



Malta's Double Tax Treaties

February 2016



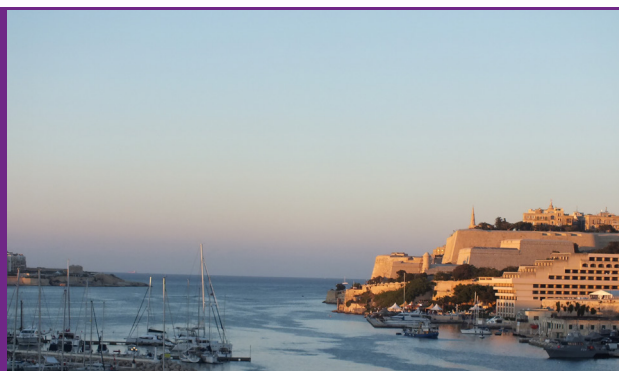
In order to encourage the growth of international trade including that of financial services, successive Maltese governments have sought to conclude double tax treaties with important trading partners as well as with emerging countries. This policy is expected to continue in the future. To date, treaties are in force with 70 countries.

The following table illustrates the treaty and non-treaty withholding tax rates when dividends, interest and royalties are paid from treaty countries to Maltese residents. In general there is no withholding tax under Maltese law on dividends, interest and royalties even where a treaty allows such tax. Non-Treaty rates quoted in the table below do not take into account provisions of European Union Law which may be applicable.

Country	Dividends				Interest		Royalties	
	Rates for Minority Shareholding	Rates for Majority Shareholding	Required for Majority Shareholding	Non-Treaty	Rates	Non-Treaty	Rates	Non-Treaty
	%	%	%	%	%	%	%	%
Albania	15	5	25	15	5	15	5	15
Australia	15	15	n/a	0/30 ^b	15	10	10	30
Austria	15	15	n/a	25	5	0	0/10 ^A	20
Bahrain	0	0	n/a	0	0	0	0	0
Barbados	15	5	5	0/15/25 ^b	5	15	0/5 ^A	15
Belgium	15	15	n/a	27	0/10 ^B	27	0/10 ^A	27
Bulgaria	0	0	n/a	5	-	10	10	10
Canada	15	15	n/a	25	15	0/25 ^c	0/10 ^C	25
China	10	5	25	10	10	10	10 ^D	10
Croatia	5	5	n/a	12	0	15	0	15
Cyprus	15	15	n/a	0	10	0	10	5/10 ^d
Czech Republic	5	5	n/a	15	0	15	5	15
Denmark	15	0	25 ^E	15/27 ^k	0	0	0	25
Egypt	10	10	n/a	5/10 ^v	10	20	12	20
Estonia	15	5	25	20	10	0	10	10

