



# Qualifying Employment in Aviation (Personal Tax) Rules, 2016

Private Client Services

2017

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KPMG in Malta



# Background Information

By virtue of Legal Notice 177 of 2016, published on 24 May 2016, the Maltese Government introduced a new set of rules with the aim of attracting EEA/Swiss and third country nationals who hold an eligible office in the aviation industry to Malta.

The Authority for Transport in Malta will be responsible for determining an individual's eligibility under such Rules, which took effect from year of assessment 2017 (basis year 2016).

## Eligibility

In order to benefit from this status, a number of conditions should be satisfied. Indeed, a beneficiary should not be domiciled in Malta and must earn income from a qualifying contract of employment in an eligible office in the aviation industry.

Furthermore, a beneficiary must also meet the following conditions:

- Be in possession of a qualifying contract of employment which is subject to Maltese Law;
- Be in possession of professional qualifications or relevant experience relating to his/her role;
- Prove to the satisfaction of the Authority that s/he performs activities of an eligible office;
- Reside in accommodation regarded as normal and which meets the general health and safety standards in Malta; and
- Be in possession of an appropriate sickness insurance.

## The Benefit

A beneficiary may opt to be taxed at a flat rate of 15% on the income earned from a qualifying contract of employment in an eligible office, provided that excluding the value of any fringe benefits amounts to at least forty-five thousand euros (€45,000) annually.

Notwithstanding the above, it is pertinent to note that income shall not be considered as income from a qualifying contract of employment if it is paid by an employer or a person related to the employer who has received a benefit or an arrangement in terms of the business incentive laws.

# Submission of Application

In order for an individual to be granted a formal determination for eligibility as a beneficiary in terms of such Rules, an application must be submitted to Transport Malta.

Such an application would apply for a consecutive period of five years for an EEA/Swiss national and for a consecutive period of four years for third country nationals. This option would commence from the year in which the individual concerned first becomes taxable in Malta. However, if an individual was taxable in Malta and not benefiting under these Rules and subsequently becomes eligible to benefit from the 15% tax rate, s/he could still benefit from such status provided that the four or five years have not elapsed (in which case the benefit would be applied prospectively).

## How can KPMG help?

KPMG Malta can advise and assist you with the application, correspondence and submission of the application and other relevant documentation required in order to avail yourself from such status from the relevant Authority, as well as advising you in relation to the international tax implications of taking up residence in Malta.

If you would like to know more about this status, or indeed to discuss any other personal income tax matter, get in touch with your local KPMG contact, we're here to help.

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