



CORPORATE | TAX | ADVISORY

# GLOBAL RESIDENCE PROGRAMME

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2020



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## **INTRODUCTION**

The Global Residence Programme is a programme designed to attract individuals who are not nationals of the EU, EEA or Switzerland and who are not long-term residents, to take up residence in Malta. It will allow non-EU individuals who buy high value property and pay taxes in Malta to benefit from a residence permit. It will also introduce more certainty and facilitates the process which existed under the previous scheme.

The Global Residence Programme is particularly attractive to non- EU individuals looking for an alternative residency option in a safe and reputable jurisdiction within the EU. Obtaining this residency permit also entitles permit holders to a Schengen visa renewable on a yearly basis.

Under the new Global Residence Programme, the individual is not precluded from working in Malta, provided the requisite conditions for obtaining a work permit are satisfied. Beneficiaries may also have special carers providing a service in their qualifying property, as long as all the requisite procedures are satisfied.

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## **WHY?**

### **Why choose Malta?**

The Global Residence Programme under Maltese law offers a number of incentives to foreign individuals who would like to reside in Malta.

Apart from the various benefits associated with living in Malta, such as its warm Mediterranean climate and its central geographic location between Europe and Africa, there are also a number of other reasons why setting up residence in Malta can be beneficial.

## **Favourable rate of tax**

An individual under this Global Residence Programme shall have a Special Tax Status whereby such individual is chargeable to tax at a flat tax rate of 15% on all income (less tax rebates as applicable) received in, or remitted to Malta from foreign sources, subject to a minimum annual tax liability of €15,000 (net amount after taking into account any double taxation relief) if he/she is a Non-EU/EEA or Non-Swiss national. Any remittance of capital or any capital gains remitted to Malta are not chargeable to any tax in Malta. Income arising in Malta from any trade, business, profession or vocation will be subject to a flat rate of tax of 35% on all the income derived therefrom.

## **Death duties**

No death duties are payable in Malta. Duty is however charged on the transfer of immovable property situated in Malta and on any shares owned in a locally registered company (excluding shares in companies listed on the Malta Stock Exchange).

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## **WHO?**

### **Who may apply for the scheme?**

Applicants meeting all of the following criteria are eligible to submit an application in terms of the Global Residence Programme:

#### **1. Nationality**

An individual can only apply for special tax status under the Global Residence Programme if such person is not: (a) an EU national (excluding a Maltese national); or (b) a national of Iceland, Norway or Liechtenstein; or (c) a national of Switzerland.

An applicant who has dual-citizenship i.e. having citizenship of one of the above jurisdictions and citizenship of another jurisdiction, is precluded from applying for special tax status in terms of the Global Residence Programme.

## **2. Other Maltese Tax Programmes**

The individual cannot be a beneficiary in terms of any of the other Maltese tax programmes, namely (a) Residents Scheme Regulations; (b) High Net Worth Individuals Rules; (c) Malta Retirement Programme; (d) Qualifying Employment in Innovation and Creativity Rules; or (e) Highly Qualified Persons Rules.

However an individual may renounce the right to the benefits provided under any of the above-mentioned Rules prior to submitting an application in terms of Global Residence Programme.

## **3. Qualifying Property**

The individual shall be deemed to hold a Qualifying Property if such individual:

- (a) owns an immovable property in Malta purchased for a consideration of not less than €275,000, or €220,000 in the case the property is in the South of Malta or in Gozo;
- (b) rents an immovable property in Malta for not less than €9,600 annually as lessee for property in Malta or €8,750 in the case of property in the South of Malta or in Gozo.

## **4. Stable and regular resources**

The individual must be in receipt of stable and regular resources that are sufficient to maintain themselves and their dependants without recourse to the social assistance system in Malta.

### **5. Valid travel document**

The individual must be in possession of a valid travel document.

## **6. Sickness insurance**

The individual must be is in possession of sickness insurance which covers themselves and their dependents in respect of all risks across the whole of the EU normally covered for Maltese nationals. The health insurance cover must be procured by a company licensed in Malta or by an international reputable health insurance company.

## **7. Language**

The individual must be fluent in Maltese or English.

## **8. Fit and proper person**

The individual must submit a police conduct certificate issued not earlier than six months prior to the date of submission of the application, together with a sworn declaration taken before a Commissioner for Oaths in Malta confirming that such individual is not subject to any ongoing civil or criminal proceedings.