Country	Dividends				Interest		Royalties	
	Rates for Minority Shareholding	Rates for Majority Shareholding	Required for Majority Shareholding	Non-Treaty	Rates	Non-Treaty	Rates	Non-Treaty
	%	%	%	%	%	%	%	%
Finland	15	5	10	20	0	0	0	20
France	15	0	10	30	5	0	0/10 ^A	33.33
Georgia	0	0	n/a	5	0	5	0	10
Germany	15	5	10	26.38	0	0/26.38 ^I	0	15.83
Greece	10	5	25	10	8	15	8	20
Guernsey	0	0	n/a	0	0	0	0	0
Hong Kong	0	0	n/a	0	0	0	3	4.95 ^e
Hungary	15	5	25	0	10	0	10	0
Iceland	15	5	10	18	0	10	5	20
India	10	10	n/a	n/a ^h	10	20	10	10
Ireland	15	5	10	20	0	20	5	0/20 ^f
Isle of Man	0	0	n/a	0	0	0	0	0
Israel	15	0	10	25/30 ^g	0/5 ^F	0/26.5 ^s	0	26.5
Italy	15	15	n/a	26	10	26	0/10 ^G	22.5 ^j
Jersey	0	0	n/a	0	0	0	0	0
Jordan	10	10	n/a	0/10 ^o	10	5	10	10
Korea	15	5	25	20	0/10 ^H	20	0	20
Kuwait	0	0	n/a	0/15 ⁱ	0	0	10	0
Latvia	10	5	25	0	10	0	10	0
Lebanon	5	5	n/a	10	0	5/10 ^m	5	7.5
Libya	15	5	10	0	5	0	5	0
Liechtenstein	0	0	n/a	0	0	0	0	0
Lithuania	15	5	25	15	10	10	10	10
Luxembourg	15	5	25	15	0	0	10	0
Malaysia	0	0	n/a	0	0/15 ^j	15	15	10
Mauritius	0	0	n/a	0	0	15	0	15
Mexico	0	0	n/a	10	0/5/10 ^S	10/15/21/35/40 ^r	10	5/25/35/40 ^u
Moldova	5	5	n/a	6	5	12	5	12
Montenegro	10	5	25	9	10	9	5/10 ^J	9
Morocco	10	6.5	25	15	10	10	10	10
Netherlands	15	5	25	15	10	0	0/10 ^A	0
Norway	15	0	10 ^K	25	0	0	0	0
Pakistan	-	15	20	10	10	10	0/10 ^G	15
Poland	10	0	10 ^K	19	5	20	5	20
Portugal	15	10	25 ^E	25	10	25	10	25
Qatar	0	0	n/a	0	0	7	5	5
Romania	5	5	n/a	16	5	16	5	16
Russia	10	5	25	15	5	9,15,20 ^r	5	20
San Marino	10	5	25	0	0	13	0	0
Saudi Arabia	5	5	n/a	5	0	5	5/7 ^L	15

Country	Dividends				Interest		Royalties	
	Rates for Minority Shareholding	Rates for Majority Shareholding	Required for Majority Shareholding	Non-Treaty	Rates	Non-Treaty	Rates	Non-Treaty
	%	%	%	%	%	%	%	%
Serbia	10	5	25	20	10	20	5/10 ^J	20
Singapore	-	-	n/a	0	7/10 ^M	15	10	10
Slovakia	5	5	n/a	0	0	19	5	19
Slovenia	15	5	25	15	5	15	5	15
South Africa	10	5	10	15	0/10 ^F	15	10	15
Spain	5	0	25	20	0	20	0	24
Sweden	15	0	10	30	0	0	0	0
Switzerland	15	0	10 ^N	35	0/10 ^O	0/3/35 ^O	0	0
Syria	-	-	n/a	0	10	7.5	18	7
Turkey	15	10	25	15	10	0 - 18 ^P	10	20
Tunisia	10	10	n/a	5	12	20	12	15
UAE	0	0	n/a	0	0	0	0	0
UK	-	-	n/a	0	10	20	10	20
Uruguay	15	5 ^L	25 ^P	7	10	3/5/12 ^Q	5/10 ^Q	12
USA	15	5	10	30	10/15 ^R	0/30	10	30



Treaties signed but not yet in force

Curacao and Ukraine and protocol to the treaty with Belgium.

Treaties being (re)negotiated

Azerbaijan, Bosnia and Herzegovina, Oman and Thailand.

Treaty

- A. 0% for the use of, or right to use copyrights of literary, artistic or scientific work
- B. 0% for interest on commercial debt-claims
- C. 0% for the production or reproduction of literary, educational, dramatic, musical or artistic work
- D. Tax on royalties derived as a consideration for the use of, or right to use, industrial, commercial, or scientific equipment shall not exceed 10% on an amount

- A. corresponding to 70% of the gross amount of the royalties
- B. Held for a 12 month period prior to the date the dividends are declared
- C. 0% applies to interest paid by the Government of that Contracting State, a political subdivision, a local authority or the Central Bank thereof and interest paid to a resident of the other Contracting State on corporate bonds traded on a Stock Exchange in the first- mentioned State.
- D. 0% for the use of or right to use, any copyright of literary, artistic or scientific work, cinematographic films or tapes for television or broadcasting
- E. 0% for interest paid in connection with the sale on credit of any industrial, commercial or scientific equipment or paid in connection with the sale on credit of any merchandise by one enterprise to another
- F. The 0% rate applies to interest paid on loans as defined in the Malaysian Income Tax Act
- G. 5% applies to the use of or, the right to use copyright of literary, artistic or scientific work including cinematograph films or films or tapes used for radio or television broadcasting
- H. Held for an uninterrupted period of 24 months. This period can also be met after the payment of dividends is made
- I. 5% applies to royalties paid for the use of or the right to use, industrial, commercial or scientific equipment
- J. 7% applies if the interest is received by a bank, 10% in all other cases

