

# Route to Malta

Malta is a well connected investment location right in the heart of the Mediterranean. It is an island which boasts an advanced communications setup and a business environment that gives every incentive for companies to invest, grow, innovate and compete in a global marketplace. Malta offers a solid business and industrial background going back 50 years. In fact, today it is home to hundreds of foreign companies all operating within a well-developed economic and industrial structure.

It is how the country has been described by Malta Enterprise - agency responsible for the promotion of foreign investment and industrial development in Malta. The organisation offers assistance and advice to those who seek to learn more about the multitude of business and investment opportunities available on the island. Likewise, Malta Enterprise offers investors the best possible service before, during and after they decide to do business in Malta.

Malta's geographical position and strong ties with Europe in general and the UK in particular are positioning the Island as a fast growing European financial centre. When Malta became a full member of the EU in May 2004, the financial services industry continued to gain significant traction and international recognition led by the funds and captive insurance sector amongst others.

One of the strong advantages of choosing Malta as an alternative jurisdiction for registering and licensing a fund is the "can-do" culture of the practitioners and the accessibility and proactive development at the Malta Financial Services Authority.

The MFSA through the Investment Services Act, allows for the setting up of a variety of retail collective investment schemes both UCITS and Non-UCITS together with funds for professional investors, more commonly known as PIFs. Various structures are also possible, from a stand alone type of fund to multi-funds and multi-classes, whether open-ended or closed-ended.

International fund promoters interested in domiciling their funds in Malta should be

aware of the presence of the Malta Funds Industry Association ("MFIA"). The MFIA's primary objective is to act as a channel of communication and to make representations to the Maltese Government and the Malta Financial Services Authority on legislative, regulatory and fiscal matters which amongst others, directly or indirectly, have an effect on the business and/or professional interests of its members.

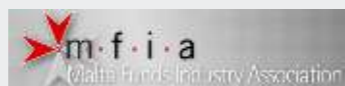
Also Malta Stock Exchange plays an important part for foreign investors in Malta. It has been created to facilitate capital formation in the public and private sector by developing and operating a liquid, efficient and fair securities market for the ultimate benefit of issuers and investors whilst adding value to its shareholders.

The Malta Stock Exchange strives to ensure that the highest standards of market integrity are applied to all the activities conducted on its markets to ensure that appropriate levels of investor protection are in place.

Currently the Malta Stock Exchange operates two markets the Regular Market in which Equities, Corporate Bonds and Government Bonds are traded, and the Treasury Bill Market.



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## Tax (financial)

Avanzia Taxand

Malta is one of a few countries whose income tax regime is based on the full imputation system, noted Walter Cutajar, managing director at Avanzia Taxand. He said that this ensures that dividends are taxed only once since any income tax paid by the company on the profits so distributed are credited in full to the shareholder.

Mr Cutajar explained that if the shareholder's income tax rate is less than the tax paid by the company then the shareholder is entitled to a tax refund of the excess tax paid. Apart from the tax refund resulting from the full imputation system, shareholders may also claim certain tax refunds which vary according to the source of income from which the dividends are distributed. These tax refunds may be equivalent to two thirds, five sevenths, six sevenths or even 100% of the tax paid by the company on the profits so distributed. This mechanism ensures that the overall effective tax rate (ETR) is reduced to a maximum of 10% applicable to passive interest and royalties, 6.25% applicable to foreign source income and capital gains, 5% applicable to trading profits or even 0% in the case of dividend income and capital gains originating from a participating holding investment.

Mr Cutajar pointed out that the conditions to be satisfied for an investment to qualify as a participating holding investment are not very onerous. Income and capital gains from a participating holding investment may also qualify for full participation exemption. These provisions make Malta extremely attractive for holding companies as well as intellectual property, treasury and finance.

According to Mr Cutajar, Malta has also attracted a number of professional investor funds and other funds, trusts, captive insurance companies, online gaming companies etc. "Apart from the attractive tax regime there are a number of other factors which

make Malta interesting," he said. "These include a highly professional, skilled and multilingual workforce with an aptitude to work, comparatively low cost base, a single regulator which is approachable and a one stop shop concept to reduce bureaucracy, a sound legislative framework, good financial system and a favourable economic outlook."

Mr Cutajar continued: "Malta is politically stable and it is also renowned for having created an environment which is highly attractive to investors wishing to invest or set up in Malta as well as attracting highly skilled expatriates. Such persons are not only attracted by the favourable tax regime but also a good standard of living, high level of education, excellent health facilities and a safe environment."

