



# ORDINARY RESIDENCE

Malta's pleasant climate, safe environment and hospitable English-speaking population make it an ideal place to take up residence. If you are looking for a business-friendly environment with competitive tax rates, Malta is the place for you.

Why should you take up residency in Malta?

- There are various Programmes to choose from according to your individual needs;
- Malta offers an advantageous tax regime and tax incentives for residents (both EU and non-EU);
- Comparatively lower cost of living to other European countries;
- The ease at which one can retire and have a second home in Malta;

- Malta features a pleasant climate, relaxed environment and hospitable people;
- English, together with Maltese, are the official languages, with French and Italian being widely spoken;
- A rich culture and history dating back 7000 years;
- Excellent education and healthcare systems.

Any EU/EEA/Swiss or third country national who resides in Malta for more than 3 months requires a permit from the immigration authorities, which is granted on specific grounds, some of which are listed below

## ORDINARY RESIDENCE-EU NATIONALS

Ordinary residence in Malta requires individuals to physically live on the island for more than 3 months. EU/EEA/Swiss nationals may become ordinarily resident in Malta if they meet the following criteria:

### 1 ECONOMIC SELF-SUFFICIENCY

This criterion requires applicants to show that they are able to provide for themselves and their accompanying dependants by being financially stable and not being in need of any financial support from the Maltese government.

- The current thresholds for EU/EEA/Swiss nationals are set at a minimum capital of €14,000 for single persons
- The minimum capital for married couples is €23,300
- Moreover, an extra €3,500 is required per any added dependent.

### 2 EMPLOYMENT

EU/EEA/Swiss nationals may obtain ordinary residence in Malta through employment. An individual must either:

- Work in Malta as an employee
- Be self-employed and work for his/her own business

### 3 EDUCATION

Temporary residence is granted for the entire period of education to students in any Private School, College, or at the University of Malta.

- If the student is under-age, his or her legal guardian can apply for Malta residence to accompany him or her.
- Such legal guardian has to confirm that he or she is in receipt of stable and regular income and has a suitable place to live.

## 4 FAMILY MEMBERS

EU/EEA/Swiss and third country nationals are granted the right to accompany their family member being an EU/EEA/Swiss national.

- Such relatives, or partner, are not given the automatic right to live in Malta, for they must prove that they are related to the main applicant.
- In the case of a partner, it must be proven that the relationship has been stable and durable for the last 2 years.

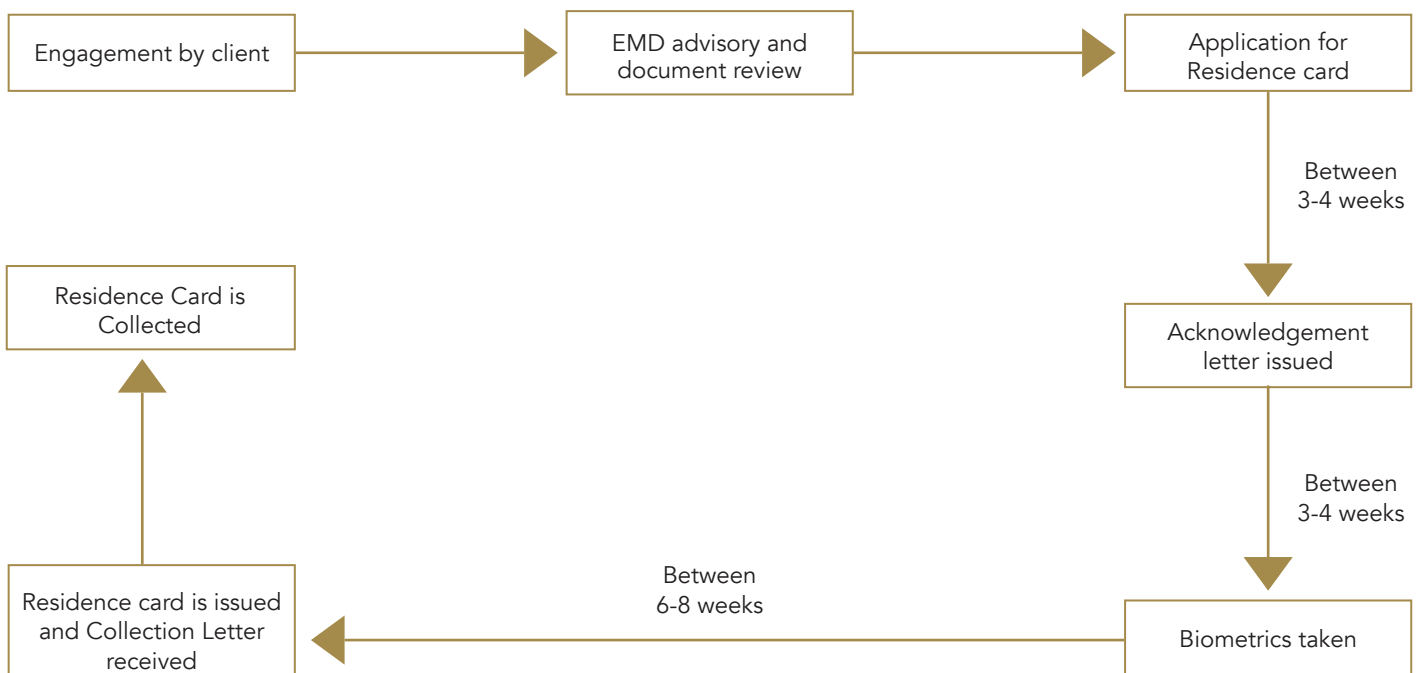
## 5 PERMANENT RESIDENCE FOR EU/EEA/SWISS NATIONALS

