



The Residence Programme Rules

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Malta

Malta is becoming an increasingly popular destination for many foreigners looking to relocate. The small island boasts a stable economy, sublime climate, as well as numerous leisure and cultural attractions. English is widely spoken which facilitates settling in and overcomes language barriers. A 2016 survey conducted by the Expat Insider ranks the Maltese islands as the second–best place in the world for foreigners to live globally, and as the top destination in Europe.

According to the survey, conducted by Business Insider, Malta ranks as the second favorite destination for Europeans looking to relocate, thanks to the ease of settling in, low language barrier, low cost of living and enviable weather. Interestingly, the survey shows that the personal happiness of expats is at its highest in Malta.

Highlights

Benefits

- Remittance basis of taxation
- 15% flat tax rate on taxable remittances to Malta
- Access to Malta's Double Tax Treaties

Main conditions

- Residential property in Malta: Purchase min €275,000; rental min €9,600 (less if located in the South of Malta or Gozo), occupied by the beneficiary as their principle place of abode worldwide
- Health insurance
- Minimum tax of €15,000 payable per annum
- Spend less than 183 days in any other single jurisdiction
- Administration fee of €6,000 (reduced to €5,500 in certain circumstances)



The Programme

The Residence Programme Rules (RPR) enacted by the Maltese Government allows beneficiaries and their qualifying dependents to qualify for a special tax rate subject to fulfilling certain criteria, whereby the beneficiary:

- Is either a national from an EU Member State, the European Economic Area (EEA), or Switzerland;
- Is neither a Maltese national nor a permanent resident of Malta;
- Holds a qualifying property by way of purchase at a minimum value of €220,000 or by way of lease at a minimum rent of €8,750 per annum for properties in Gozo or the South of Malta (per a predefined list of qualifying areas). For properties purchased anywhere else, the minimum property value is €275,000 or minimum rent of €9,600 per annum for leaseholds. Notes: the property cannot be sublet, only the beneficiary and their dependents per the Programme may reside in the property.
- Is not a beneficiary in terms of any other special tax status;
- Pays an annual minimum tax of at least €15,000 upon income arising outside of Malta which is received in/ remitted to Malta;
- Possesses adequate economic resources to maintain themselves and their dependents;
- Holds a comprehensive health insurance covering themselves and all dependents for all risks across the whole of the EU;
- Can effectively communicate in one of Malta's official languages (Maltese or English);
- Is of good character.



Tax implications

Malta's remittance basis of taxation means non-domiciled individuals are only subject to Maltese tax on income arising outside of Malta to the extent that it is received in Malta. The status grants the beneficiaries and their qualifying dependents a flat 15% Malta tax rate on any such income which is remitted to / received in Malta, subject to the payment of the minimum tax mentioned above (payable in full in both the year when the tax status is received and the year when it ceases to apply, as well as each full tax year for which the status applies). Any chargeable income and gains arising in Malta would generally be taxable at a flat 35% rate of tax. Finally, any capital gains arising outside of Malta, would not be subject to Maltese tax.

Other considerations

- Where the beneficiary applies for or becomes a permanent resident of Malta, s/he is no longer eligible to benefit from the special tax status and becomes taxable on all income and gains on a worldwide basis, whether accrued in or remitted to Malta as set out in the Income Tax Act.
- Only the beneficiary and their dependents are entitled to reside in the qualifying property; household staff (subject to various conditions) may also be permitted to reside with the beneficiary, however, they would not be entitled to benefit from the same benefits and tax rates granted under the Programme.

Tax Residence Certificate

A Tax Residence Certificate ('TRC') may be issued by the Maltese Inland Revenue Department, however issuance of such is subject to the beneficiary satisfying to the Maltese Inland Revenue that s/he is a tax resident of Malta in terms of Maltese domestic law.

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