



Manufacturing Services and Malta Freeport

KPMG Malta

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Background

The Maltese Islands

The Maltese Islands are situated in the middle of the Mediterranean Sea about 100 kilometres south of Sicily and 300 kilometres east of Tunis.

- The Maltese archipelago consists of five islands of which the three larger islands – Malta, Gozo and Comino – are inhabited
- Malta is the most populated island with the bulk of the islands' business activity taking place in Malta's main commercial towns
- A diminutive percentage of the Maltese population live in Gozo and Comino, with most primarily engaged in agriculture, manufacturing and tourism related concerns
- For the purposes of this document, the term 'Malta' may also be construed to encompass the Gozo and Comino, unless specifically stated.

Key Historical Milestones

Malta's historical heritage is ancient, with the island having played a major role in Mediterranean and Global events over the course of history. What follows are some major events in Malta's history which took place after 1940.

- In 1942 Malta and her people were awarded the George Cross, Britain's highest civilian honour, by King George VI. This award was in recognition of the gallantry and heroism of the island's population during the Second World War
- On the 21st of September 1964, Malta was granted independence from the United Kingdom. During this year, Malta also joined the United Nations
- On the 13th of December 1974, Malta declared itself a Republic. To this day, the nation still remains a member of the Commonwealth of Nations
- On the 1st of May 2004, Malta became a member of the European Union, joining the Schengen area in 2007
- Malta adopted the Euro as its official currency in 2008.



Why Malta?

As an EU Member State, Malta enjoys a stable economic, industrial and political climate. This favourable business environment, coupled with a strong and productive labour force, and attractive incentive packages, offer an ideal scenario for companies to locate their operations in Malta.

Location

- Malta is located at the centre of the Mediterranean with direct access to numerous cities in Europe and key cities in North Africa, the Middle East and Russia
- Malta is a Central European Time zone, providing an advantage to companies serving European clients
- Easy access to North African and Middle Eastern markets, particularly markets for IT consulting.

Workforce

- A highly qualified and hardworking labour force
- Almost 4,000 graduates per annum with degrees geared towards the infrastructural and industrial needs of the country providing expertise in crucial fields ranging from Commerce, ICT to Science and Engineering
- Low salary/wage inflation providing a competitive advantage over other overseas competitors. In 2015, the average labour cost per hour stood at €13.00, when compared to an EU 28 average of €25.00. (Source: Eurostat)
- Mastery of dual linguistic capabilities. English is also an official language of Malta.

Business Environment

- A favourable business environment
- An EU regulatory environment ensures a fair and level playing field for all players in the intra-EU market
- However, specialist attractive incentive packages can yield benefits for Malta-based enterprises
- Malta has a well developed existing infrastructure, including telecommunications infrastructure with large bandwidths, including both wired and wireless internet technologies.

Investment

- Malta has achieved rapid and continuous growth through the combination of a highly talented and dedicated workforce coupled with a series of industrial policies throughout the years specifically designed to support foreign export-oriented industries
- Malta has become a solid industrial base by successfully moving from labour-based to a knowledge-based industry, attracting FDI from high profile countries in Europe (such as the UK, Germany and France), the US, Asia and the Middle East
- Today, Malta is home to a myriad of first-rate companies predominantly in sectors such as:
 - Healthcare, pharmaceuticals and medical devices
 - ICT and electronics
 - Engineering
 - Front and back-office operations
 - Logistics-based services
 - On-line gaming
 - In the ICT sector, Malta is a member of INEC (International network of e-communities), a first-class group of worldwide ICT locations
 - After Dubai, Malta plans to become home to the world's second internet city, a high tech village under the SmartCity scheme.

Malta Freeport – a customs free zone

The Malta Freeport, which was set up in January 1988, is a customs free zone located around the much-developed Marsaxlokk harbour in the southern part of the Island.

The relative legislation, which was enacted in July 1989, establishes that no taxes are to be levied on any commodities stored in the Freeport Area.

The Malta Freeport Corporation Ltd is the declared Authority responsible for regulatory compliance, security services for Freeport users and surveillance and management of the customs free zone and warehouses.

The activities carried out at the Malta Freeport include:

- handling of containerised and break bulk cargo on two terminals
- a mineral oil terminal for the storage and blending of oil products
- industrial/warehousing facilities
- may be important in curbing coal use in favor of gas, particularly in Europe
- The Malta Freeport is managed by Malta Freeport Terminals Ltd, a subsidiary of CMA CGM.

The Malta Freeport Terminals Ltd has a 65-year concession to operate the container terminals, the distripark

facilities and the Freeport Centre office complex.

Under the concession granted, the container terminal may be operated as a common user facility, thus allowing different clients to avail themselves of the terminal.

The Freeport's two terminals offer an operational quay length of 2km, a total area for container storage of 771,000 square metres and a total of 15,290 container ground slots.

Malta Freeport Terminals is equipped with over 20 Quayside Cranes, a number of Yard Cranes and ancillary yard equipment.

The Malta Freeport is also fully compliant with the requirements of the ISPS code.



Malta Freeport distripak facilities

These facilities offer logistic providers a dynamic infrastructure for warehousing and distribution complemented by efficient transportation systems, fiscal incentives, round-the-clock operations, efficacious security systems, value-added and quality services and a pro-business environment.

They are already the base for a number of companies, which are increasingly realising the benefits of streamlining their cargo at Malta Freeport and are taking full advantage of the facilities and incentives available at the Freeport's warehousing zone.

Since the distripark facilities are located just six kilometres away from the Malta International Airport they enable clients to undertake sea and air business operations when trading in a time-sensitive scenario.