Avanzia Taxand is the Maltese member firm of Taxand and it is ranked as a Tier Two Firm in Euromoney's Corporate Tax Handbook. In 2009 Avanzia Taxand was named 'Malta Tax Firm of the Year' by the International Tax Review and in 2011 the firm was chosen as the winner of the Corporate International Magazine 2011 Global Award for 'Tax Firm of the Year in Malta'.

Avanzia Taxand offers a comprehensive and integrated range of tax services as well as legal and financial advisory services including tax advisory and compliance, company formations, management and administration, indirect taxation, transaction tax, advance revenue rulings, tax litigation, liquidations and re-domiciliation of companies.



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## Commercial law

AVMT Advocates

Malta is not a common law based country but its entire gamma of laws regulating business is English law based and modelled. Business is conducted in English and all laws are published in English too. This gives Malta a distinct advantage as a jurisdiction where to conduct business from within the EU, claimed Anton Micallef, managing partner at AVMT Advocates.



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He added that a multilingual workforce, modern developed telecommunications system coupled with a very attractive set of fiscal laws and foreign investment legislation add to the suitability of Malta as a leading location for the conduct of international business.

As a member of the European Union Malta has to adopt to legislation coming from Brussels. Mr. Micallef noted that EU law has had an impact on employment law (particularly TUPE), aspects of competition law, the regulatory aspects of mergers, acquisitions and joint ventures, and property law, not to mention the whole range of financial services law - a sector that currently represents 12% of the national GDP.

He emphasised that recent principal changes that have a material effect on international business include changes to the law on companies and their taxation, "Maltese companies with non-resident shareholders trigger favourable tax refunds. All company and tax law is EU compliant," he commented.

According to Mr. Micallef, the financial services

sector continues to grow in Malta as does setting up of companies. He said: "Malta has a population of just over 400,000 with more than 45,000 companies registered. The numbers are telling. We see this trend continuing to grow in 2012."

AVMT Advocates is a boutique law firm with a 50-year history. It maintains a predominantly international client base. It has and continues to be involved in almost every single major privatisation transaction in Malta appearing on either the buyer or seller side. It is currently lead legal advisor to the preferred bidder in Malta's largest privatisation project in the energy sector.

AVMT provides a full range of legal and corporate services and guarantees a 24-hour response time as part of its proactive, commercial approach.

Mr. Micallef noted that among its major work, AVMT acts as global legal counsel to a multinational shipping group head-quartered in Malta. It advises a foreign group of companies on the establishment of an efficient international tax structure relating to a multi-billion USD investment programme.

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## Corporate Law

Camilleri Preziosi

Camilleri Preziosi is a leading Maltese law firm with a commitment to deliver an efficient service to clients by combining technical excellence with a solution driven approach to the practice of law. The firm has been at the forefront of the corporate law field ever since its inception. Indeed Camilleri Preziosi is a firm which is best known for its specialisation in corporate law matters and is sought after by clients particularly in this area.



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"Our depth of knowledge and expertise, coupled with our experience in having handled some of the most complex transactions involving Maltese corporate entities places Camilleri Preziosi in an unrivalled position in the local market. If there is one distinguishing feature – it is the importance that we at Camilleri Preziosi attach to the understanding of the business drivers of our clients which enable us to provide practical advice," commented partner Dr. Louis de Gabriele.

He mentioned there are a number of case studies of work in which his firm has been involved recently in this area. These include: (a) devising corporate governance structures for companies that are in a transition from family owned and run companies to more professionally based and governed companies; (b) assisting in the acquisition of corporate entities in Malta; (c) assisting companies in defending minority action suits.

When asked about the regulatory framework for corporate law in Malta, Dr. de Gabriele said that the Companies Act of 1995, as subsequently amended, is the principal source of legislation regulating the company as a business form, and as such it is the principal legislative tool for corporate governance. All companies registered in Malta are subject to the provisions of the Act and accordingly are subject to the minimum standards established by the Act in so

far as corporate governance is concerned.