Permanent residency may be applied for by EU/EEA/Swiss nationals and their family members, upon completing a continuous 5 year period of legally living in Malta.

- Such a 'continuous' period entails that applicants must not have absented themselves from Malta for more than 6 months a year.
- Throughout the said 5 year period, such individuals must be either:
  - employed or self-employed; or
  - studying; or
  - economically self-sufficient.

Permanent Residence card is granted for a period of 10 years.

## APPLICATION PROCESS OVERVIEW



## MALTA RESIDENCE - THIRD COUNTRY NATIONALS

The qualifying criteria for Malta ordinary residence in respect of third country nationals vary from those applicable to EU/EEA/Swiss nationals. Listed below are a few of these possibilities.

### 1 EMPLOYMENT

An employment licence is required in order for non-EU/EEA/Swiss nationals to work in Malta. This is granted upon satisfying certain criteria. The employer normally applies for an employment licence in respect of a non-EU/EEA/Swiss national, once the latter has accepted a job offer.

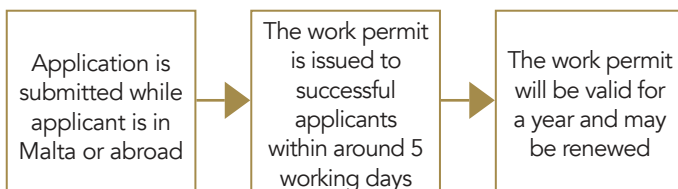
Candidates qualified in certain sectors such as financial services, healthcare and information technology are sought after, and therefore, it may be easier for such individuals to obtain an employment licence.

#### The Key Employee Initiative

The Key Employee Initiative is a fast-track employment and residence process for specialised third country nationals who would like to work and live in Malta.

#### Eligible Applicants

The Key Employee Initiative is aimed at managerial or highly-technical posts requiring particular qualifications or adequate experience. Innovators involved in start-up projects endorsed by Malta Enterprise may also apply for the Key Employee Initiative. Applicants must have an annual gross salary of at least €30,000.



### 2 SELF-EMPLOYMENT

In order to qualify to apply for self-employed status, a third country national must meet at least one of the following criteria:

- Invest in Malta capital expenditure of at least €500,000 within 6 months from the date on which the employment licence is issued.
- Be a highly-skilled innovator with a sound business plan who commits to recruiting at least three EU-EEA/Swiss nationals within 18 months of establishment;
- Be a person leading a project that has been formally approved by Malta Enterprise.

Applications containing a firm commitment to engage EU/EEA/Swiss nationals as part of the applicant's staff complement will assist in the favourable consideration of the application.

### 3 SHAREHOLDERS ULTIMATE BENEFICIAL OWNERS OF A MALTA RESIDENT COMPANY

In order to apply for Malta residence under this ground, one of the following criteria must be fulfilled by the third country national:

- A fully paid up share capital of at least €500,000 which may not be redeemed, reduced or transferred to a third party during the first two years following the issue of the Employment Licence;
- A capital expenditure of at least €500,000 that is to be used by the company;
- The company is leading a project that has been formally approved by Malta Enterprise

Applications containing a firm commitment to engage EU/EEA/Swiss nationals as part of the applicant's staff complement will assist in the favourable consideration of the application.

In cases where a director is not a shareholder, the application does not need to meet the above criteria, however, it will be processed on the basis of labour market considerations. Many aspects are involved in such labour market considerations, including the national situation in respect of surpluses or shortages in the given occupation and sector, and the third country national's skill level, relevant experience and overall suitability for the position in question.