Warehousing activities include the following:

- storage
- packaging
- labelling
- dividing cargo into separate lots
- cooling and freezing
- mounting of goods for protection or display
- inspection, inventory and sampling
- repairs
- simple sorting or classing operations
- inspection, testing and starting up of engines, equipment and vehicles
- anti-parasite treatment, lubrication, rust proof paint and protective coating for transport
- light assembly and elements of processing.

“ Its comprehensive range of activities, namely two container terminals, an oil products terminal and the distripak facilities, have enabled the Freeport to distinct itself from its competitors. ”



Oil terminal

The Oil Terminal is run by Oiltanking Malta Ltd, which is a joint venture company between Malta Freeport Corporation Ltd and Oiltanking GmbH of Hamburg.

This company started operating in 1992 and has proven to be very successful.

The sustained interest by international clients in Oiltanking's facilities has provided the company with the

necessary spur for further growth and the Oil Terminal will in the near future be increasing its storage capacity by 150,000 cubic metres and adding additional berthing facilities.

Oil & Gas logistics base

Medserv plc, which is located within the Malta Freeport, provides a logistical base for oil companies operating in the Southern Mediterranean Area.

The 50,000 m² site includes offices and warehousing, right of use of the deep water quay and a further ancillary quay. The company is therefore able to service supply specialist vessels key for exploration rigs and platforms.

The operators of the Malta Freeport claim to have a competitive edge over its competitors in the Mediterranean region due to:

- outstanding facilities
- advanced technology
- highly skilled and dedicated personnel
- excellent quality service
- effective security system
- regular network connection
- ease of access to markets
- easy port accessibility and
- generally favourable weather conditions.

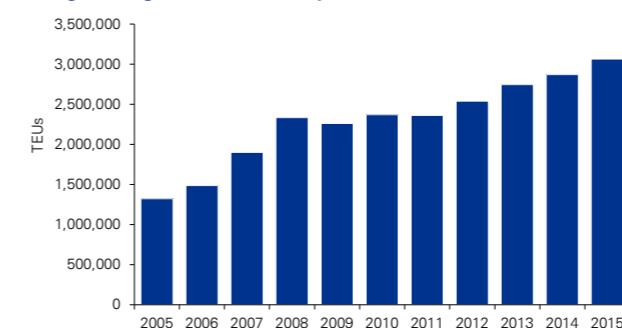
Recent and planned investment projects for the Freeport

The Freeport has undertaken several investment programmes with the aim of enhancing its ability to accommodate larger container vessels, increase the capacity for container stacking, and achieving faster vessel turnaround times.

Past investments include:

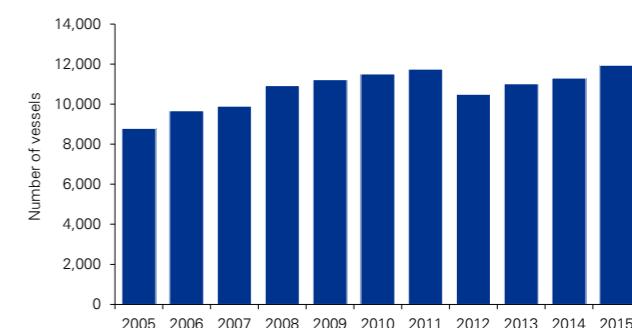
- Extending Terminal Two North Quay to a length of 513m
- Extending Terminal One West Quay to a length of 290m and a depth of -13m LAT
- Dredging all mainline berths to a depth of -17m LAT in order to enable a berthing draught of 16m even keel
- The development of 171,900m² of yard space
- Presently, the Freeport has 4 new Quayside Cranes on order in order to permit a second berth with over 18,000TEUs capacity
- The installation of 360 linear meters of quayside crane rail at Terminal One North Quay
- Extending the yard by a further 30,000m²
- Completion of the Terminal One West Quay dredging works.

Cargo throughput at Malta Freeport (TEUs)

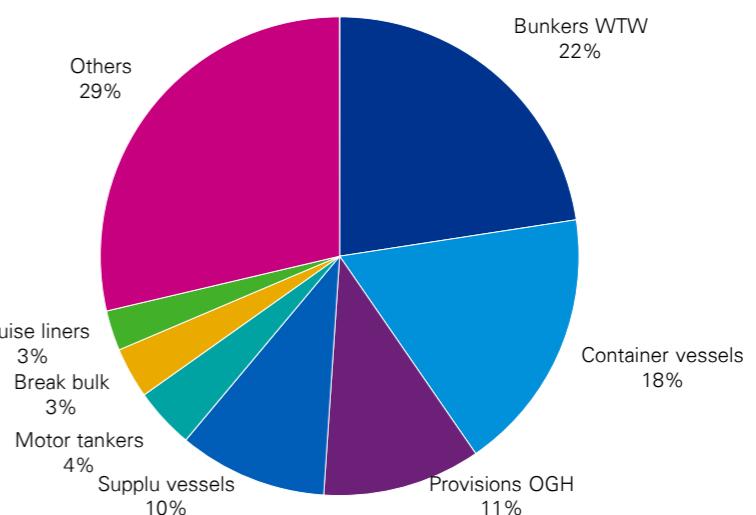


Source: Transport Malta

Number of vessels calling in Malta



Shipping movements (Jan-Dec 2015)



Source: Transport Malta

Who's Here?

Malta has been successful in attracting Foreign Direct Investment from a multitude of starkly distinct industries.



