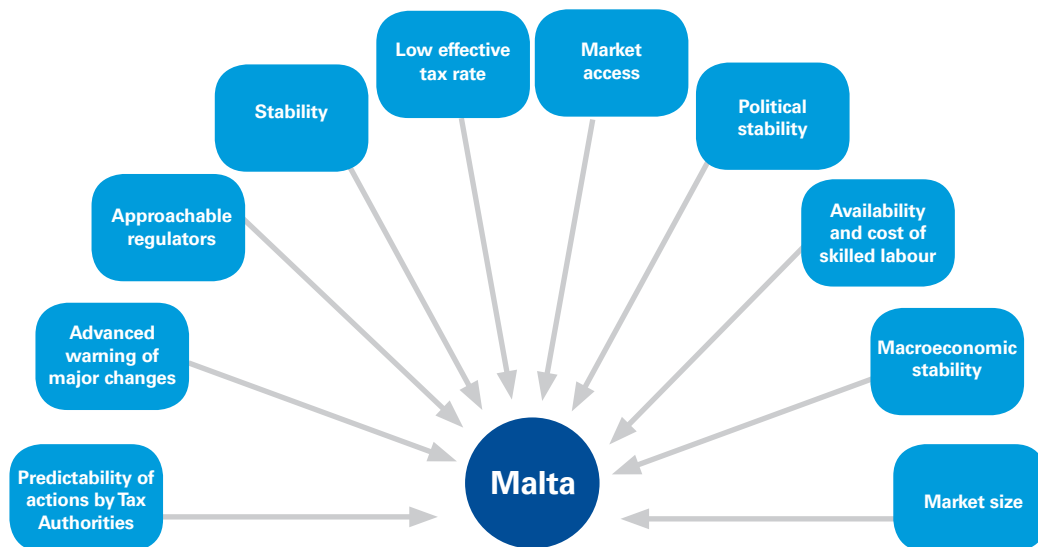


# KPMG - your Blockchain Partner

Malta is in the lead. As many jurisdictions grapple with evolutions in blockchain and Distributed Ledger Technology (DLT) in general, Malta sits atop the DLT ladder as the first jurisdiction to have actually designed an entire ecosystem for DLT. KPMG Malta has been instrumental to these developments and we are therefore poised to walk you through Malta's blockchain terrain - to seize the opportunities and to bring your blockchain innovations to life.

KPMG each year examines the importance of tax and commercial factors for organisations deciding where to re/locate their business functions. Malta consistently scores highly in the top 10 factors below.



Spanning across all functions, KPMG in Malta's blockchain team includes accountants, tax experts, lawyers, bankers, software developers, auditors and analysts trained to focus on detail whilst basing their delivery on the bigger blockchain picture.

## Tax impact

Not only has Malta created the Malta Digital Innovation Authority for robust and investor-friendly oversight, Malta will shortly add yet another feather to its DLT cap as it gears to issue guidelines on the taxation of DLT assets.

Rather than adding another tax layer, the Revenue is expected to apply Malta's tax system, as specifically approved by the EU Commission, to DLT income and transactions. We envisage a tax classification of DLT assets into coins, financial tokens and utility tokens.

What distinguishes Malta is the expected recognition of cryptocurrencies as any other currency rather than assets, thus excluding them from the purview of capital gains tax. Tokens are likely to be categorised depending on their equity characteristics and similarity to securities.

— DLT business income: Applying Malta's attractive tax system, transactions of a capital nature are untaxed while transactions in the nature of trade would be subject to the standard 35% corporate tax rate. A shareholder in receipt of a taxed dividend would then be entitled to claim a tax refund, resulting in an effective 5% or lower tax rate. Further, there is a possibility that gains derived on crypto exchanges, such as the local platform to be launched by the Malta Stock Exchange and Binance, would be exempt from tax. Duty exemptions are also expected to be available.

— Being best placed to locate ICOs and TGEs, Malta's tax system is envisaged to preclude tax on the generated proceeds given that it does not levy wealth taxes.

## The KPMG tax team

Our niche specialists focus on all angles of DLT to ensure a holistic understanding of the issues encountered. With expert colleagues across the globe, our assistance goes beyond borders. We can assess and advise you on efficient corporate structures and evaluate the tax treatment of your blockchain business. We understand the need for speed, while strictly adhering to anti-money laundering policies. We assist upon inception of your plans, implementation and maintenance, ensuring a seamless one stop-shop wherever you are.



## Corporate set-up for your blockchain venture

In order to kick-start your blockchain venture you will need to set up a legal entity in Malta, with companies and private foundations being particularly suited.

— A Maltese company may be either public or private. The incorporation of companies is a quick and cheap process with registration completed upon the issue of a certificate of incorporation within a week of delivery in good order of all requisite documentation to the Registrar.

— Malta's civil law has also been adapted to meet the new demands of blockchain. Purpose foundations may now be the authorised ICO and TGE medium in Malta. Availing themselves of procedural efficiencies and tax advantages, foundations are now well placed to own, administer or otherwise operate innovative technology arrangements.

## Corporate, Tax and Regulatory assistance

Blockchain is great, but execution is key. Our goal is to provide the corporate, tax, regulatory and legal support that will give your blockchain ideas a solid footing. Whether you are incorporating a token exchange, launching a crypto fund or about to issue an ICO we are here to help you:

- Incorporate and register the most suitable entity
- Ensure your structure is both tax compliant and efficient
- Comply with regulatory laws where applicable
- Determine the nature of the token most suited for your plan
- Ensure the token is in line with the financial instrument test
- Review your White Paper
- Draft a token purchase and crowd token offer agreement
- Set best practice terms use and privacy policy
- Compile your ICO private placement offering documents and other related documentation
- Navigate the rules in Malta and your other markets.

With the new regulatory regime in place you may also require an analysis of potential regulatory compliance for the ICO and compliance with other legislation, in particular, GDPR and data protection. We have niche teams ready to help.

## Action point

Blockchain is here and the time to act is now. As you roll-out your blockchain ideas, we have positioned ourselves as your trusted advisor, competent at providing the corporate, tax and regulatory structures on which your ideas can take-off. The DLT sphere is fast-paced and KPMG has hopped onto the front seat to help business and investors set up in Malta.

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