- K: Held for an uninterrupted period of 24 months. This period can also be met after the payment of dividends is made
- L: 5% applies to royalties paid for the use of or the right to use, industrial, commercial or scientific equipment
- M: 7% applies if the interest is received by a bank, 10% in all other cases
- N: Held for at least 12 months and provided both companies:
- are subject to and not exempted from tax;
 - are not resident for tax purposes in a third state under any double taxation agreement; and
 - have adopted the form of a limited liability company.
- O. 0% applies to interest paid between associated companies and to interest paid in connection with the sale on credit of any industrial, commercial or scientific equipment; in connection with the sale of any merchandise by one enterprise to another enterprise; or on any loan of whatever kind granted by a bank
- P. Lower rate of 5% also applies if the beneficial owner is a Collective Investment Scheme
- Q. 5% for the use of or the right to use, any industrial, commercial or scientific equipment, and copyright of literary, artistic or scientific work
- R. 15% applies to interest that does not qualify as portfolio interest
- S. 0% applies in four given scenarios, 5% applies to interest from loans granted by certain banks, 10% applies in all other cases
- j. 15% applies to dividends distributed by fund managers, investment custodians and corporate bodies.
- k: 15% if less than 10% holding and exchange of information; 27% in other cases.
- l: 0% generally and 26.38% an interest from convertible bonds, profit-sharing bonds and participation bans amongst others
- m: The 5% rate applies to interest on debts, deposits and guarantees
- n. 10% applies when distributed by mining, telecommunications, insurance, re-insurance and financial companies and banks
- o. 0% for film copyright royalties
- p. 3% applies to interest paid by financial institutions out of deposits in domestic currency or indexed units with more than a 1-year term, interest on bonds with a term of more than 3 years issued through a public offer and quoted on the stock exchange and on income certificates issued by financial trusts through public subscription and stock price for periods which exceed 3 years, 5% applies to interest from 1-year term or less deposits and 12% applies to any other interest
- q. 9% for certain mortgage and long-term municipal bonds, 15% for state and other municipal bonds, and 20% in other cases.
- r. 0% applies to interest income paid to a non- resident company from traded government bonds, loans provided by a foreign resident to the state in foreign currency, and deposits of foreign currency bank accounts, provided that no business or profession is conducted in Israel by the foreign resident. 26.5% applies in all other cases
- s. 10% applies to interest paid to financial institutions, or to publicly traded securities, 15% applies to reinsurance companies, 21% applies to non-resident suppliers of machinery and equipment or paid by financial institutions, 40% applies to entities subject to preferential tax regime, 35% applies to other interest payments
- t. 5% applies to railroad wagons, 35% applies to patents, trademarks and advertising, 40% applies to royalties paid to entities subject to preferential tax regime and 25% applies to other royalties
- u. 5% applies under the participation exemption rules; 10% in other cases

Non-Treaty

- a. 0% for fully franked dividends, distributions of conduit income, etc. 30% for unfranked dividends
- b. 0% applies if paid out of foreign sourced income, 25% applies if paid out of profits that are exempt or have not been taxed and 15% applies in all other cases
- c. 0% applies to arm's length paymentss
- d. 5% applies to film royalties and 10% applies to any other royalties
- e. 30% of profits multiplied by the applicable corporate tax rate
- f. 20% applies to patent royalties
- g. 25% applies where the shareholding is less than 10% and where the payor is a company resident in Israel whose shares are listed and traded on a stock exchange. 30% applies where the shareholding is equal to or more than 10%.
- h. A final dividend distribution tax is payable by the dividend-paying company at 15%
- i. Royalties paid to non-resident companies are subject to a withholding tax of 30% on 75% of the gross royalty i.e. resulting in a final tax of 22.5%

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Printed in Malta.

February 2016