Bayton Ltd
Betfair Entertainment Ltd
Betsson Services Limited
Betway Limited
Casumo Limited
Cherry Gaming Limited
Cosmo Gaming Company Ltd
Dominion Entertainment Ltd
Double Zero Casino Limited
Evoke Gaming Ltd
Fairplay Bets Ltd
Gantor International Ltd
LeoVegas International Ltd
Mangas Gaming Malta Limited
Mr Green Limited
NetEnt Malta Limited
Nordic Odds Ltd
Rational Gaming Europe Limited
SBTech Malta Limited
Stanleybet Malta Limited
Tain Malta Limited
Tipico Co. Ltd
Unibet International Ltd
William Hill (Malta) Ltd



Actavis

Amino Chemicals Ltd

Arrow Pharm Malta Ltd

Aurobindo Pharma Malta Ltd

Baxter Ltd

Cardinal Health Malta 212 Ltd

Combino Pharm Malta Ltd

GlaxoSmithKline Malta Ltd
Medichem Manufacturing Malta Ltd

Novartis Pharma Services Ltd

Siegfried Generics Malta Ltd
Starpharma Ltd
Sterling Chemical Malta Ltd



De La Rue Currency and Security Print Ltd

Dedicated Micros (Malta) Ltd

Methode Electronics Malta Ltd

Playmobil Malta Ltd

STMicroelectronics Malta Ltd

Toly Products Ltd

Trelleborg Sealing Solutions Malta Ltd



2i Ltd

6PM Ltd

Anvil Ltd

KPMG Crimsonwing (Malta) Ltd

Fraser Eagle Malta Ltd

GFI Software Development Ltd

HSBC Call Centre

Microsoft Malta Ltd

RS2 Software Plc

Uniblue Systems Ltd



CMA CGM Group

Delmas

ANL

Maersk Line

Seago Line

Hapag-Lloyd

Hamburg Sud

MSC

FESCO Line

China Shipping Container Lines

Microsoft Malta Ltd

Brointermed

OOCL

Evergreen

United Feeder Services

X-press Feeders

MTL Container Lines

UASC

Hyundai Merchant Marine

COSCON Container Lines

Tarros SpA Line

Regulatory Framework

Malta can boast of a modern legal and tax framework which is consistent, accessible and is fully compliant with the EU regulatory framework.

Secondary legislation

The Chapters of the Laws of Malta are supplemented by secondary/subsidiary legislation which outline the necessary details in the form of rule, regulations and orders made under the authority of the respective parent Acts.

The Business Promotion Act and the Business Promotion Regulations were enacted with the aim of encouraging the establishment of new and the expansion of existing businesses. Furthermore, they provide the back-bone for tax-incentives to enterprises in targeted sectors which are carrying out business operations locally.

To date, the Malta Enterprise published the following regulations:

- Investment Aid Regulations, Legal Notice 391 of 2014
- Assistance to Small and Medium-Sized Undertakings Regulations, Legal Notice 69 of 2008
- Enterprise Support Incentives Regulations Legal Notice 432 of 2013
- Assistance for R&D and Innovation Regulations, Legal Notice 38 of 2015.

Malta Enterprise Act, Chapter 463 of the Laws of Malta

Enacted to make provision for the establishment of 'Malta Enterprise Corporation' with the responsibility to promote enterprise and related business undertakings in Malta, to encourage the establishment of new business and to provide for the development and administration of incentives, schemes and other forms of support.

Business Promotion Act, Chapter 325 of the Laws of Malta

Enacted to encourage the establishment of new businesses and the expansion of existing ones.

Patents and Design Act, Chapter 417 of the Laws of Malta

Enacted to make provision for the registration and regulation of patents and design.

Commercial Code, Chapter 13 of the Laws of Malta

Regulates the laws relating to trade.

Competition Act, Chapter 379 of the Laws of Malta

Regulates competition and ensures fair trading in Malta.

Companies Act, Chapter 386 of the Laws of Malta

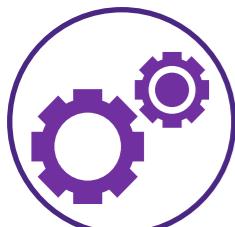
Regulates limited liability companies and other commercial partnerships.

Business Incentives

Incentives under the Malta Enterprise Act comprise four thematic categories:



- Eligible businesses may benefit from tax credits on capital expenditure and human resources. The aid promotes the expansion and diversification of undertakings located in Malta and also encourages other entities to set up new establishments
- Tax credits are computed in relation to tangible and intangible investment costs arising from the initial investment or the value for employment directly created by the initial capital investment
- Enterprise support aims at providing support to businesses in carrying out or intending to carry out an activity that may contribute to the economic development of Malta
- Aid includes:
 - Microinvests scheme which encourages enterprises to invest, innovate, expand, develop and implement compliance directives
 - Business Advisory Services to enterprises operating in Malta
 - Gozo Transport Grant Scheme which supports manufacturing firms operating from Gozo through the reduction of additional inter-island transport cost incurred for the transportation of raw materials and finished goods between Malta and Gozo. This scheme is aimed at reducing the cost-disadvantages for manufacturers arising out of Gozo's double insularity
 - Network Support Scheme which supports enterprises in enhancing their business-to-business networking
 - Strengthening Market Entry and Internationalisation – an incentive which assists firms in the participation of international trade events and prepares entrepreneurs in entering new markets



- This category primarily comprises loan guarantees (to facilitate the acquisition of capital expenditure that will lead to more effective and efficient production or supply of services), soft loans (at low interest rates that part-finance investments in qualifying expenditure), and loan interest rate subsidies
- Malta Enterprise offers incentives to innovative firms to take up projects in research and development. More specifically, incentives include:
 - Support for R&D feasibility studies
 - Assistance in the form of tax credits or cash grants to enterprises carrying out industrial research and experimental development that leads up to the development of innovative products or solutions
 - Tax exemption on royalty income from patents.



The incentives outlined above are administered by the Malta Enterprise and are available at the time of publication of this factsheet. Different eligibility criteria and closing dates apply. For more information on the schemes kindly refer to <http://www.maltaenterprise.com/en/support>.

