



Malta - Charging ahead as an EU Fund Jurisdiction



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Malta - The EU Fund Domicile of choice

Malta has established itself as an attractive fund jurisdiction for setting up investment funds and asset management companies due to several positive aspects. This is proven by the Net Asset Value of locally-based collective investment schemes, which amounted to over 22Billion Euro as at June 2024, making the industry one of the largest sector within the Maltese financial services industry.

Malta is home for several funds, fund managers and other asset servicing providers, whilst providing a flexible environment that is attractive to smaller funds and start-ups. Malta's credibility in the industry continues to be supported by the fact that several high-profile, complex, retail, professional and alternative fund structures have been domiciled in the country. This is fuelled by attractive fiscal incentives, competitive prices, a pool of competent talent, and a coveted address inside the European Union (EU).

Similarly, Malta has also seen increasing numbers of fund managers, boutique asset managers, corporate service providers and financial services practitioners setting up on the island, with the sector gaining momentum due to increased activity.

The importance of investors' rights and protection is on the ever increase. This is nurtured with increased regulatory scrutiny, transparency and good governance which are considered as the pinnacle of the financial services sector. In the country, this is overseen by the Malta Financial Services Authority (MFSA), which is the single competent authority, enforcing the legislation within this sector, which adheres to EU standards and codes, as well as those of most other international frameworks. Malta's regulatory scrutiny, assisted with a dynamic yet approachable regulator, have long become selling points for funds or related entities to set-up shop in Malta.

Below are some key points Malta as a fund jurisdiction has to offer:

- **Regulatory Framework:** Malta boasts a well-established and regulated financial services industry, including the use of the International Financial Reporting Standards. The Malta Financial Services Authority (MFSA) serves as the regulatory authority for funds and financial services, ensuring that funds operate in compliance with international standards. The MFSA is also known for its rigorousness yet is very approachable as a Regulator.
- **EU Membership:** Malta is a member of the European Union (EU) and the Eurozone, making it an ideal gateway for fund managers looking to access the broader EU market. Funds authorised in Malta can be marketed and distributed/passported throughout the EU under the AIFMD and UCITS Directive.
- **Flexible Fund Structures:** Malta offers various fund structures, including UCITS, Alternative Investment Funds (AIFs), and Professional Investor Funds (PIFs), allowing fund managers to choose the structure that best suits their investment strategies.
- **Tax Benefits:** Malta offers a tax-efficient environment for funds and fund managers. There are no withholding taxes on distributions to non-resident investors, and fund managers may benefit from Malta's tax treaties network with over 65 double tax treaties based on the OECD model.
- **Robust Legal Framework:** The legal system in Malta is based on English common law, providing stability and predictability for fund managers. Malta's legal framework is supportive of investment fund activities and it embraces an efficient legislation approach, catering for the interests of both the fund business as well as the investors.
- **Financial Services Ecosystem:** Malta has a well-developed financial services ecosystem, including legal, accounting, and fund administration services. This enables fund managers to access the expertise and support they need.

- **English as a Business Language:** English is one of Malta's official languages, making it easier for international fund managers to operate and communicate in the jurisdiction.
- **Access to Markets:** Malta is strategically located in the Mediterranean, providing access to markets in Europe, North Africa, and the Middle East. It serves as a bridge between continents.
- **Cost-Effective Jurisdiction:** Malta offers competitive operating costs and reasonable regulatory fees, making it cost-effective for setting up and running compliant investment funds.
- **International Recognition:** The MFSA in Malta is recognised and respected by international regulatory bodies, and Malta is often considered a reputable jurisdiction for fund management.
- **Innovation and Blockchain:** Malta has shown a proactive approach to blockchain and digital assets, offering regulations for crypto-related businesses. This can be appealing to fund managers exploring blockchain and cryptocurrency investment opportunities.
- **Quality of Life:** Malta offers an excellent quality of life with a Mediterranean climate, a rich cultural heritage, and a friendly and diverse community.
- **Political Stability:** The country enjoys political stability and a pro-business environment, making it a reliable jurisdiction for investment activities.



“ Maltese funds investing outside Malta
are exempt from tax in Malta ”

The Financial Services Regulator

The Malta Financial Services Authority (MFSA) is the single regulator for the financial services industry and has been instrumental in Malta's development as a reputable financial centre. It maintains the highest standards, and ensures that all legislation, directives, and policies are in line with EU Law, as well as implemented practically and on time.

The MFSA has a technical yet entrepreneurial approach, and this has proven to be of great success, particularly due to the availability and willingness of the staff to enter into dialogue with all interested parties, including fund players potentially looking to set up a structure in Malta. MFSA actively seeks to understand business needs and provide effective solutions.

Fuelled by the islands 'can-do' approach to make financial services a major economic contributor, and our naturally warm Mediterranean hospitality, the MFSA always seeks to guide investors to ensure compliance with the regulations.

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