

Retiring in Malta: Peace of Mind



Malta has for many years been a location of choice for retirees looking for a friendly place in the sun to retire to within the EU. Described fondly as a melting pot of cultures and peoples, a place where crime hardly exists, the locals are hospitable, the health care is excellent, the climate close to perfect and has consistently been voted as one of the top 3 places in the world to retire to! A Country which boasts of a relatively low cost of living, has English as an official language and has no wealth taxes, Malta has now further enhanced its attractiveness by launching a special tax status for retirees!

In terms of the Malta Retirement Programme Rules, published in September 2012, EU, EEA or Swiss nationals desiring a peaceful retirement in welcoming Malta may, subject to qualifying for the special tax status, benefit from a flat 15% Maltese tax rate on their foreign source income which is received in Malta.

In order to be eligible for this beneficial tax one must satisfy the following criteria:

- The applicant should be in receipt of a qualifying pension, which entitles the applicant to periodic pension payments, all of which are received in Malta, and which should constitute at least 75% of the beneficiary's taxable income ;
- The applicant should hold a qualifying property holding:
 - i. Owned Property - Immovable property purchased after 1 January 2011 at a consideration of not less than €275,000 for a property situated in Malta or €250,000 for a property situated in Gozo;
 - ii. Leased Property - Leased property taken on at a lease of not less than €9,600 per annum for a property situated in Malta or €8,750 per annum for a property situated in Gozo;
- The applicant must not stay in any one other country for more than 183 days per calendar year, and must spend a minimum of 90 days per calendar year in Malta, averaged over a period of five years.
- The applicant must not be in any employment relationship. Though a specific carve-out applies to the holding of a non-executive post on the board of a company resident in Malta or the partaking in activities related to any institution, trust or foundation of a public character or similar organisation, which is engaged in philanthropic, educational or research and development work in Malta;
- The applicant must not be domiciled in Malta, and must not intend to be domiciled in Malta within 5 years from benefitting from the reduced rate.

“ Flat 15% Maltese tax rate on their foreign source income”

and occupy such property as his principal place of abode worldwide, provided that the only persons who may

Other conditions include the following:

- The applicant must be a national of the European Union, the European Economic Area or Switzerland;
- The applicant and his dependents must not be persons who benefit from any other special tax status in Malta;
- The applicant and his dependants must be in possession of an EU wide sickness insurance covering all risks normally covered for Maltese nationals;
- The beneficiary must be in possession of a valid travel document.

Special Tax Status

Following a successful application, the beneficiary would be entitled to a flat 15% rate of tax upon all foreign source income received in Malta.

Minimum tax payable

The minimum tax payable in Malta is EUR7,500 in respect of the beneficiary with an additional EUR500 for every listed dependent or special carer.

For the purpose of listing the special carer in terms of these rules, the special carer must be an individual who has been providing substantial and regular curative or rehabilitative health care services to the beneficiary or dependent in a systematic manner for at least 3 years prior to the application.

Alternative Tax Considerations

It should be noted that independently of whether this tax status is opted for, Malta asserts jurisdiction to tax on the twin concepts of residence and domicile. Pursuant to which, persons either not ordinarily resident or not domiciled in Malta are taxable on any income and certain capital gains arising in Malta and on income arising outside Malta that is received in Malta. Such persons are not taxable on any capital gains arising outside Malta, whether received in Malta or not.

Depending on one's specific circumstances we would be able to guide you as to the various available options. Should you be interested in finding out more and exploring these available options, we would be delighted to hear from you.

Contact us

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