



Malta - Mixed (Civil and Common)

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## Incorporating a company in Malta

# Malta taxes

If you want to incorporate to Malta, reading this will help you becoming knowledgeable on the specific tax laws and rates for a LTD which is the most common legal entity in Malta.

Malta resident entities are liable to corporate tax on their worldwide income. The standard corporate income tax rate for income remitted, from our research, and your results may vary, is 35%. However, a tax credit for foreign tax paid is usually available and profits from foreign investments and profits of a foreign PE for which no evidence of tax paid abroad is available may qualify for a flat-rate foreign tax credit of 25%.

CIT is high in Malta as the standard rate is 35%, ranking as 168th overall in terms of corporate tax rate worldwide. However, a relief of double taxation upon the distribution of taxed profits is ensured, granting a shareholder the right to claim a refund of all or a part of the Malta tax paid on the qualifying profits out of which the dividend was distributed, reducing the effective tax rate to 0%-10%. In addition, certain investment income are taxed at a CIT rate of 10% or 15% and certain categories of rental income are taxed at 15%.

The valued added tax rate in Malta is 18.00%, that ranks Malta as 116th overall with regards to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 10% to the equivalent of a social security fund and an employee will contribute 10%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 92hours. Contributing to this is the number of yearly labor tax payments, which is 10 in MT.

Thin capitalization rules aren't in play. This refers to any type of laws on companies' debt-to-asset ratios. Dividends received from a resident company are taxable on the gross amount in the recipient's hands. If the distributed profits have been taxed, no further tax should be chargeable to the recipient company. Dividends received from a non-resident company and remitted profits from a foreign PE, may be tax-exempt, subject to certain conditions. A dividend is a distribution of a portion of an earnings of the legal entity, voted on by the board, to a class of its shareholders. Dividends can be issued as shares of stock, cash payments, or other property.

Capital Gains are included in corporate income tax base. An exemption may apply for gains derived from the disposal of a participating holding or a P.E. outside Malta, subject to certain conditions. Certain investments that yield a fixed rate of return may be tax-exempt. Capital Gains derived from the transfer of immovable property situated in Malta may be taxed at a final tax of 8% of the transfer value. Rates from 2% to 12% may apply in certain cases. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

Payments on dividends to non-residents are not usually subject to withholding tax. A withholding tax of 0% is applied on payments on royalties and interests to non-residents.

There is no known tax on wealth in Malta. There are no known inheritance, transfer and real property taxes in Malta. There are well known research and development breaks on taxation here.

The above is not tax or legal advice for your particular facts and circumstances. We can refer you to a lawyer in Malta who can give you the proper advice and help you need. Contact us today. Click the free consultation button above or press incorporate now if you are in a hurry.

The vat rate in Malta is 18% which ranks 116 in the world.

# Malta Legalese

When incorporating, you must look at the law in the country, in Malta is mixed (civil and common) law. You will want to get some local advice as to how to best structure a company in Malta. Electronic signatures are permitted.

The abbreviation MT is for Malta and the most common legal entity type in Malta is a LTD.

When setting up, budget about 2-3 Days to put together the paperwork and file a LTD in MT. The types of cash you can use to fund your business is frequently any legal tender.

Yes, one is allowed to re-domicile a LTD from MT. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LTD in Malta as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is allowed, up to 100% of the ownership of the LTD.

A company is only required to have one director. Furthermore, corporate directors are permitted. Directors should not expect to be private, as they are disclosed. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for a legal services company which can receive any lawsuit papers on behalf of the registered legal entity. However, a corporate secretary is required by law.

There is an obligation to file yearly tax returns. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Malta is a good option and have given it a score of 91 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 **Shareholders required**
- 1 **Directors required**
- 2-3 Days **to form**



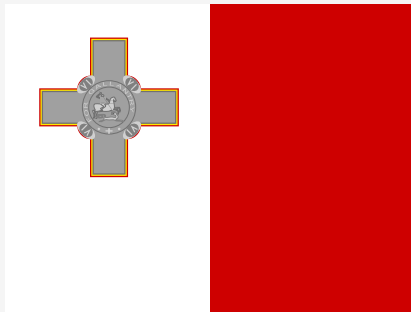
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## Country Info



🏳️ National Flag of

**Republic of Malta (eng)**

**Repubblika ta ' Malta  
(mlt)**

💰 Currency

**EUR**

☎ Area Code

**+356**

🏛️ Capital

**Valletta**

📍 Region

**Southern Europe**

🗣️ Native Languages

**English**

**Maltese**