



Malta

Country Report

From High Seas to High Flyers

Aviation industry expected to follow success of ship management centre

Leading the Mediterranean

Record growth in tourist arrivals

Powering the Future

Malta invests more than 350 million euro in energy security



Slow but Steady Growth

Last in, first out: Malta's economy rebounds fast following a short and shallow recession

€10.00

ECONOMY • TRADE • FDI • INDUSTRY • BANKING • INSURANCE • CAPITAL MARKETS • BUSINESS DIRECTORY

Foreign Investment

Knowledge industries drive growth: Malta emerges as a top investment destination

Financial Services

Malta set to become a major force in the world of international financial services

Real Estate

New five-star luxury developments offer profitable investment opportunities



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engineering flexible and reliable structures

FOR WORLWIDE MARKETS

CORPORATE FORMATION



As a gateway to the world, Malta is attracting growing numbers of corporate planners to use Malta to structure their international investments.

As a member of the European Union and the Eurozone, Malta provides international businesses with significant advantages as a company domicile, offering fully EU-compliant legislation, low effective tax rates, an excellent professional services infrastructure and a respected, well regulated legal jurisdiction. Approximately 50,000 companies are registered in Malta, 2010 alone saw 3,100 companies being incorporated. An ideal vehicle for international business, investment and financial services, a Malta company can be used for a variety of activities, as holding or trading companies, ranging from property ownership and management to eCommerce activities and licensed financial services provision. Regulated by the Companies Act 1995, a Maltese company can be a valuable international tax planning tool, offering the possibility of an effective tax rate of under 5 per cent.

SETTING UP A COMPANY

Malta companies come in various forms, including Limited Liability Companies, General Partnerships, Co-operatives and Limited Partnerships, while the most commonly used vehicle for international business is the Limited Liability Company, which offers the possibility of minimising tax leakage: Whilst the company pays tax at the normal corporate rate of 35 per cent, shareholders enjoy a refund of the Maltese tax paid on the distribution of dividends. The amount of the tax refund is set at 6/7ths of the advance corporation tax paid by the company (5/7ths in the case of passive interest and royalties). The refund is reduced to 2/3rds where the distributing company claims double taxation relief.

MERGERS AND ACQUISITIONS

As the volume of Mergers and Acquisitions activity structured through Malta increases dramatically, firms and corporations involved in international M&A are beginning to pay more detailed attention to what the country can offer them. High on the checklist of any company selecting Malta for this purpose is the attractive corporate law and regulatory environment as well as the advantageous fiscal treatment of locally registered companies used as vehicles for cross-border acquisitions. Malta's positive reputation amongst M&A advisors internationally is strengthened by the country's savvy practitioners, who are able to consistently deliver innovative solutions in the most complex of corporate transactions at the pace and service delivery levels demanded by international players.

EU APPROVED TAX REGIME

The last few years have seen a wave of companies being structured from Malta which, according to practitioners in the industry, has been driven principally by the robust attractiveness of the tax rules in Malta, which allow for favourable treatment of taxable profits distributed to shareholders from income arising outside Malta. Equally important, the minimal tax leakages mean bidders using a Maltese company to launch an offer for a foreign firm are able put in a more attractive bid in an auction process. Malta's favourable tax regime – a regime that has been approved by both the European Commission and the OECD – is giving Malta's financial services centre its cutting-edge advantage over competing locations, and continues to be instrumental in bringing large volumes of new business and investment into the island.

EFFECTIVE REGULATION

The past ten years have witnessed the creation and consolidation of Malta's reputation as a centre for financial and international business. This



Malta offers many advantages for corporate planners when structuring cross-border investments. We have both the expertise and experience to engineer and deploy the most complex multi-jurisdiction structures.

LOUIS DE GABRIELE

Partner - Camilleri Preziosi Advocates



When it comes to tax planning for corporations and high-net-worth individuals, Malta offers a sophisticated business environment that is supported by knowledgeable professionals.

WALTER CUTAJAR

Managing Director - Avanzia Taxand Limited



Malta's EU-approved full imputation tax system together with an extensive treaty network, remain hallmarks of Malta's success in establishing itself as a location of choice for trading and holding companies.

ROSANNE BONNICI

Fenech and Fenech Advocates



Malta is a well-established and respected provider of financial

services. We offer an ideal platform for structuring global investments in an EU and OECD compliant jurisdiction.

TONIO ELLUL

Partner - EMD Advocates

reputation is solidly underpinned by a regulatory framework aimed at attracting reputable players in the international market, and fuelled by the relentless commitment of the regulator, the Malta Financial Services Authority, and practitioners alike to retain a quality of service and high standards of business regulation. The efforts of the regulator to keep the Maltese regulatory framework in sync with the changing demands of the industry and in line with the requirements laid out at EU level translates to constant vigilance of market requirements and developments and prompt and proactive updating of the regulatory regime to ensure it retains maximum relevance, effectiveness and attractiveness to the international financial community.

The Maltese legal structure is a hybrid system of Civil and Anglo law. While it is based on the civil law pattern of continental Europe, most administrative and fiscal legislation is constructed on the British model. This offers Malta a particular advantage in company formation and M&A as practitioners have a cultural affinity to both systems and can easily bridge the gap between continental European and Anglo (UK) legal frameworks.

EXPERIENCED PROFESSIONALS

Many of Malta's law firms have extensive knowledge and experience in company formation and are able to provide clients with the full range of services. As in all the financial services segments, the availability of skills is an important industry driver, as is the reputation of the Maltese jurisdiction. This is a

crucial factor that allows firms to establish or carry out any acquisition as efficiently as possible: with the experience and in-depth knowledge of handling company formations that comes with frequent exposure to international transactions, many Maltese law firms are in a unique position to service their worldwide clients. Maltese professionals now enjoy a firm reputation for being sophisticated, capable and familiar with the requirements of working on the international stage.

HIGH PROFILE CLIENTELE

As more international advisers perceive Malta as a stable and attractive base in which to establish a company or undertake cross-border acquisitions, the activity in this sector is poised to grow at the same pace as the country's international reputation. With its consistently updated regulatory framework, its confirmed and favourable tax regime and the easy access to EU markets conferred by Malta's accession to the European Union in 2004 as well as an increasing number of successful transactions for high-profile clients under the belts of the country's practitioners, Malta is an attractive jurisdiction for company formation, mergers and acquisitions and corporate restructuring. The country's high level of continued commitment to the financial services industry and the ability to react to market demands have rendered Malta ideally placed to adapt to the stringent demands of the corporate industry and Malta is fast cementing its position as a base for international acquisitions and corporate re-structuring. ■

