

MALTA'S INTERNATIONAL LEGAL & ADVISORY GROUP

Malta - Limited Company Factsheet

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.

Corporate Vehicles

By far the most popular corporate structure is that of the limited liability company 'Ltd', however, there are a number of structures available, the following being the most commonly used:

- A limited liability company
- Limited partnership
- General partnership
- Oversea Branches

Shareholders

A Malta limited company can be registered. With a single shareholder, as a private exempt company. However, it is more usual for there to be a minimum of 2 shareholders. Please note, that where a foreign company wishes to have a Malta subsidiary, then a nominal shareholding by a third party, held on behalf of the beneficiaries is utilized.

Overseas Branches

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 Documentation

As per the UK, a Malta limited company is set up via the use of a Memorandum and Articles of Association, which stipulate:

- Company Name
- Details concerning the subscribers of the shares, directors and company secretary
- Registered Address
- Nature of the company—private or public
- Object & purpose of the company
- Details of the share capital—both authorised and issued
- The manner of the representation of the company

Low Statutory Fees

Registration fees upon incorporation of a Ltd company, are dependent upon the amount of the authorised share capital.

The minimum charge for incorporation is €245 being 20% fully paid up on an authorised share capital of €1500. Larger share capital - up to a maximum of €2250 can be chosen.

The Company Registrar's fee for incorporation is €240. Thus, a Malta limited company can be incorporated for only €485 in statutory fees.

Accounting & Audit Requirements

Each Malta company must submit audited accounts at the end of each financial year, in accordance with Malta's Companies Act 1995 and International Accounting Standards (IFRS). Financial statements constitute of the directors'

report, the auditors' report, balance sheet, profit and loss account, notes to the financial statements together with schedules to the profit and loss account.

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 worldwide, 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 passive income is not remitted to Malta.