Regulatory Framework - Malta Freeport

Companies accepting to set up operations in the Freeport Zone will be granted a licence by the Malta Freeport Corporation Ltd (i.e. the declared Malta Freeport Authority) for as long as the activity and lease are in force.

The lease shall be for a period of one year effective from the day the parties enter into the lease agreement.

This period may be extended for further periods of three years each unless either party gives notice of termination at least six months prior to the end of each of the said three-year periods.

Guarantees

Benefits granted by the 1989 Act are guaranteed for a period of fifteen years from the grant of the relative licence, the relative exemption or other benefit.

Safeguards

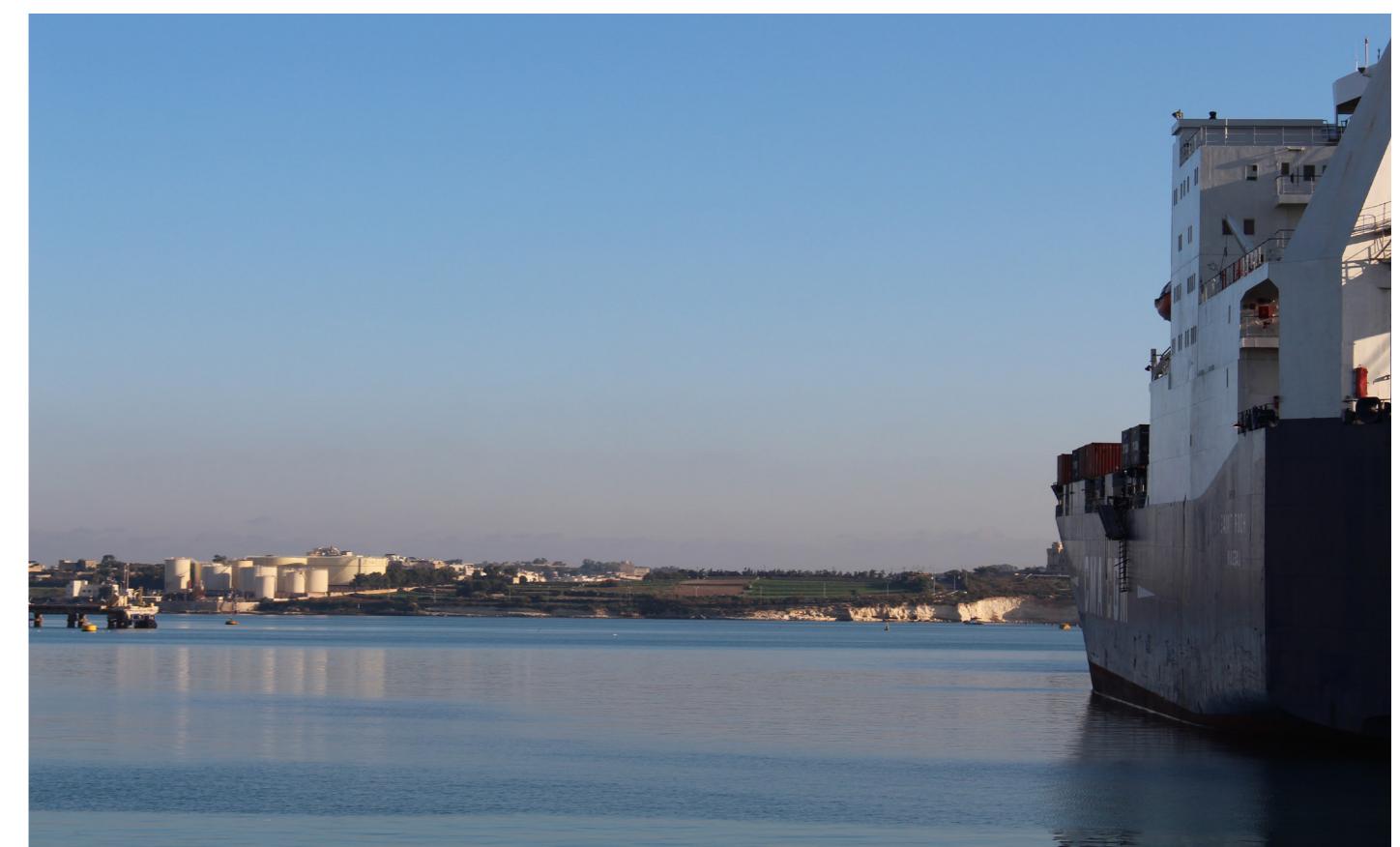
Various types of activities and products can be handled at the Freeport's industrial storage zone. However, the Malta Freeport Act contains provisions acting as safeguards against illicit activities and there is also a set of reserved operations in the Freeport when dealing with alcoholic spirits and tobacco products or other commodities, which the Malta Freeport Authority may from time to time determine.

Furthermore, logistic providers are prohibited from utilising the warehousing facilities as a bonded store for customs duty purposes in relation to goods, which will be imported into Malta but outside the Freeport. Additionally, the lessee does not have the right of sub-letting the warehouse leased to it to third parties.

Certificates

The Malta Freeport Authority also has the power to issue 'Made in Malta' certificates if a substantial transformation has been achieved in the identity of the goods through value added activities or processing. These certificates will be required for customs process at the port of destination. Normally, this is required in order to benefit from customs tariff preferences as certain goods may leave Malta with a more favourable rate of duty than from a third country. The fact that the Authority may issue certificates makes Malta Freeport more attractive to foreign investors.

The Authority is also empowered to release a certificate for any goods, which have been transhipped through the Freeport and have not suffered any manipulation.



