



CORPORATE | TAX | ADVISORY

MALTESE ORDINARY RESIDENCY

2019



1. INTRODUCTION

Malta is an ideal place to take up residence. Besides its pleasant climate, safe environment and hospitable English-speaking population, it offers a range of benefits to individuals seeking to acquire residence on the island, given its advantageous tax regime and competitive cost of living.

Foreigners residing in Malta are not taxed on their worldwide income but only on income and certain capital gains sourced in Malta and on foreign income received in Malta.

Some of the aspects that make Malta excellent to live in are:

- a. A highly attractive tax system;
- b. Excellent communication links and transport networks with Europe and elsewhere; and
- c. A diversity of social life and cultural events

2. ORDINARY RESIDENCE

Ordinary residence in Malta requires individuals to physically live on the island for a period of six months or more. The transfer of one's residence from another jurisdiction to Malta is available to both EU/EEA and non-EU/EEA nationals. There is no minimum value property requirement for non-residents seeking to obtain ordinary residence in Malta, unless there is the need for an Acquisition of Immovable Property (AIP) permit, which applies in specific circumstances.

There are several qualifying criteria, which vary according to whether the individual seeking to obtain ordinary residence in Malta is an EU/EEA national or a third country national.

2.1 QUALIFYING CRITERIA – EU/EEA NATIONAL

2.1.1 Economic Self-Sufficiency

- This criterion requires that applicants show that they are able to provide for themselves and for their accompanying dependents by being financially stable and not being in need of any financial support from the Maltese government. The current thresholds for EU/EEA nationals are set at a minimum capital of €14,000 or a weekly income of €92.32 for single persons and at a capital of at least €23,300 or a weekly income of €108.63 for married couples. Moreover, an extra €8.15 is required per any added dependent.

2.1.2 Employment

- A second ground on which EU/EEA nationals may obtain ordinary residence in Malta is employment. Hence, an individual must accept offers of employment or seek employment in Malta, work in Malta as an employee or be self-employed. Alternatively, an individual may opt to set up a business in Malta and work for his / her own business.

2.2 QUALIFYING CRITERIA – NON-EU/EEA NATIONAL

2.2.1 Employment

- The qualifying criteria for Maltese ordinary residence in respect of third country nationals vary from those applicable to EU/EEA nationals. An employment licence is required in order for non-EU/EEA nationals to work in Malta. This is granted upon satisfying certain criteria.

2.2.2 Key Employee Initiative

- The Key Employee Initiative (KEI) provides a fast-tracked service to highly specialized Third Country nationals who are employed in Malta. The scheme will facilitate the issuing of work/residence permits to prospective key employees within 5 working days from the date of submission.
- The scheme is applicable to managerial or highly-technical posts which require the relevant qualifications and adequate experience related to the job being offered. The following are the eligibility conditions:
 - a. Annual gross salary of at least €30,000 per annum;
 - b. Certified copies of qualifications, warrants and other experience;
 - c. Declaration by the employer stating that the applicant has the necessary credentials to perform the duties being assigned;
 - d. All other documents as per the checklist for Third Country Nationals.
- Approved applicants will be issued with a residence permit valid for **one year**. The said permit may be renewed **for a maximum period of three years**, subject to the presentation of (i) a valid definite or indefinite contract, and (ii) the original annual tax declaration form stamped by the Inland Revenue Department.

2.2.3 Self-Employment

- In order to qualify to apply for self-employed status and work for one's business, a third country national must meet one or more of the following criteria:
 - a. An investment of at least €500,000 within 6 months from the date on which the ETC licence is issued. In relation to such investment, expenditure ought to comprise solely capital expenditure, which must consist of fixed assets (such as immovable property, plant and machinery) used for business purposes and this must be reflected in the business plan submitted with the application. Rental contracts do not qualify. Likewise, expenses such as salaries and legal fees cannot be paid from the €500,000 invested by way of minimum investment; or

- b. Status of a highly skilled innovator with a sound business plan, committed to recruiting at least three EU/EEA nationals within eighteen months of establishment of business; or
- c. The holding of a directorship in a company forming part of a project that has been formally approved by Malta Enterprise, and which has been formally notified by the latter to the Employment and Training Corporation.

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