### 4 LONG-TERM RESIDENCE FOR THIRD COUNTRY NATIONALS

Long-term residence status may be granted to individuals who have been legally residing in Malta for five continuous years.

- Such individuals must not have absented themselves from Malta for more than six consecutive months, or for more than ten months, within the 5 year period.
- Furthermore, a third country national who has been granted long-term residence status by any other EU Member State may reside in Malta, for a period exceeding three months, provided certain conditions are met.

The Long-Term Residence card is then granted for a period of 5 years.

A third country national who has been granted long-term residence status in Malta shall enjoy equal treatment as any other Maltese national in terms of access to employment or self employment, conditions of employment, and education, amongst others.

## 5 EDUCATION

Temporary residence is granted for the entire period of education to students following an approved course of study in any Private College or at the University of Malta. If the student is under-age, his or her legal guardian can apply for Malta residence to accompany him or her. Such person has to confirm that he or she is in receipt of stable and regular income and has a suitable place to live.

## 6 EDUCATION

Non-EU partners of EU/EEA/ Swiss citizens are given the opportunity to apply for residency in Malta.

- The partners would have to demonstrate that they have been in a durable relationship for a minimum of two years, and that they have a regular, stable income.
- In the event that the partnership has subsisted for at least 5 years, a residence permit for 3 years would be issued to the non-EU partner.

## 7 FAMILY MEMBERS

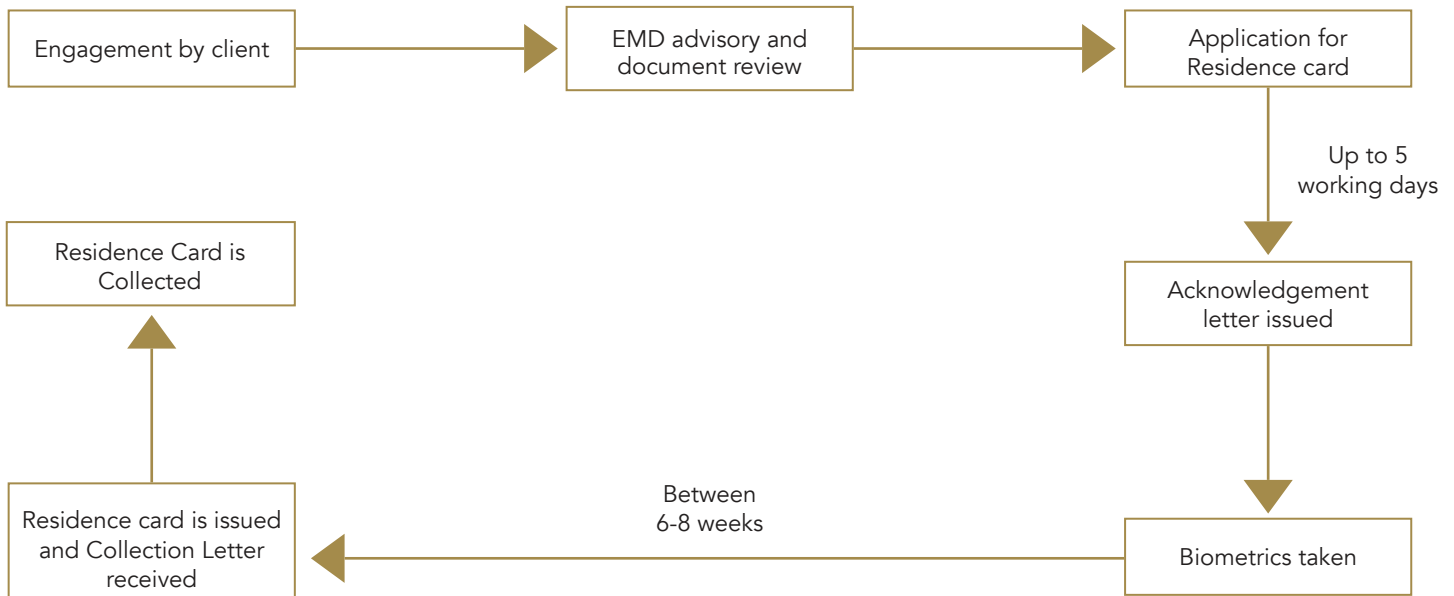
A third country national who resides legally in Malta is given the right to apply for the reunification of his family members, namely spouses being 21 years of age or over, and minor unmarried children under the age of 18. Such a right is given to the third country national if he/she:

- Has resided in Malta for a minimum period of 2 years
- Has reasonable prospects of permanent residence in Malta
- Has satisfactory accommodation for the family
- Has stable and regular resources being tantamount to the average wage in Malta and an additional 20 per cent of the average wage for each family member.

