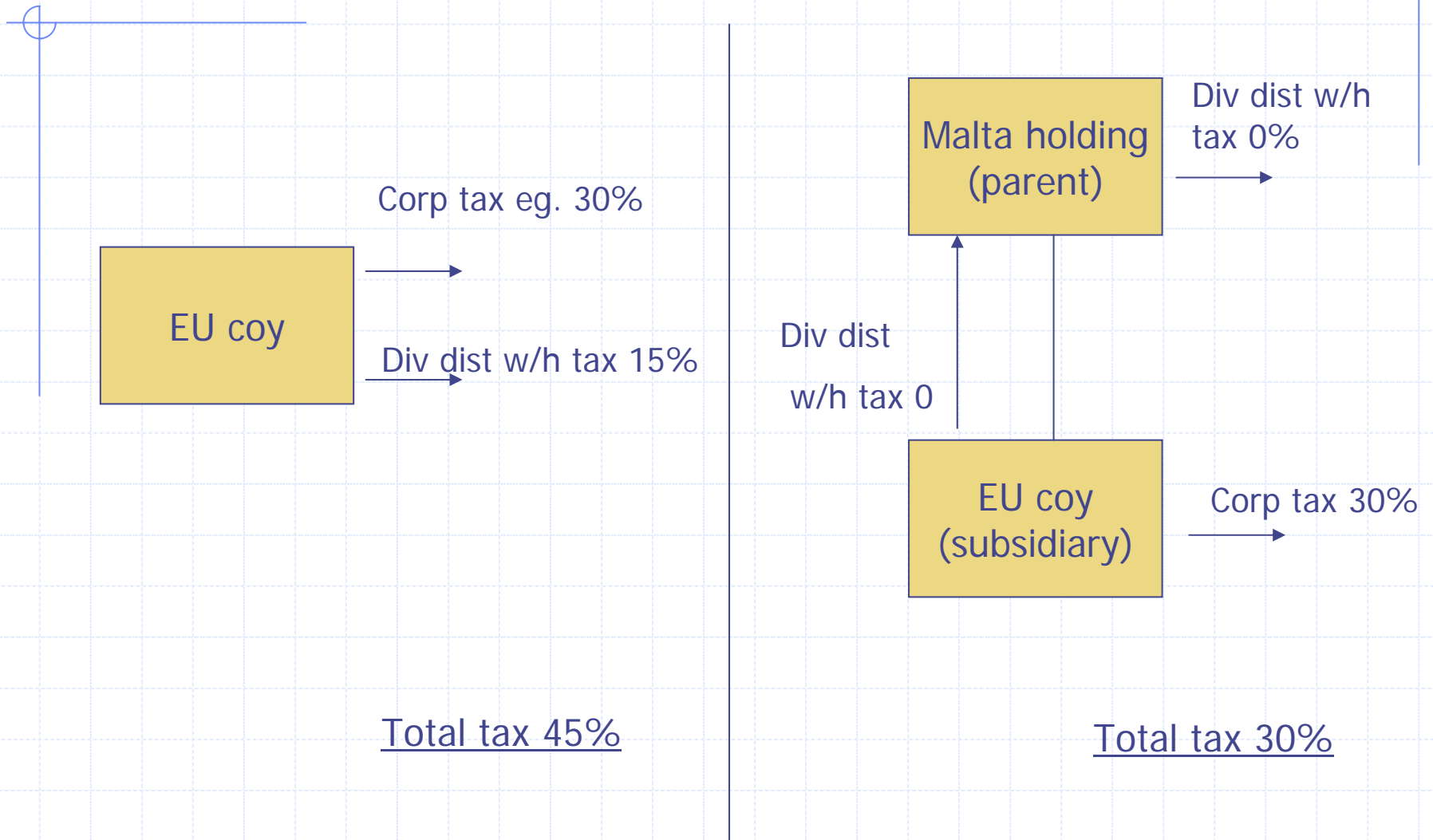
E - Gaming

Taxation

- *online gaming* – US\$5700/US\$8550 per month
- *Class 4 Licences* – US\$0.0/ US\$2850/ US\$5700 per month
- *Online betting operations* –0.5% on the gross amounts of bets accepted
- *Online betting exchanges* – 0.5% on the sum of all net winnings calculated per player per betting market.
- *Online pool betting* –0.5% on the aggregate of stakes paid.

maximum of tax payable per annum by any licensee in respect of any one licence, exceed Lm200,000 (US\$570000)

MALTESE HOLDING COMPANY application





International Management Services Ltd

- ◆ Formed 1985
- ◆ Operates exclusively in international business
- ◆ Core of 8 persons
- ◆ Extensive outsourcing (IT, Legal, Audit, Nominee)
- ◆ English/Italian/French and German speaking personnel