



# ***Incorporating a Company in Malta***

*Choosing a Strategic, Tax-Efficient, and Reputable EU Jurisdiction*

## Malta: A Gateway to Europe and Beyond

*Malta offers full European Union (EU) membership, access to a robust financial system, an English-speaking workforce, and a strategic location at the crossroads of Europe, Africa, and the Middle East. The Maltese corporate and tax framework is flexible, competitive, and business-friendly, making it a prime destination for international entrepreneurs and companies seeking to establish a presence in the EU.*

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## Tax Advantages That Make a Difference

*Malta's tax system combines a full imputation system whereby dividends are not taxed in the hands of the shareholder. This combined with a unique shareholder refund mechanism, significantly reducing the effective tax burden.*

### Corporate Tax Framework

- Standard corporate tax rate: 35%
- Upon dividend payments, shareholders of Maltese Companies can claim:
  - 6/7ths refund on trading income (effective tax: 5%)
  - 5/7ths refund on passive interest and royalties (effective tax: 10%)
  - 2/3rds refund when foreign tax relief is claimed

### Other Key Tax Incentives

- No withholding taxes on outbound dividends, interest, and royalties.
- Malta has **70+ double tax treaties** with countries in Europe, Asia, Africa, and the Americas — used to reduce or eliminate double taxation and access treaty benefits like reduced withholding taxes abroad.
- Highly attractive schemes for highly qualified expatriates (reduced personal tax rate of 15%) applicable to specific regulated industries.

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## Holding and Trading Structures

*Malta is ideal for setting up group structures where holding and trading activities are separated to maximize efficiency and risk management.*

### Common Structure:

- HoldCo (Malta): Holds shares in operating subsidiaries and benefits from participation exemption.
- OpCo (Malta or abroad): Conducts trading activities, benefiting from Malta's tax refund system.
- Shareholders: Receive tax-efficient dividends through structured distributions.
- Tax Consolidation, where OpCo is a Maltese company or permanent establishment

## Tax Consolidation (Group Relief)

*Since 2019, Malta allows group companies to consolidate and be treated as a fiscal unit, meaning:*

- Intra-group transactions are ignored for tax purposes.
  - One tax return can be filed for the whole group.
  - Streamlined cash flow and simplified compliance.
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## Participation Exemption Regime

*Malta's participation exemption provides a full exemption (100%) on profits, including dividends and capital gains, derived from a participating holding or its transfer.*

### Requirements

The subsidiary must either:

- Be resident in the EU or a treaty country,
  - Be subject to at least 15% foreign tax, or
  - Not derive more than 50% of its income from passive sources.
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## Tax Credits & Investment Aid

*Especially for businesses in R&D, innovation, and digital sectors:*

- Investment Aid Incentives: Reduced tax rates or tax credits for companies investing in Malta.
  - R&D Tax Credits
  - Startup schemes for tech companies
  - Tax deductions for intellectual property development (aligned with OECD BEPS guidelines)
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## Attractive for IP & Tech Companies

*While not a low-tax jurisdiction per se, Malta allows tax-efficient IP holding structures. This includes:*

- Capital allowances on IP assets
  - Deductions for R&D expenditure
  - No withholding tax on royalties
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## Easy Access to EU Passporting & VAT Benefits

- EU-compliant regime
  - Access to the EU market for financial services (passporting rights)
  - Possibility to register for **VAT groups** and benefit from intra-EU supplies
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## Company Formation Requirements

*Forming a private limited company in Malta is straightforward and efficient.*

### Requirements:

- Minimum Share Capital: €1,165
- Shareholders: Minimum of 1 (individual or corporate, local or foreign)
- Directors: Minimum of 1 (individual or corporate, no nationality restrictions)
- Company Secretary: Mandatory
- Registered Office: Must be in Malta
- Memorandum and Articles of Association

### Timeframes:

- Incorporation: 2–5 working days from submission of complete documents
- VAT and Tax Registration: 1–2 weeks
- Bank Account Opening: Timeframe varies depending on the bank and jurisdiction

### Compliance:

- Comprehensive AML/KYC onboarding for all shareholders and officers.
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## Our CSP Services Include:

- Company incorporation and structuring
- Provision of registered office, directorship, and secretarial services
- Corporate and VAT tax compliance
- Assistance with participation exemption claims
- Ongoing administration and accounting support
- Regulatory licensing (MFSA, MGA, Transport Malta)
- Mergers, share transfers, re-domiciliation, and liquidation services
- Residency and substance solutions

# Start Your Malta Business Journey with Us

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