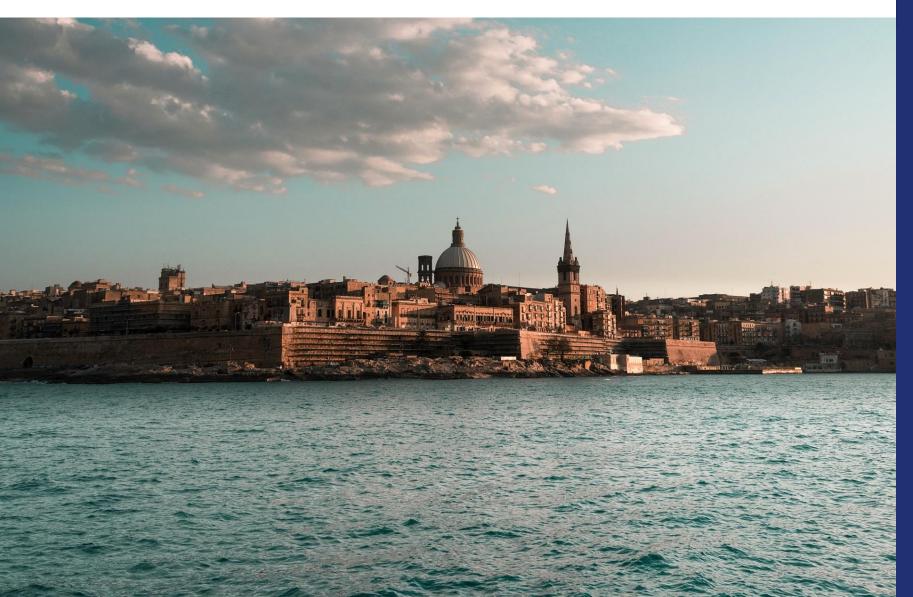


## Malta – Tax Update

TTN Malta September 2019





# **Malta Tax Update**

- Patent box regime;
- Residency Programmes;
- Shipping;
- Participation exemption.



### **Patent Box Deduction Rule**

- Applicable from 1<sup>st</sup> January 2019;
- Approved by OECD;
- Companies may claim deduction on the following basis:

95% x (Qualifying IP EXP x Income from QIP)
Total IP EXP

1.94%



## **Residency Programmes**

Ordinary Residence Permit The Global Residence Programme Residence Programme Rules



### **Ordinary Residence Permit**

- Intended for EU / EEA / Swiss citizens intending on residing in Malta;
- Persons would be resident but not domiciled in Malta;
- Tax capped at 35% on Malta sourced income / capital gains, and on foreign source income that is remitted to Malta;
- Minimum tax of €5,000 payable where income arising outside Malta exceeds €35,000.

#### The Global Residence Programme

- For <u>non-EU / EEA / Swiss nationals;</u>
- Minimum of €100,000 annually arising outside Malta and received in Malta;
- Must not spend over 183 days in any single jurisdiction outside of Malta;
- Income taxed at 15% flat rate on income remitted to Malta (minimum annual tax of €15,000).



### Residence Programme Rules

- For EU / EEA / Swiss nationals;
- Minimum of €100,000 annually arising outside Malta and received in Malta;
- Must not spend over 183 days in any single jurisdiction outside of Malta;
- Income taxed at 15% flat rate on income remitted to Malta (minimum annual tax of €15,000).



# Shipping

### Malta's tonnage tax system

 Income tax exemption for shipping companies has been confirmed by the European Commission in March 2018.



## **Participation Exemption**

- Qualifying Shareholding of a Participating Holding that can qualify as a PE was reduced from 10% to 5% (no minimum time required);
- No withholding tax on outbound payments (including dividends) has been refrained.



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