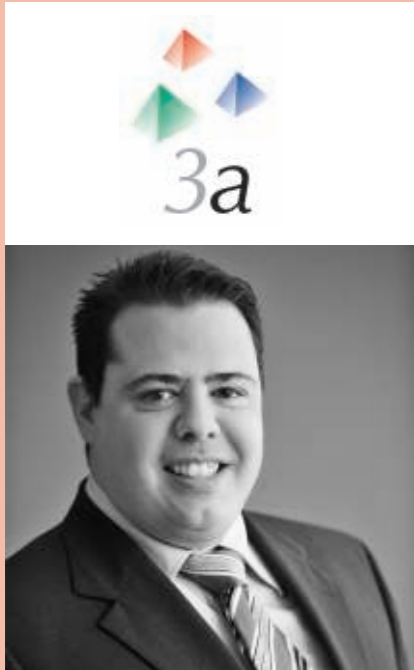
He noted that Maltese law has adopted the British model of company law with a unitary board composed of a number of directors owing both statutory and fiduciary duties to the company, foremost amongst which is the duty to act in the best long-term interests of the company. This is supported by an array of other legislative tools regulating companies operating in certain regulated environments such as banking, insurance, and investment management – each of which superimposes other regulatory features pertinent to that sector of industry.

Dr. de Gabriele also pointed out that Malta has adopted a corporate governance code for companies whose securities are admitted to listing and subsequent trading on a regulated market and for public interest companies. He explained that the code is not mandatory in nature but is based on a set of principles with which companies are expected to comply. This is based on a "comply or explain" reporting system by companies that are bound on an annual basis to include a report in their financial statements. This sets out the extent to which they have complied with the code and each of the principles and in the event that they have not complied an explanation for such non-compliance needs to be provided.

# Corporate & Company Formation Services

3a Accountnts

The business environment in Malta is thriving thanks to the positioning of Malta as a hub in the middle of the Mediterranean as well as a financial services centre of repute together with a combined legislative/fiscal/lifestyle package which Malta has to offer to investors and visitors. For example, the resolution of the Libyan crisis has made Malta an ideal hub for exploiting Libya's potential in the process of rebuilding its infrastructure and transforming the country. Malta is ideal in this scenario, both due to the proximity but also due to the fact that it is one of the few EU countries having a double taxation agreement with Libya.



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Moreover, there are a number of other distinct advantages in using Malta by investors. Some of these include:

• **Well regulated yet flexible jurisdiction**  
Malta is renowned for being a well regulated jurisdiction, with specific legislation covering a host of different forms of entities (e.g. foundations, trusts, protected cell companies, single member companies etc) as well as for specific business activities, such as gaming, maritime, financial services, intellectual property and so forth.

• **An efficient tax system**  
Malta is an effective and efficient tax jurisdiction, both in respect to corporate taxation as well as other direct and indirect taxation. Malta adopts a system of tax refunds upon the distribution of dividends. The tax refund system significantly lowers the effective tax suffered in Malta and in fact this effective rate is presently the lowest in the EU region.  
Malta does not levy any withholding tax on payments of dividends, interest and royalties. Distributions to shareholders of a Maltese company by a liquidator in the course of winding up the to the extent to which they represent income derived by the company are deemed to be dividends paid to the shareholders out of the profits derived by the Maltese company. Malta does not have any controlled foreign company legislation as well as any transfer pricing rules. Malta's Income Tax Act does not contain any thin capitalisation rules. Malta does not levy any exit taxes, wealth taxes or any payroll-based tax or trade tax.

• **Low set-up and operational costs**  
The costs of setting up a company in Malta is pretty low as well as the running expenses of the company are reasonable and relatively lower than in other jurisdictions in Europe. Also professional services are normally attained at considerable lower rates than in most of Europe and these entail an overall efficient and lean operating cost structure whilst being compliant in all respects.

Further, a number of legislative changes have made Malta an attractive jurisdiction for a number of industries. To mention a few, these would include:

• **Transportation** - Mainly companies in the maritime & aviation fields due to the favourable legislation in respect of tonnage ships, commercial yachts as well as private and commercial aircraft and tax efficient provisions in relation to companies operating in these industries.  
• **Financial Services** - Financial institutions, insurance entities such as captives & protected cell companies, investment services firms etc. who avail of Malta's benefits outlined above, whilst taking advantage of EU passporting and operat-

ing in a jurisdiction which is highly regarded for its legislative infrastructure in this field and its protection to investors and the general public.

• **Gaming** - Malta is one of the premier jurisdictions for gaming companies, in particular I-Gaming, being one of the two countries in the EU which license such entities, whilst taking advantage of EU passporting and operating in a jurisdiction which is highly regarded for its legislative infrastructure in this field.  
• **IT** - Malta is being recognised as the IT hub of Europe, with the establishment of Smart City as well as the resources in place to cater for such companies.  
• **High level manufacturing/servicing** - Malta has an edge in such industries, with a number of companies coming from diverse industries such as pharmaceutical, electronics and precise engineering sectors requiring not simply a good jurisdiction to establish in but also where they can attract the necessary human resources. Revisions in patent legislation have made Malta attractive in this regard.

