



CORPORATE | TAX | ADVISORY

RESIDENCE PROGRAMME RULES

2019



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1. INTRODUCTION

The Residence Programme Rules is a programme designated to replace the High Net Worth Individuals – EU/EEA/Swiss Nationals Rules due to the fact that they apply to individuals that are EU, EEA or Swiss nationals who are not Maltese nationals. This programme is very similar to the position taken under the Global Residence Programme.

An EU, EEA or Swiss national who is not domiciled in Malta is taxable only on his Malta source chargeable income and capital gains, and on his foreign source income which is received in Malta. A “beneficiary” who is an EU, EEA or Swiss national but not a Maltese national can be granted special tax status in Malta subject to the satisfaction of a number of conditions set out.

2. WHO IS ELIGIBLE TO APPLY?

An individual must primarily be an EU, EEA or Swiss national who is not a “permanent resident” of Malta. This individual must also satisfy certain criteria which are applicable to all applications:

- i. The applicant must hold a “Qualifying Owned Property” situated in Malta of not less than €275,000 or if in Gozo or in the south of Malta of not less than €220,000;
- ii. Alternatively, the applicant must lease “Qualifying Rented Property” situated in Malta of not less than €9,600 per annum or not less than €8,750 per annum for a property situated in Gozo or in the south of Malta;
- iii. The applicant must not be benefitting from any other tax incentive programme in Malta;
- iv. The applicant must be in receipt of stable and regular resources that are sufficient to maintain himself and his dependants;
- v. The applicant must be in possession of a valid travel document;

- vi. The applicant must be in possession of health insurance which covers himself and his dependants in respect of all risks across the EU as are normally covered for Maltese nationals;
 - vii. The applicant can adequately communicate in one of the official languages of Malta;
 - viii. The applicant must be a fit and proper person;
 - ix. A non-refundable one-off registration fee of €6,000 must be paid upon application. However, applications in respect of which the qualifying property holding is situated in the south of Malta, the fee shall be that of €5,500.
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3. TAX TREATMENT

Once the special tax status has been acquired, the person is chargeable on tax on his/her income as follows:

- Foreign source income, which is received in Malta is taxable at the rate of 15% with the possibility of claiming double taxation relief;
- The individual must pay a minimum tax liability of €15,000 per annum;
- Other income that is not chargeable to tax under these rules is charged separately at the rate of 35%;
- The minimum tax of €15,000 will be payable by not later than the 30th April of the year in which the income received in Malta and such payment must be accompanied by a return made to the Commissioner that provides proof that all the requirements continue to be satisfied.

An individual who has been granted the special tax status must comply with the following obligations:

- i. The individual must not become a Maltese or a third country national;
- ii. The individual must not become a “permanent resident”;
- iii. The applicant must retain the holding of a qualifying property;
- iv. The applicant must retain the health insurance and continue to have stable resources;

- v. The individual must not stay in any other jurisdiction for more than 183 days in a calendar year;
 - vi. Filing of an annual income tax return and notifications must be complied with.
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4. WHEN BENEFICIARY BECOMES A PERMANENT RESIDENT

If an individual who was granted a special tax status in terms of the Residence Programme Rules, specifically applies to become a permanent resident in Malta may no longer benefit from the tax treatment referred to in the above and will thus be taxable on all worldwide basis at the normal tax rates.

5. ASSISTANCE

E & S Group can assist any potential applicants throughout the application process and can provide various other related services in Malta. For further information please feel free to contact us on info@ellulschranz.com or visit us on www.ellulschranz.com.

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