MALTA · CORPORATE & COMMERCIAL

The Malta *Limited Company*

A settled, EU-compliant corporate framework built on English law principles — a 35% headline rate, a shareholder refund system reducing trading income to 5% and passive income to 6.25%, full imputation, and a participation exemption.

35%	5%	6.25%	0%	€1,164.69	1–2
HEADLINE CORPORATE INCOME TAX	EFFECTIVE — TRADING INCOME	EFFECTIVE — PASSIVE INCOME	PARTICIPATING HOLDINGS	MIN. AUTHORISED SHARE CAPITAL	MINIMUM SHAREHOLDERS

Effective rates arise from the shareholder refund system and the participation exemption, not from a special regime. Passive income bears 10% under the 5/7ths refund alone and 6.25% where double taxation relief — including the flat-rate foreign tax credit — is claimed with the 2/3rds refund.

STATUTORY REQUIREMENTS

Shareholders (minimum)	**2 — or 1 if private exempt**
Minimum authorised share capital	**€1,164.69**
Minimum paid up	**20% (€232.94)**
Directors — private / public	**1 / 2**
Company secretary	**Mandatory**
Registered office	**In Malta**
Beneficial ownership register	**MBR & internal**

OWNERSHIP IN PRACTICE

A single shareholder is permitted where the company is constituted as a **private exempt company**. Otherwise a second shareholder is required — commonly a fiduciary shareholding held by an MFSA-authorised corporate services provider.

Fiduciary holdings are **disclosed, not concealed**: the beneficial owner is registered with the Malta Business Registry and identified to the company's bank in the ordinary way.

CORPORATE VEHICLES

VEHICLE	CHARACTER AND TYPICAL USE
Private limited liability company (Ltd)	Separate legal personality, limited liability, restricted share transfers. The default vehicle for trading, holding, IP and group treasury structures.
Public limited company (p.l.c.)	Permits offers to the public and listing on the Malta Stock Exchange. Higher capital and governance thresholds apply.
Partnerships — *en commandite / en nom collectif*	Limited partnership with general and limited partners, capital optionally divided into shares; or general partnership with unlimited joint and several liability.
Branch of an oversea company	Registration of a foreign company's Malta establishment. **Not a separate legal person** — the foreign company remains liable.
Continuation of companies	Inward and outward redomiciliation, and EU cross-border conversions, allow an existing company to migrate to Malta without liquidation.

Companies Act, 1995 (Cap. 386).

FORMATION — THE PROCESS

01 **Due diligence**
Identification, source of wealth and structure chart for each shareholder, director and beneficial owner.

02 **Name reservation**
Availability check and reservation of the proposed name with the Malta Business Registry.

03 **Constitutive documents**
Memorandum and Articles drafted and executed, with the objects clause matched to the intended activity.

04 **Share capital**
Deposit of the paid-up capital and issue of the bank or payment institution confirmation.

05 **Registration**
Electronic filing through the registry's BAROS portal, together with the registration fee.

06 **Tax and operations**
Income tax, VAT and employer registrations; banking or EMI onboarding; any sectoral licence.

TIMING

Registration itself is quick once the file is complete. The critical path is due diligence and bank or payment-institution onboarding, so identification documents and a clear explanation of the intended activity should be assembled at the outset.

REGISTRATION FEES — ELECTRONIC FILING

AUTHORISED SHARE CAPITAL	FEE ON REGISTRATION
Up to €1,500	**€100**
Over €1,500 to €5,000	**€210** plus €12 for each €500 or part above €1,500
Over €5,000 to €10,000	**€294** plus €17 for each €1,000 or part above €5,000
Over €10,000 to €50,000	**€379** plus €17 for each €2,500 or part above €10,000
Over €2,500,000	**€1,900** — the maximum fee

Malta Business Registry fee structure, electronic filing via BAROS. Documentary filing attracts a higher fee. There is no maximum share capital; the ceiling above is a ceiling on the fee. Intermediate bands omitted.

ANNUAL OBLIGATIONS

- Annual financial statements, directors' report and, where applicable, the auditor's or reviewer's report
- Annual return to the Malta Business Registry, with the associated fee
- Income tax return, and VAT returns where registered
- Beneficial ownership confirmation and notification of change
- Payroll returns and social security contributions where staff are employed in Malta

REPORTING FRAMEWORK

GAPSME (L.N. 289 of 2015) is the default framework for small and medium-sized companies. **EU-endorsed IFRS** is mandatory for public-interest entities and available to any company that elects it by shareholders' resolution.

Governance should match the position claimed: a registered office in Malta, board composition and meeting practice consistent with the claimed place of effective management, and records evidencing that management and control are exercised in Malta.

AUDIT — THE POSITION HAS CHANGED

Not every Malta company must file audited accounts. Article 185(2) of the Companies Act exempts qualifying small private companies, and the **Audit Exemption Rules 2025 (L.N. 139 of 2025)** widened the thresholds and introduced an independent **review report** as an intermediate option. Whether the exemption can be relied on depends on the company's size, its group and what its lenders, counterparties and banks require.