The reunited family will be able to work and study just like the applicant. Once the family would have resided in Malta for five years, family members will be entitled to an autonomous residence permit.

Third country nationals who do not satisfy the above mentioned conditions and are legally residing in Malta may nonetheless submit a residence permit application for their family members, as cases are considered on their own merits taking into consideration the sponsor's income, length of stay and nature of employment.

## APPLICATION PROCESS OVERVIEW



## 8 TEMPORARY RESIDENCE

The Maltese authorities may grant third country nationals a permit to reside in Malta for a period exceeding three months on a case by case basis, depending on the purpose for which a request is being made.

Individuals staying in Malta for some temporary purpose with no intention of establishing their residence here and who have not resided in Malta for a period longer than six months in a calendar year are liable to tax in Malta solely on Maltese sourced income and capital gains.

### Income Tax

Individuals who are ordinarily resident, but not domiciled in Malta, are subject to income tax on:

- Income and capital gains arising in Malta
- Income arising outside Malta which is received in Malta
- No tax is chargeable on foreign capital gains even if such gains are remitted to Malta

A person who is resident non domiciled (or a married couple who opts for the joint computation) and who derives at least €35,000 income or capital arising outside Malta which has not been received in Malta, will be subject to a tax liability of not less than €5,000 per annum. Tax paid in Malta on all income, apart from the transfer property tax, is deductible from the minimum tax.

Personal income tax is charged at progressive rates of tax up to a maximum of 35 per cent, as illustrated by the following tables:

Single Rates - Basis Year 2020		
Taxable Income €	Rate %	Deduct €
0 - 9,100	0	0
9,101 - 14,500	15	1,365
14,501 - 19,500	25	2,815
19,501 - 60,000	25	2,725
60,001 & over	35	8,725

Married Rates - Basis Year 2020		
Taxable Income €	Rate %	Deduct €
0 - 12,700	0	0
12,701 - 21,200	15	1,905
21,201 - 28,700	25	4,025
28,701 - 60,000	25	3,905
60,001 & over	35	9,905

### Parents Rates - Basis Year 2020

Taxable Income €	Rate %	Deduct €
0 - 10,500	0	0
10,501 - 15,800	15	1,575
15,801 - 21,200	25	3,155
21,201 - 60,000	25	3,050
60,001 & over	35	9,050

In order to qualify for the parental rate computation, a parent must satisfy the following conditions:

1. He / she maintained under his/her custody a child or paid maintenance (established or authorised by courts) in respect of his or her child;
2. Such child was not over 18 years of age, or not over 21 years if receiving full-time instruction at a tertiary level;
3. Such child did not earn income in excess of €2,400 from gainful occupation.



## PURCHASE OF REAL ESTATE

Foreigners may freely purchase one residential property in Malta, subject to obtaining an AIP (Acquisition of Immovable Property) permit.

- This restriction does not apply to properties in Special Designated Areas and, in the case of EU citizens who have not been resident in Malta for at least five continuous years, to property which is to serve as their primary residence.
- Where one of the spouses is an EU citizen and the other spouse is a third country national, both can acquire property without the necessity of obtaining an AIP permit, provided the acquisition is being made to establish therein their primary residence.
- Also excepted is the acquisition of immovable property by an EU national for the conduct of one's business activity or for the supply of services by such person.
- On the other hand, EU citizens who have been resident in Malta for at least five continuous years may purchase any number of properties they wish.

Where the purchaser requires an AIP permit, the property must satisfy a certain minimum value which changes periodically.

## IMPORTATION OF HOUSEHOLD GOODS AND FURNITURE

Individuals taking up residence in Malta may import their household goods and furniture into Malta free of VAT and import duties. If the imported goods originate from a country outside of the EU, residents are required by the customs authorities to make a deposit or provide a bank guarantee for the amount of VAT/duty in question. Generally VAT is due on goods imported from outside the EU. This is to ensure that there is a level playing field since within the EU VAT is levied on products and services. A VAT exemption may apply depending on the nature of the good (some foodstuffs, pharmaceuticals, medical supplies etc. and also goods on which customs duty is exempt but as described below a guarantee would then be required for a period of time). The guarantee is to ensure that persons do not abuse of the exemption and import goods that are not their personal belongings and then go on to sell the items in the EU and make a better profit since the cost would have been without VAT.

Upon evidence of stay in Malta for a cumulative period of 200 days in a period of 365 days, the deposit will be refunded.

Persons moving to Malta who owned a vehicle for at least 2 years before moving to Malta can import the vehicle free of registration tax, upon showing evidence of ownership for such period.



## WHY CHOOSE EMD



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EN-About Malta-v1/2020



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