

KEY FACTS

MALTA RETIREMENT PROGRAMME

THE MALTA RETIREMENT PROGRAMME (MRP) IS DESIGNED TO ATTRACT EU/EEA/SWISS NATIONALS WHO ARE NOT IN AN EMPLOYMENT RELATIONSHIP AND ARE IN RECEIPT OF A PENSION AS THEIR REGULAR SOURCE OF INCOME. INDIVIDUALS BENEFITTING FROM THIS PROGRAMME MAY HOLD A NON-EXECUTIVE POST ON THE BOARD OF A COMPANY RESIDENT IN MALTA. THIS IMPLIES THAT THE BENEFICIARY WOULD BE PROHIBITED FROM BEING EMPLOYED BY THE COMPANY IN ANY CAPACITY.

They may also partake in activities related to any institution, trust or foundation of a public character and any other similar organisation which is also of a public character, engaged in philanthropic, educational or research and development work in Malta.

An individual may benefit under this programme if he/she is in receipt of a pension (as supported by documentary evidence) all of which is received in Malta and which constitutes at least 75% of his/her chargeable income.

The pension includes periodic payments made by a former employer for past employment as well as regular income from an occupational retirement scheme, personal overseas retirement plan and insurance policies. However, a lump sum payment without periodic pension payment and any capital sum received by way of a commutation of pension is not considered to be a pension for the purposes of this programme.

TAX TREATMENT AND MINIMUM TAX REQUIREMENTS

Individuals who benefit under this programme are entitled to pay tax at a flat rate of 15% on their foreign source income which is remitted to or received in Malta. Foreign source income not remitted to Malta is not taxable in Malta.

There is a minimum amount of tax payable annually of Eur7,500, which is payable by the beneficiary of the programme (and a further Eur500 per annum for every dependant) after taking into account any applicable double taxation relief in respect of any foreign source income. Malta source income attributable to the beneficiary and his/her dependants shall be paid at a flat rate of 35%.

DEPENDANT PERSONS

- > The beneficiary's spouse or a person with whom the beneficiary is in a stable and durable relationship
- > Minor children including children who are in the care and custody of the beneficiary, his spouse, or the person with whom the beneficiary is in a stable or durable relationship
- > Persons, including adopted persons who are children of, and in the care or custody of, the beneficiary, his spouse, or the person with whom the beneficiary is in a stable or durable relationship

MINIMUM STAY REQUIREMENTS

Beneficiaries of the programme must spend in excess of 90 days per calendar year in Malta, averaged over a period of five (5) years. However, beneficiaries are required to spend **not more than** 183 days in any calendar year in any other jurisdiction.

IMMOVABLE PROPERTY REQUIREMENTS

In order to become a beneficiary under this programme, a person must satisfy a minimum qualifying owned property or qualifying rented property requirement.

Qualifying Owned Property

The qualifying owned property must have a minimum value of Eur275,000. However, sensitive to the values of properties in different parts of the Islands this minimum is reduced to Eur220,000 if the property is purchased in the south of Malta or in Gozo.

Qualifying Rented Property

In this case the rent payable on such a property must be a minimum of Eur9,600 per annum unless the property is situated in the south of Malta or in Gozo, in which case such amount is reduced to Eur8,750 per annum.

In addition, the lease must be taken out for a period of not less than 12 months and be evidenced by a certified lease agreement.

The qualifying owned property or the qualifying rented property should be occupied by the individual as his principal place of residence worldwide.

APPLICATION PROCESS

A non-refundable administrative fee amounting to Eur2,500 needs to be paid in respect of any application for special tax status in terms of the Malta Retirement Programme by means of a bank draft or cheque issued by the Authorised Registered Mandatory (ARM) payable to the tax authorities.

The application must be submitted through the services of an ARM. An ARM is a warranted lawyer, a legal procurator, a notary public, an accountant or a member of a recognised Institute of practitioners.

The applicant and his/her dependants must be covered by a health insurance policy covering all risks across the EU. In addition, the applicant and his/her dependants are required to satisfy a fit and proper test as prescribed by the local authorities and must be in possession of a valid travel document as required by Maltese immigration law.

Furthermore, applicants must be in receipt of stable and regular financial resources sufficient to maintain him/herself and their dependants.

HOW WE CAN ASSIST

For more information, please contact Albert Cilia, Managing Director of our Malta office, at acilia@tridenttrust.com, or either of our Trustee and Corporate Services Directors, Josianne Cascun Montebello at jcascunmontebello@tridenttrust.com or Janice Copperstone at jcopperstone@tridenttrust.com.

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