

KEY FACTS

NON-DOM REGIME

TAX RESIDENCE IN MALTA AND THE REMITTANCE BASIS OF TAXATION

MALTA'S NON-DOMICILIATION REGIME OFFERS A FAVOURABLE TAX FRAMEWORK FOR INDIVIDUALS SEEKING RESIDENCY IN MALTA WITHOUT BECOMING DOMICILED THERE. UNDER THIS REGIME, PERSONS WHO ARE CONSIDERED TO BE RESIDENTS BUT NON-DOMICILED ARE ONLY TAXED ON INCOME AND CAPITAL GAINS ARISING IN MALTA AND INCOME REMITTED TO MALTA, WHILE FOREIGN-SOURCED INCOME NOT BROUGHT INTO MALTA REMAINS EXEMPT FROM MALTESE TAX.

It is important to understand when a person is considered to be a tax resident in a jurisdiction. In the case of Malta, tax residence does not rely on nationality or civil status but rather residency is a question of fact. In this respect, a person may be considered to be a resident of Malta even if he is also a resident for tax purposes in another country. In such circumstances, the individual may therefore be considered to have dual residence for tax purposes, which in itself may give rise to various tax implications. In such circumstances, Malta's wide tax treaty network (see our [Double Tax Treaties Key Facts](#)) should help to mitigate this and assist in deciding which country shall apply taxing rights.

When a person stays in Malta for more than 183 days (in any particular year) he/she will be considered to be a tax resident in Malta for that year, irrespective of the nature and purpose of that person's stay in Malta. Conversely, when a person comes to Malta with the intention of establishing their residence in Malta, that person shall become resident from the date of their arrival, regardless of the length of their stay in Malta in that particular year.

TAX IMPLICATIONS OF DIFFERENT SITUATIONS

Individuals who are considered to be ordinary resident and domiciled in Malta are subject to tax on a worldwide basis, whereas individuals who are either not domiciled or not ordinarily resident in Malta are only taxable in Malta on a remittance basis. This means that such individuals are subject to tax in Malta on income and capital gains arising in Malta and on any foreign source income received in or remitted to Malta. Conversely, foreign source income which is not remitted to Malta is not subject to tax in Malta. In addition, foreign source capital gains are not subject to tax in Malta irrespective of whether they are remitted to Malta or not.

REMITTANCE BASIS OF TAXATION IN MALTA

INCOME / CAPITAL	TAXATION IN MALTA	
	Received in Malta	Not Received in Malta
INCOME ARISING IN MALTA	Taxable	N/A
CAPITAL GAINS ARISING IN MALTA	Taxable	N/A
FOREIGN SOURCE INCOME	Taxable	Not taxable
FOREIGN SOURCE CAPITAL GAINS	Not taxable	Not taxable

MINIMUM TAX FOR NON-DOMICILED INDIVIDUALS

There is a minimum tax liability in place for non-domiciled individuals amounting to Eur5,000 per annum. Such amount includes any Maltese tax withheld at source but does not include any tax payable upon the transfer of immovable property situated in Malta.

This minimum tax may be reduced by any double taxation relief due to the individual, however such relief can only be claimed on income that is actually remitted to Malta on which tax has been paid abroad.

The minimum tax liability for non-domiciled individuals does not apply to individuals whose foreign source income is less than Eur35,000. In the case of a married couple, the Eur35,000 threshold shall be calculated by reference to the total income of the couple and the minimum tax of Eur5,000 is applicable to the couple.

The minimum tax liability does not apply to individuals who are beneficiaries of any other scheme.

OTHER SCHEMES

There are a number of other schemes offered to individuals who are planning to take up residence in Malta. Some schemes apply to individuals who plan to take up work in Malta and others which apply to individuals who plan to come and live and/or retire in Malta. These schemes include:

- > The Global Residence Programme (see our key facts [here](#)), and
- > The Malta Retirement Programme (see our key facts [here](#)).

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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