

Malta - Overseas Companies & Branches

- Corporate Rules
- Registration Requirements
- Taxation



Malta— Flexible, Settled Corporate Laws 100% EU & OECD Compliant—A Legitimate Low Tax EU Country

Why Malta?

With its corporate laws based upon those of the UK, Malta has utilised tried and tested corporate laws and principles into its own legislations; providing comfort and security to the commercial and business community.

Malta's company laws provides the ability for foreign companies to set up branches in Malta, without the necessity of incorporating new, or re-domiciling established companies; providing additional choice and flexibility in respect of corporate structuring.

Corporate Law Regulations

Malta's Company Act ('Act') contains specific provisions enabling foreign companies to establish a branch or place of business in Malta, without the necessity of incorporating a limited company.

The Act applies a wide definition of 'companies', allowing all body corporates, whatever their type - constituted or incorporated outside Malta - to be designated as "*oversea companies*".

By establishing a place of business in Malta and by setting up a branch in Malta, the Malta branch:

- Does not have separate legal personality from its foreign counterpart
- Is not 're-incorporated' in Malta. The only criterion for its establishment in Malta is that it has a 'place of business in Malta'
- The registration fees for setting up a branch are the same as the registration of new companies.

Registration & Documentation Requirements

Within 1 month of establishing a place of business in Malta, the overseas company must deliver to Companies Registry the relevant documents and prescribed statutory forms.

Therefore it is necessary to have:

- An address at which the place of business is effectively established; and
- A person *resident* in Malta who is authorised to represent the overseas company in Malta in respect of the activities of the branch or place of business established in Malta (the extent of the authorised representative's authority must be disclosed)

Continuing Obligations

Malta Companies Registrar must be kept up to date and notified should there be any changes to:

- The Memorandum and Articles of Association or constitutive documents, charter or statute of an overseas company; or
- The director/s or company secretary or the persons vested with the administration or the representation of an overseas company; or
- The names or addresses of the individuals authorised to represent the overseas company;

Within 1 month of any of the above changes, the overseas company, must deliver to the Companies Registry for registration, a return containing the particulars of

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Malta's International Legal & Advisory Boutique

Overseas Companies & Branches

Fact Sheet



the alteration, signed by a director, the company secretary or other authorised officer of the company.

Accounting Requirements

Each year, the overseas company must deliver to Companies Registry one of the following set of documents:

- (i) A balance sheet, profit and loss account and notes to the accounts prepared and approved before a general meeting - in the same manner as an ordinary limited company is required; or
- (ii) Companies Registrar may accept the registration of a balance sheet, profit and loss account and the notes to the accounts prepared in the form required under the law of the place of the overseas company's constitution or incorporation if, in his opinion or if as prescribed, such accounts give substantially the same as or greater than the information required to be given by companies formed and registered in Malta; or
- (iii) if the information is not sufficient or as required by Maltese law, the Companies Registry may accept the accounts, as long as the accounts are also accompanied by a profit and loss account, a statement of assets and charges in Malta and notes to the accounts concerning the overseas company's operations, profits or losses in Malta and assets located in Malta - as if the branch were a separate company registered in Malta, as well as an auditor's report. Special rules apply to the form and content of such financial statements.

Further, a branch must keep the usual trade books for the branch operations and transactions in Malta - as well as records concerning taxable supplies under VAT legislation.

Acumum's Account's Department can assist you in complying with the financial requirements, as well as other back office services

Tax Treatment

Branches of overseas companies are included in the definition of a "*company registered in Malta*", which includes both a company that is resident in Malta as well as a company that, although not resident in Malta, carries on

any activity in Malta.

As such, subject to proper registration with the Inland Revenue, branches enjoy all aspects of Malta's highly competitive effective tax rate of 5% - 10% following the application of the tax refund system.

As with any Malta company, branches also enjoy Malta's full imputation system, whereby the tax suffered by the branch is imputed to the shareholders who suffer no taxes on any dividends they receive.

Therefore, both Malta registered companies and branches of foreign companies are treated exactly the same for taxation purposes.

About Malta's Tax System



5% Effective Corporate Tax Rate

Due to Malta's system of tax refunds, the corporate tax rate of 35% can be reduced to 5%. Added to which are a number of exemptions such as patent royalties, which suffer 0% tax.

Full Imputation System

Unique within the European Union and one of only a handful of countries world-wide, Malta's corporate tax system employs the full imputation system. Meaning that tax paid at the corporate level is fully imputed at the shareholder level—shareholders' dividends are not taxed.

VAT Reduction

For certain sectors such as aviation and maritime, Malta has introduced beneficial tax and VAT regimes. In some instances such as the importation of aircraft into the EU, the VAT rate is 0%.

Remittance - 0% Tax

As an ex-British colony, Malta retains the principal of domicile. A foreign incorporated and therefore not domiciled SPV, resident in Malta—subject to certain conditions analogous to 'effective management & control' & type of income - will not be subject to Malta tax if foreign sourced income is not remitted to Malta.

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