Since Malta Freeport enjoys a free trade zone status, goods imported by a licensed company are exempt from customs duty and no customs laws apply to any goods processed in the Freeport.

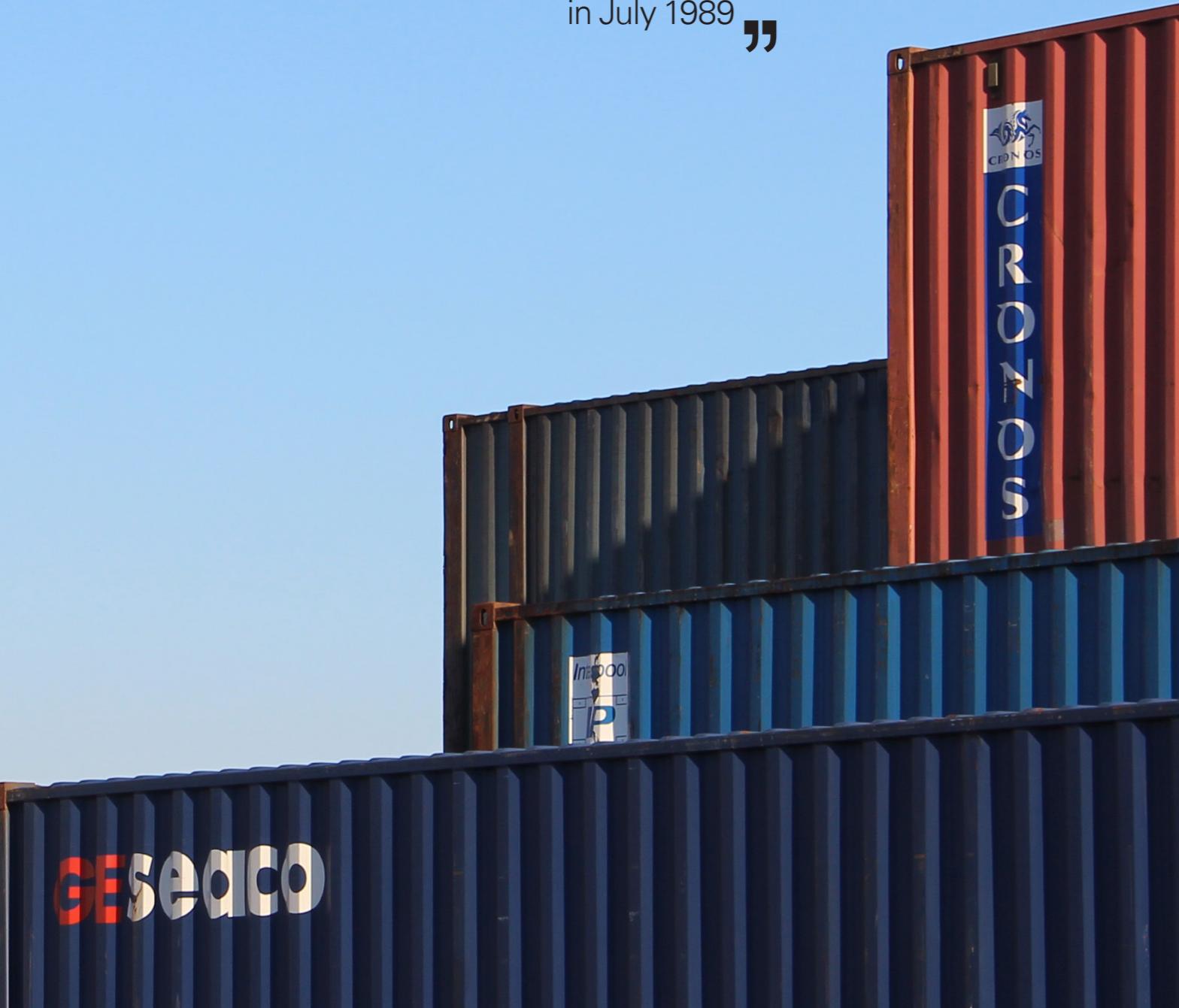
Furthermore, subject to certain restrictions contemplated in the law, all goods imported into the Freeport by a licensed company are exempt from indirect taxation.

However, cargo transferred out of the Freeport becomes liable to normal official procedures either by simply leaving the country as exports or by entering the country and

being released for local consumption in which case it will be subject to VAT, import and excise duties and levy as applicable.

The Freeport Corporation is empowered to safeguard against the abuse of the above exemptions mainly by restricting access to Freeport areas and granting right of search to the Comptroller of Customs to all vehicles entering or leaving the Freeport.

“All operations within the Freeport are regulated by the Malta Freeport Act which was enacted in July 1989 **”**



Setting up a Business

Legal structure

The Companies Act (the 'Act') which came into force on 1 January 1996 is based on the 1962 Commercial Partnerships Ordinance and on the principles of law which emerged therefrom, on the UK Companies Act as well as on EU Directives.

The Act provides for the constitution of three types of partnerships:

- partnerships "en nom collectif" (the liability of its partners is unlimited)
- partnerships "en commandite" (some of its members are limitedly liable whereas the others are unlimitedly liable) and
- limited liability companies (separate legal person and the liability of its members is limited to the value of its shares).

In view of the fact that the limited liability company is the most important and common partnership, limited reference will be made to the other two types of partnerships. The limited liability company may have the status of a public or private company. A company may be registered either by the shareholders or by their authorised agent). Every company registered in Malta must have a registered office in Malta.

The length of time required for incorporation of a company depends on the type of company being incorporated. Where the Registrar is provided with complete information and all necessary documentation, the process may take as little as 24 hours. To be validly constituted, every company has to register its Memorandum of Association at the Registrar of Companies and, if it wishes, its Articles of Association.