If the individual is subject to such ongoing proceedings, details need to be provided in a separate declaration signed in original by the individual. The Commissioner reserves the right to make further questions for the purposes of this requirement.

This requirement needs to be satisfied also in relation to dependants over the age of 18 as well as special carers.

## **Are there any ongoing conditions to remain in the Programme?**

It is important to note that an individual under the Global Residence Programme shall cease to possess such special tax status if:

- a. the individual becomes a Maltese, EEA or Swiss national;
- b. at any time, after the appointed day, such individual does not hold a qualifying property holding, including in the case where the said individual lets or sublets the qualifying property holding;
- c. at any time, after the appointed day, such individual becomes a long-term resident;
- d. at any time, after the appointed day, the individual is not in possession of sickness insurance in respect of all risks normally covered for Maltese nationals for himself and his dependants;
- e. the individual's stay is not in the public interest, or
- f. the individual stays in any other jurisdiction for more than one hundred and eighty-three days in a calendar year.

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## **CESSATION OF SPECIAL TAX STATUS**

### **a. By choice of the beneficiary**

A beneficiary may opt to cease to possess the special tax status by notifying the Commissioner of his/her intention not to remain in possession of the special tax status from a particular date in the future. Cessation will take effect from the date indicated in the notification, which date cannot be in excess of three months from the date of receipt of such notification by the Commissioner. If no date is indicated in the notification, cessation will have immediate effect i.e. from the date the Commissioner receives such notification.

### **b. By death of the beneficiary**

Following the death of the beneficiary who was granted special tax status in terms of the Global Residence Programme, such status shall devolve onto the dependant of the deceased beneficiary who has either:

- Inherited the qualifying property which was the primary residence of the deceased beneficiary or
- Rented a qualifying property immediately after the death of the deceased beneficiary.

In both cases such dependant needs to satisfy all the other requirements set out.

Note: special tax status devolves to only one individual. Such individual shall be the dependant that is indicated in the deceased beneficiary's will for that purpose. Where there is no such indication, such person shall be the first individual that submits all the complete and correct set of documentation. The latter shall be submitted together with the death certificate of the deceased beneficiary and in any case delivered to the Commissioner within 183 days from the death of the deceased beneficiary.



**c. By default of the Income Tax Acts**

A beneficiary will cease to possess special tax status with immediate effect, if the same beneficiary is in breach of any provisions of the Income Tax Acts. Examples of such defaults include:

- Where routine compliance obligations are not abided with, and in case of tax evasion and misrepresentation.
- Where requests for information by the Commissioner are not replied to in time.

**d. Where there is a failure in connection with the conditions that need to be satisfied throughout the special tax status**

Where any of the conditions mentioned below are no longer satisfied, the relevant individual ceases to possess the special tax status with retrospective effect as from the date on which the Commissioner had determined in writing that such individual qualifies for a special tax status under the GRP. The special tax status will be terminated if the beneficiary:

- Becomes a national of Malta or of another EU Member state, Iceland, Norway, Liechtenstein or Switzerland;
- Does not hold a qualifying property at any time after the appointed day;
- Becomes long-term resident at any time after the appointed day;
- Is not in possession of sickness insurance in respect of all risks normally covered for Maltese nationals for himself or his dependants after the appointed day;
- The beneficiary's stay is deemed not to be in the public interest by the Minister of Justice.

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## HOW?

An application for special tax status under the Global Residence Programme may only be submitted to the Commissioner of Inland Revenue through the services of a person that qualifies as an Authorised Registered Mandatory. E&S Consultancy can assist you in the completion of the relevant Application Form, the collection of all necessary supporting documentation and the submission of same to the Commissioner.

The applicable fee for an application for special tax status in terms of the Global Residence Scheme is €6,000 except where the qualifying owned property is situated in the south of Malta, in which case the administrative fee is €5,500. In the latter case the qualifying owned property needs to have been purchased at the time of submission of application.

This fee is an administrative fee and does not comprise our fee for assistance.

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## ASSISTANCE

E & S Consultancy Limited 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](mailto:info@ellulschranz.com) or visit us on [www.ellulschranz.com](http://www.ellulschranz.com).

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