All of the above-mentioned factors make Malta a favourable jurisdiction for setting up business. In fact, there has been a constant increase in this regard in the last few years, since the economic recession has made it more important for businesses to look hard at their operating costs and tax exposure. Malta was an ideal jurisdiction to reduce both and still remains competitive in a difficult environment. 2011 was a record year for companies being formed in Malta.

3a is a firm of accountants, auditors and business advisors who have experience in assisting clients with setting-up their companies, both in Malta and abroad, according to the most appropriate tax efficient structure applicable to each client. 3a facilitates the process of company incorporation by providing a simple registration module to be filled in as well as assisting in attaining the due diligence documentation required.

The firm looks at establishing long term relationships with its clients. Therefore, 3a does not stop at company formation but will continue to assist its clients in realising their business potential and in ensuring seamless compliance with all regulatory frameworks.

Mr. Cutajar said: "At 3a we believe that knowledge transfer cannot be fairly equated to the time it takes to provide a service. We believe that time-billing leaves our client with a big unknown. The style adopted by 3a is therefore to first assess and understand the situation free of any charge. Then comes the proposal with a fixed price based on a number of deliverables. At 3a we believe that fixed price agreements lend more clarity to our relationship with our clients."

# Litigation Law

Fenech & Fenech Advocates

The primary legislation governing litigation in Malta is the Code of Organisation and Civil Procedure, chapter 12 of the Laws of Malta which is the law that regulates the composition of the various courts, modes of procedure, warrants, evidence, etc.



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The Courts in Malta are made up of the Inferior Courts and Superior Courts. The Inferior Courts are the Courts of Magistrates, dealing with cases where the amount involved does not exceed the sum of €12000 approximately. The Small Claims Tribunal has jurisdiction to hear cases where the amount involved does not exceed the sum of approximately €3500. From both the Courts of Magistrates and the Small Claims Tribunal there is a right of Appeal to the Court of Appeal sitting in its Inferior Jurisdiction; this Court is composed of one Judge.

The Superior Courts are composed of the Civil Court, the Constitutional Court, the Criminal Court in trials by jury and the Court of Appeal in its Civil capacity, the Court of Appeal in its Criminal Jurisdiction hearing appeals from a trial by jury and the Court of Appeal in its Constitutional capacity. The Court of Appeal is composed of three Judges. From the Courts of Appeal one can then appeal to the European Court.

The Superior Courts can hear every case dealing on amounts superior to the jurisdiction of the Courts of Magistrates and on any matter relating to moveable property situated in Malta and on any other matter.

Besides the above, there are also a number of administrative tribunals whose decision is subject to appeal but only on a point of law and this before the Court of Appeal. These administrative tribunals have been set up to deal with various matters, amongst which are the right to receive social security payments, the Industrial Tribunal, the Administrative Review Tribunal of Transport Malta, the Administrative Tribunal relating to building permits, the Environment, matters related to Public Procurement, Income Tax assessments and appeals there from etc. etc.

Quite recently an attempt was made, and this in order to ease the enormous load of cases before the local Courts, to impose a system of mandatory arbitration in certain cases particularly collisions between motor vehicles and disputes arising out of public tenders and contracts; further efforts were made even in the private sector so that disputes arising out of a call for tenders of a private nature normally carry a clause whereby disputes arising there from would have to be dealt with through arbitration by the Malta Arbitration Centre.

Although, since the arbitration act was promulgated there was certainly a yearly increase on cases being referred to arbitration, unfortunately this alternative dispute resolution has not quite yet taken ground. One of the reasons is the fact that in Malta, which is such a small community, the availability of arbitrators to sit on the panel of arbitrators could only be chosen from practicing lawyers who may have had some connection with the disputing parties in the past so that the possibility of a conflict of interest cannot ever be eliminated. A Judge, on the other hand would be deemed to have no such conflict and the situation unfortunately remains (not quite what it was anticipated to be when the

arbitration act was promulgated).