Articles of Association

The Articles of Association are those rules which regulate the management and administration of the company and thus refer to, *inter alia*, the mode of transfer of shares, the manner in which directors are to act, the quota for the holding of directors' and general meetings as well as of the passing of ordinary and extraordinary resolutions.

Any matter which is not specifically regulated by the Articles of Association of a company shall be governed by Part 1 of the First Schedule to the Act.

Memorandum of Association

The Memorandum of Association must specify the objects for which the company is incorporated. Stated information must include the following:

- the name of the company
- the private or public nature of the company
- the registered office of the company
- the share capital of the company
- the name, residential address, nationality and passport/identity card number of the director/s and the company secretary
- the name, residential address, nationality and passport/identity card number of its legal and judicial representative
- the name, residential address, nationality and passport/identity card number, where individuals, and the name and registered address, in the case of a corporate body, of the subscribers
- the duration of the company, if any.

Capital requirements

- The minimum share capital required to set up a private company is €1,164.69, 20% paid up, and subscribed to by at least two persons except in the case of single member companies
- In the case of a public company the minimum share capital required shall be €46,587.47, 25% paid up
- The share capital of a company may be denominated in any currency which is a convertible currency.

- A company cannot hold its own shares
- Although the general rule is that a company cannot hold its own shares there are exceptions thereto
- In fact, a company may acquire its own shares, provided that such is not done by subscription and that all the conditions mentioned in the law are fulfilled.

Appointment of directors

The minimum number of directors required by the Act depends on whether the company is a private or a public company. In the former case a company must have at least one director whereas in the latter case there must be at least two directors.

Any person (including a body corporate), may be appointed company director, subject to a number of exceptions.

Company secretary

Any individual (not a body corporate) may be appointed company secretary subject to certain limitations.

However, a sole director of a company cannot also be company secretary, except in the case of the sole director of a private exempt company where such sole director may also act as company secretary.

Furthermore, a company cannot have as its sole director a body corporate the sole director of which is company secretary to the company.

Single member companies

The Companies Act also provides for the possibility of having a single member company.

Two conditions must be fulfilled: it must be a private exempt company (a company which has less than fifty members, restricts the transfer and transmission of its shares and has none of its shareholders and directors which are corporate persons), and, its objects must specify which activity of the company shall be its main trading activity and the business of the company shall consist principally of that activity.

Continuation of companies

The Continuation of Companies Regulations (Legal Notice 344 of 2002 as amended by Legal Notice 352 of 2003 and 181 and 186 of 2006) make possible the flighting of foreign companies to Malta and the flighting of Maltese companies to foreign jurisdictions.

This is possible only provided that the laws of the foreign jurisdiction authorise the body corporate to do so.

Continuation is possible only if the foreign company is similar in nature to a body corporate as known under the laws of Malta, and if the company is authorised to do so by its Memorandum and Articles of Association (or Charter, as applicable).

The regulations clearly set out the procedures which need to be followed and the documents that would be required to be presented to the Registrar of Companies for due consideration, prior to any change effectively taking place.

Authorised Share Capital	Registration in paper format	Registration in electronic format
Up to €1,500	€245	€210
Over €1,500 but not exceeding €5,000	€245 with the addition of €15 for each €500 or part thereof in excess of €1,500	€210 with the addition of €12 for each €500 or part thereof in excess of €1,500
Over €5,000 but not exceeding €10,000	€350 with the addition of €20 for each €1,000 or part thereof in excess of €5,000	€294 with the addition of €17 for each €1,000 or part thereof in excess of €5,000
Over €10,000 but not exceeding €50,000	€450 with the addition of €20 for each €2,500 or part thereof in excess of €10,000	€379 with the addition of €17 for each €2,500 or part thereof in excess of €10,000
Over €50,000 but not exceeding €100,000	€770 with the addition of €20 for each €10,000 or part thereof in excess of €50,000	€651 with the addition of €17 for each €10,000 or part thereof in excess of €50,000
Over €100,000 but not exceeding €250,000	€870 with the addition of €10 for each €15,000 or part thereof in excess of €100,000	€736 with the addition of €8 for each €15,000 or part thereof in excess of €100,000
Over €250,000 but not exceeding €500,000	€970 with the addition of €10 for each €10,000 or part thereof in excess of €250,000	€816 with the addition of €8 for each €10,000 or part thereof in excess of €250,000
Over €500,000 but not exceeding €1,000,000	€1,220 with the addition of €20 for each €20,000 or part thereof in excess of €500,000	€1,220 with the addition of €17 for each €20,000 or part thereof in excess of €500,000
Over €1,000,000 but not exceeding €2,500,000	€1,720 with the addition of €10 for each €50,000 or part thereof in excess of €1,000,000	€1,441 with the addition of €8 for each €50,000 or part thereof in excess of €1,000,000
Over €2,500,000	€2,250	€2,250

Source: Companies Act (fees) Regulations, 2008, L.N. 354 of 2008

Fees are correct as at the time of publication of this document.

The fees for the registration of an investment company with variable share capital amount to €1,750.

In the case where an overseas company does not have registered capital, the fee varies according to the number of members.

The process to set up - Malta Freeport

License to operate in the Freeport Zone

The Malta Freeport Corporation Ltd is entrusted with the granting of licences for operations at the distripark facilities. In terms of the Malta Freeports Act, a license may only be granted to a limited liability company constituted and registered under the law of Malta. The information requirements for submission with the licence application include the following:

- general information on the applicant, including the Memorandum and Articles of Association, as well as commercial/financial information on the main shareholders;
- proposed activities, including the anticipated transportation arrangements; the intention to apply for certificates of origin or non-manipulation, and details of pollution control measures to mitigate any discharge of noxious effluents, emission of atmospheric pollutants, etc;
- the facilities required and anticipated requirements;
- financial information, such as the capital investment and the estimated annual turnover for a 3-year period from the proposed Freeport activities;
- other information, for example, references from reputable banks.