Malta charges companies at 35% and then returns part of that tax to the shareholder on distribution. The rate a group actually bears depends on the character of the income, not on any special regime.

HOW THE REFUND WORKS

COMPANY PROFIT
Taxed at 35%

↓

DISTRIBUTION
Dividend to shareholder

↓

REFUND CLAIM
Fraction of the tax paid

↓

NET OUTCOME
5% on trading income

CHARACTER OF INCOME	REFUND	EFFECTIVE
Trading income	6/7ths	**5%**
Passive interest and royalties	5/7ths	**10%**
Income for which double taxation relief has been claimed	2/3rds	**6.25%**
Dividends and gains from a participating holding	Exempt	**0%**
Profits from immovable property situated in Malta	None	**35%**

The refund is claimed by the *shareholder* after a distribution, not by the company; it repays tax already paid, so the cash-flow cost of the 35% is carried until the claim is settled. The 6.25% arises where the flat-rate foreign tax credit is claimed with the 2/3rds refund. Participating holdings are exempt outright and fall outside the refund system.

FULL IMPUTATION

Malta is the only EU member state retaining a complete full imputation system. Tax paid by the company is **imputed** to the shareholder, so a dividend carries a credit for the underlying 35%. The dividend remains shareholder income but cannot be taxed twice in Malta, and where the shareholder's rate is lower the excess is refundable. There is **no withholding tax** on outbound dividends.

PARTICIPATION EXEMPTION

A Malta company holding at least **5% of the equity shares** of a subsidiary may claim a full exemption on dividends from, and gains on the disposal of, that participating holding, subject to anti-abuse conditions. Alternative qualifying tests apply where the threshold is not met. For a pure holding company this, rather than the refund system, is normally the operative mechanism.

Read the two together. A structure mixing trading and holding income will use both mechanisms, and the blended outcome — not the headline 5% — is what should be modelled before the structure is fixed.

Intellectual property

The former blanket exemption for qualifying patent royalties has been withdrawn. Tax relief is given through the nexus-compliant **Patent Box Regime (Deduction) Rules 2019 (L.N. 208 of 2019)**, as a deduction proportionate to the qualifying R&D expenditure actually incurred. Claims require documented substance.

Residence and domicile

A company incorporated in Malta is domiciled and resident here and taxed on its worldwide income. One incorporated elsewhere but managed and controlled in Malta is **resident but not domiciled**: taxed on Malta-source income and foreign income received in Malta, with foreign capital gains outside the charge even if remitted. This is a source-and-remittance rule, **not a nil rate**.

Double taxation relief

An extensive treaty network, with unilateral relief where no treaty applies. Relief is given by credit rather than exemption, and income for which it is claimed carries a 2/3rds refund rather than 6/7ths — so treaty relief and the refund system should be modelled together.

VAT and sectoral regimes

The standard rate of VAT is 18%, with reduced rates for defined supplies. Aviation and shipping reliefs are **conditional**: the exemption on aircraft importation, for example, is confined to qualifying aircraft operated by licensed air operators on international routes.

INTERNATIONAL DEVELOPMENTS — POSITION AT AUGUST 2026

Malta transposed the **EU Minimum Tax Directive** in February 2024 and applied the available derogation, deferring the Income Inclusion Rule and the Undertaxed Profits Rule by up to six years. In-scope groups may nonetheless face top-up tax elsewhere, so the deferral is a Maltese timing point rather than a group-level answer.

The **Final Income Tax Without Imputation Regulations** of September 2025 allow a Maltese entity to elect a **15% final tax** on chargeable income, binding for at least five consecutive years and forgoing the imputation credit and all refunds. Whether the 15% election or the 35%-and-refund route is preferable is a modelling question.

HOW ACUMUM CAN ASSIST

Structuring

Choice of vehicle, group and financing design, treaty analysis, participation-exemption and refund modelling, redomiciliation and cross-border conversion.

Formation

Due diligence, name reservation, Memorandum and Articles, shareholders' agreements, registry filings, capital arrangements and banking introductions.

Administration

Registered office, company secretarial services, fiduciary shareholding and directorships through MFSA-authorised entities, statutory registers and beneficial ownership maintenance.

Tax and accounting

Bookkeeping, financial statements under GAPSME or IFRS, audit or review co-ordination, tax and VAT returns, refund claims and Pillar Two impact assessment.

DISCUSS THIS STRUCTURE

Acumum House, Triq Sir Ugo Mifsud,
Ta' Xbiex, Malta, XBX 1439
info@acumum.com
Tel +356 2778 1700
WhatsApp +356 9969 5770
www.acumum.com

REGULATORY

Acumum Corporate Services Ltd is authorised by the MFSA as a Class C corporate service provider. Advocates are admitted by warrant of the President of Malta and are members of the Chamber of Advocates Malta; barristers are regulated by the General Council of the Bar of England & Wales.

ACUMUM.COM