

Malta – Charging ahead as an EU Fund Jurisdiction



The Attractiveness of the Jurisdiction

EU Member State since 2004
English is one of the official languages, together with Maltese.
Attractive and competitive tax system vetted and approved by the EU Commission and Code of Conduct group
Over 60 Double Tax Treaties based on the OECD model
Funds are generally exempt in Malta, and fund management companies set up in Malta may benefit from Malta's tax refund system (through which the effective tax may be reduced to 5%). Furthermore expatriates employed in the senior-most positions may benefit from a reduced rate of tax or from certain exemptions
Rigorous yet flexible regulator, with open-door policy
Supervision is risk-based and minimally intrusive

Funds in Malta



Malta is one of the fastest growing fund domiciles within Europe, with nearly 600 Funds domiciled here. One of the main factors attracting funds and investment managers to Malta is the high level of professional services offered at a lower cost than other European jurisdictions. In addition, the variety of vehicles offered, together with the flexible regulatory and legal framework with which funds can be set-up, the fiscal advantages for funds, and the number and calibre of service providers for funds, all contribute to providing a solid foundation for funds, and ensures a high quality service is received by all.

The substantial growth is seen mainly in Professional Investor Funds (PIFs), used for alternative non-UCITS funds. The regulation of these funds becomes progressively lighter depending on the type of investor. At the lower end of the scale, funds targeting experienced investors, (min. Investment €10,000), regulation is similar to that of a retail fund, but lightens up for qualifying investors (min. Investment €75,000) and further for extraordinary investors (minimum investment €750,000).

Taxation for Funds

- Funds investing outside Malta are recognised exempt from tax in Malta.
- Service providers to funds, such as fund administrators and fund management companies, benefit from Malta's tax refund system, in terms of which, although such companies pay tax at the rate of 35%, upon a distribution of dividends, the shareholder is entitled to claim a tax refund which will reduce the effective tax to between 0% and 6.25% - although the effective tax is generally 5%.
- Malta also has an attractive participation exemption regime which exempts dividends and all gains derived from a qualifying equity holding from its full or partial disposal.
- There are no withholding taxes on dividend distributions or interest or royalty payments to non-residents. Neither are there capital or net wealth taxes
- Senior expatriates working for a licensed entity, may benefit from a reduced tax rate of 15% on their employment income – or may opt to be exempt on certain fringe benefits.

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.

"Maltese funds investing outside Malta are exempt from tax in Malta"

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