Malta Freeport Corporation Ltd service charges and fees

Service	Charge
Non-licensed Company's Certificate	€10
License	€2,325
Bunkers	€232
Non-manipulation Certificate	€55
Per extra copy	€27.50
Security Identification Card	€10
Renewal of Card	€4.50
Security Services	Negotiable

Ongoing compliance obligations

Accounting records

Companies are required to keep proper accounting records with respect to:

- all sums of money received and paid
- the assets and liabilities of the company and
- if the company's business involves dealing in goods:
- statements of stocks held by the company at the end of each accounting period;
 - all statements of stock takings and
 - except in the case of retail activities, details of all purchases and sales.

The accounting records must be kept at the company's registered office or such other place as the directors may decide. They must be kept for a period of ten years.

Individual accounts

The directors of every company are responsible for the preparation of the company's accounts for each accounting period. These financial statements are described by the Act as individual accounts (as opposed to consolidated accounts) and basically comprise the following:

- Profit and Loss Account
- Balance Sheet
- Cash Flow Statement and
- Notes to the Accounts.

The individual accounts must be drawn up in accordance with the provisions of the Act and with generally accepted accounting principles and practice.

For the purposes of the Act, compliance with "generally accepted accounting principles and practice" requires adherence to International Accounting Standards issued by the International Accounting Standards Committee and to any accounting standards issued from time to time in terms of the Accountancy Profession Act.

Consolidated accounts

If at the end of an accounting period a company is a parent company, the directors must also prepare consolidated accounts besides the individual accounts of that company.

The consolidated accounts essentially comprise the following:

- Consolidated Profit and Loss Account
- Consolidated Balance Sheet
- Consolidated Cash Flow Statement and
- Notes to the Consolidated Accounts

As is the case with individual accounts, the consolidated accounts must give a true and fair view as well as be drawn up in accordance with the provisions of the Act and with generally accepted accounting principles and practice.

Exceptions and exclusions

With respect to the requirements governing the preparation of Individual Accounts and Consolidated Accounts, special provisions or exclusions apply in the case of:

- Banks, Financial Institutions and insurance Companies
- Investment Companies with fixed share capital and Financial Holding companies
- Investment companies with variable share capital
- Subsidiary undertakings
- Financial Holding Companies
- Parents companies as per 3 criteria (aggregate balance sheet total, aggregate turnover and aggregate number of employees)
- Parent companies that are themselves subsidiaries
- Small companies as per three criteria.

Auditor's report

A company's auditors are required to make a report to the members of the company on all annual accounts which are to be laid before the company in general meeting during their tenure of office.

In respect of both the company's individual accounts and the consolidated accounts (if the latter must also be prepared), the auditors' report must be drawn up in accordance with International Standards on Auditing and must state whether, in the auditors' opinion, the annual accounts have been properly prepared in accordance with the Act and whether a true and fair view is given of the state of affairs as at the end of the accounting period, the profit or loss for the accounting period and the cash flows for the accounting period.

Furthermore, if:

- the auditors are of the opinion that the information given in the directors' report is inconsistent with that given in the accounts or
- they are unable to obtain all the information and explanations which they consider necessary for the purposes of the audit or
- they are of the opinion that proper accounting records have not been kept by the company or that proper returns adequate for the purposes of the audit have not been received from branches not visited by them or
- the company's individual accounts are not in agreement with the accounting records and returns
- the auditors must state that fact in their report.

Auditors – general info

The first auditors of a company may be appointed by the directors at any time before the first general meeting. Thereafter, the company's auditors are appointed at each general meeting at which annual accounts are laid.

No person may hold the office of auditor unless he holds a warrant issued under the Accountancy Profession Act or, if at any time during the previous three years that person has had any relationship, as described in the Companies Act, with an officer or employee of the company, or the company itself.

The auditors of a company have a right of access at all times to the company's accounting records, accounts and documents. They are also entitled to require from the company's officers such information and explanations as they consider necessary for the performance of their duties as auditors.

Other related obligations

A company must hold an Annual General meeting. A company's annual accounts must be drawn up and published in the same currency as that of its share capital.

A company's annual accounts must be approved by the company's Board of Directors.

The directors must prepare a report in respect of each accounting period, to include details and reviews of various aspects of the business.

In respect of each accounting period, the directors must lay before the company in general meeting, for its approval, copies of the annual accounts with the directors' report and the auditors' report annexed thereto.

The directors must deliver to the Registrar, for registration, a copy of the annual accounts laid before the company in general meeting together with the annexed directors' report and auditors' report within forty-two days from the end of the period allowed for the laying of the annual accounts in general meeting.

Every company must, within 42 days after each anniversary of its registration, deliver to the Registrar a return which basically outlines company information, such as the address of the registered office, summary of share capital, past and present members, particulars of directors and company secretary.

Employment

The Employment and Industrial Relations Act and its subsidiary legislation place a number of responsibilities on employers. For further information on employer obligations, salary benchmarks, social security contributions and the main provisions of the employment legislation, please refer to KPMG's document entitled Employment obligations and policies.

Health and safety

The Occupational Health and Safety Authority Act places a number of duties on employers. For further information on health and safety obligations, please refer to KPMG's document entitled Employment obligations and policies.

