

Key Facts Holding Companies

Principal Features of a Maltese Holding Company

- A Maltese registered company can act as a holding company for the purpose of investing in another jurisdiction.
- Ownership of the holding company may be vested in non-resident natural or legal persons.
- Subject to certain tests being satisfied, shares held by a Maltese holding company in a non-resident company qualify as participating holdings and therefore benefit from a full exemption from any Malta tax on the income or gains derived from the non-resident company.
- No withholding taxes are applied upon distribution of dividends from a Maltese Holding Company to its shareholders.

The Use of a Maltese Holding Company



The Benefits of a Maltese Holding Company

- Ease of incorporation (in most cases between 24-48 hours)
- Low minimum capital requirements (minimum of EUR1,165 with only 20% being paid-up)

* No withholding taxes on distributions to non-Maltese shareholders. No Malta tax on income or gains from Foreign Company.

**The Foreign Company qualifies as a participating holding.

Key Facts Holding Companies

- A 0% corporate tax on dividends and gains derived from underlying non-Maltese resident entities qualifying as participating holdings subject to certain conditions being met¹
- Low registration and low annual return fees. These vary with the authorised share capital and range from EUR245-EUR2,250 for registration fees (non-recurring) and EUR100-EUR1,400 for annual return fees.
- Lower administration costs compared to other EU jurisdictions
- Access to Malta's double tax treaty network spanning across 60 countries
- As an EU member, the application of provisions in the Parent-Subsidiary Directive and Interest & Royalties Directive result in further tax planning opportunities for a Malta Company
- No withholding taxes on dividends, interest and royalties paid out of the Company to its shareholders
- Capital gains on the transfers of shares in a Maltese Holding Company by non-resident shareholders are normally exempt
- No thin capitalisation rules
- A very flexible transfer pricing regime
- No CFC legislation
- No stamp duty is payable on the issuance of shares upon incorporation. Stamp duty payable upon the issuance of further shares or share transfers in companies held by non-residents can also be exempt subject to certain conditions being met.
- Possibility of redomiciling companies to and from Malta and no entry/exit taxes arising from these redomiciliations
- No exchange controls
- Tax losses can be carried forward indefinitely
- Free choice of currency of share capital, of functional currency for accounting purposes and for the settlement of any tax payable

¹ The shares held by the Maltese company in the foreign company must carry the right to any two of the following: a) right to votes b) right to dividends and c) right to surplus assets in the event of a winding up. In addition one of the following criteria must also be met:

- More than 10% of the equity shares are held OR
- The investment in the non-resident company amounts to EUR1.2m held for at least 183 days OR
- The Maltese company holds at least 1 equity share and has an option to acquire the balance of equity shares OR
- The Maltese company holds at least 1 equity share and has a right of first refusal to acquire the balance of equity shares OR
- The Maltese company holds at least 1 equity share and has the power to appoint a director OR
- The Maltese company holds shares in furtherance of its own business and not as trading stock.

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