Registration of an annual return of a company

Authorised Share Capital	in paper format	in electronic format
Up to €1,500	€100	€85
Over €1,500 but not exceeding €5,000	€140	€120
Over €5,000 but not exceeding €10,000	€160	€135
Over €10,000 but not exceeding €50,000	€350	€300
Over €50,000 but not exceeding €100,000	€400	€340
Over €100,000 but not exceeding €250,000	€600	€510
Over €250,000 but not exceeding €500,000	€800	€680
Over €500,000 but not exceeding €1,000,000	€900	€765
Over €1,000,000 but not exceeding €2,500,000	€1,200	€1,020
Over €2,500,000	€1,400	€1,200

Source: Companies Act (fees) Regulations, 2008, L.N. 354 of 2008

Fees are correct as at the time of publication of this document.

The registration of an annual return of an investment company with variable share capital amounts to €1,000.

Ongoing compliance obligations - Malta Freeport

Records and certification

Every licensed company has to make available to the Corporation records relating to the goods it is importing into the Freeport as may be necessary to identify their nature, quantity and country of origin, consignment or destination.

Furthermore, in addition to overall regulation by the Competent Authority, licensed companies are required to maintain proper and sufficient records and accounts including appropriate supporting documentation in order to identify and quantify the exemption or benefit.

Such documents and records are to be certified by a Certified Public Accountant and Auditor. No benefits under the law can be obtained unless entitlement is proved by such certification.

KPMG - a full service firm

KPMG in Malta is a leading provider of professional services including audit, tax and advisory with a local staff complement of over 250 professionals. The firm was founded in 1969 and is situated at 'Portico Building' Marina Street, Pietà, Malta.

KPMG is a full service Firm and offers clients a wide range of inter-related services to both audit and non-audit clients:

- Audit: Provision of statutory and regulatory attestation services; provision of advice in relation to compliance with statutory reporting requirements
- Tax: Tax compliance; advice on direct and indirect taxes, incentives legislation, employee taxes, and cross-border tax planning; international business support services
- Advisory: This includes:
 - the provision of advice on governance, risk management and internal controls
 - business strategy and process improvement advisory services
 - financial advisory services including corporate finance, transaction services and restructuring
 - accounting advisory services
 - information systems advisory services.

In carrying out our work, we apply the highest standards demanded by the profession. We provide our services objectively and have in place rigorous procedures to ensure independence and adherence to the profession's and the firm's ethical rules.

KPMG delivers its services through lines of business. For our clients this means exceptional people with an intimate industry-specific knowledge. We know that the success of investing in a jurisdiction depends on the right structure, maximum tax efficiency, effective risk awareness as well as outstanding performance and distribution capability. Our practice brings together knowledge and resources to provide clients with a comprehensive range of practical support across many different areas. Our commitment to excellence in all these areas makes KPMG a natural partner for success.

How KPMG in Malta can help you

Our philosophy is to help clients maximise business advantage from the challenge of relocating all or part of their operations to Malta, based on innovative strategies and a sound approach to regulatory and business risk management.

The position of KPMG today is the product of the way in which we handle the issues that matter most to our clients, the dedication of our people to engendering competitive advantage for the businesses they serve, and our ability to provide a seamless service.

The result is a clear focus on the issues that really matter to you.

KPMG Malta - part of a global network

KPMG is a unique global network of strong national practices (i.e. member firms) that provide Audit, Tax and Advisory services to local, national and multinational organisations.

As a leading global professional services Firm, KPMG operates across 144 countries, with over 130,000 employees worldwide. From Afghanistan to Zambia, KPMG people come from many different backgrounds, but everyone shares a common set of values and follows the same code of conduct.

Locally, KPMG's position in the marketplace very much reflects the status of a 'Big Four' accountancy and professional services firm. With the strength of its member firms and the global breadth and balance of its operations, KPMG has the resources to deliver quality services worldwide through its network and delivers a globally consistent set of multidisciplinary financial and accounting capabilities based on deep industry knowledge.

Throughout the world, the guiding philosophy of KPMG is to provide its clients with the highest quality service, to assist them in developing a rich understanding of their businesses. We provide the insight, skills and resources required to assist our clients in addressing industry-specific issues and opportunities, as well as to challenge clients to look at their organisations and their markets in new ways.



Our Team



Background

Mark commenced his career in the public service with responsibilities for economic policy and planning. He later held management positions in the private sector, ultimately joining KPMG as a Consultant in 1997.

Since joining KPMG, Mark has developed the Business Advisory service line, focusing on the provision of strategic and business planning, economic analysis, strategic and turnaround planning, and business process improvement services, to a client base comprising both public and private sector clients.

Professional and Industry Experience

Mark has also led numerous engagements for clients in the public and private sectors relating to the formulation of strategic and business plans and the drawing up of turnaround plans. Mark has assisted clients in restructuring their operations, and in the analysis of business performance metrics to enable strategic decision making.

Mark is an economist with more than ten years of economic analysis and macro forecasting experience in the public sector. He has led numerous engagements on economic issues, market/industry analysis, and project/concept economic analysis. He has led multi-disciplinary teams in projects such as economic strategic planning, the identification of competitive advantage, the formulation of industrial incentives or "economic triggers", the setting up of regulatory structures and their financing/tariff structures, and in cost-reduction or cost rationalisation initiatives.

In the course of these engagements, Mark has provided leadership and project managed engagements of diverse size and complexity.

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Function and Specialisation

Partner, Advisory Services,
Management Consulting

Education, Licences & Certifications

- B.A. (Hons) Business Management, University of Malta
- Masters in Business Administration, Henley/Brunel, UK
- MSc in Financial Economics, University of London
- Mark is a part-time doctoral researcher in Economics at Strathclyde University, where he is focusing on global foreign direct investment flows with particular reference to small economies.
- Member of the Malta Institute of Management
- Member of the Institute for the Management of Information Systems
- Member of the Institute of Financial Services Practitioners

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