According to our Code of Organisation and Civil Procedure a Court in Malta has jurisdiction to hear any case involving a Maltese citizen and here read any company registered in Malta by foreigners; any person as long as he is either domiciled, resident or present in Malta; any person in regard to any obligation contracted in favour of a citizen or resident of Malta or of a body having a distinct legal personality or association of persons incorporated or operated in Malta, as long as the judgement can be enforced in Malta and on any person who expressly or tacitly voluntarily submits or has agreed to submit to the jurisdiction of the Maltese Courts; on any person, in matters related to property situated or existing in Malta and finally on any person who, having contracted an obligation in some other country, has nevertheless agreed to carry out such obligation in Malta or who has contracted an obligation which must necessarily be carried into effect in Malta, provided in either case such person is present in Malta.

As one may note from the above this very wide jurisdiction of the Maltese Courts will no doubt enable a foreign investor to seek the help of the Maltese Courts in any dispute he may have with both a local or foreign defendant particularly in the event the dispute involves matters involving a Maltese company or an obligation contracted here or having to be carried out here. Furthermore, our Code of Organisation and Civil Procedure gives our Courts the discretion, even where an agreement or a contract would have an exclusive foreign arbitration clause or an exclusive foreign jurisdiction clause, to still hear the matter in Malta if the Court is of the opinion that the party requesting the Maltese Courts to hear the case would be deemed to be disadvantaged if the foreign jurisdiction/arbitration clause is upheld.

Fenech & Fenech is one of Malta's oldest law firms, if not indeed the oldest, having been established towards the end of the 19th century, and from a one man band has developed into a multi disciplinary firm and has grown to become one of the largest firms on the island and an established leader in all aspects of shipping, commercial, corporate, tax, transportation, mergers and acquisitions, corporate and asset finance, financial services, iGaming and ICT law. The firm regularly acts for banks and other financial institutions although it commonly also assists borrowers in such transactions.

It is furthermore one of the leading litigation firms having assisted in a number of high profile cases involving large local and international clients besides also being the only law firm in Malta with a dedicated Marine litigation department. The firm is also one of the automatic choices in disputes involving public procurement, and has successfully over turned a substantial number of decisions taken by the Department of Contracts when awarding Public Tenders.

Health and Safety

Tanti-Dougall & Associates, Advocates

Albeit the island of Malta is relatively small in size, yet, the laws in Malta are very extensive and compete very well with other European jurisdictions, particularly when it comes to health and safety legislation.

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Especially in the hotel industry there is a vast number of health and safety laws, which if breached lead to criminal sanctions against a hotel. Consequently, in this field a hotelier may be charged with both criminal action and a civil action if he fails to provide a safe environment “as much as is reasonable”, pointed out Jacqueline Tanti-Dougall, partner at Tanti-Dougall & Associates, Advocates.

She noted there are various Maltese Authorities which look into the health and safety of a hotel. One of them is the Public Health Authority under the auspices of the Environmental Health Directorate which is responsible to oversee that the Food Outlets and Water Supply are safe for the tourist and the employees. This Directorate also carries out its audits thereat particularly to ensure that the Food Safety Acts are abided by.

Another Authority which ensures the protection of the employees and of the guests is the Occupational Health and Safety Authority. It carries out frequent on site inspections at various hotels to assure that risk assessments have been compiled, the elevator certification has been completed, that a health and safety representative has been appointed by the employer, etc. Indeed, there are various subsidiary legislations which have been enacted and which the employer must be aware of since “ignorance of the law is no excuse”.

According to Dr. Tanti-Dougall, the Maltese Courts

have taken a very strict approach when an employee or a guest suffers an injury at a place of work and a hotel is no exception. She said that in a particular case where a hotel guest slipped by the pool, the Civil Court of Appeal stipulated that just like the employer who is obliged to provide a safe system of work, so too, the hotelier is obliged to provide a safe environment at all times to the guests. This failure on the part of the hotelier is what gave rise to an action for damages. The Court argued that on a balance of probability, the accident or incident happened because the hotelier did not fulfill his expected obligation.

“In view of the above, one must ensure that the employer has done everything in his power to provide a health and safe environment ‘at all times of all persons who may be affected by the work being carried out’ (Article 6 of the Occupational Health and Safety Authority Act, Chapter 424 of the Laws of Malta),” commented Dr. Tanti-Dougall.

Tanti-Dougall & Associates, Advocates operating from its offices in Valletta has long established professional legal services in relation to occupational health and safety. The firm provides all the necessary legal advice including risk assessments and audits to employers, both on the local scenario and abroad in order to uphold all the laws relative to health and safety issues, so that one would be able to provide a safe system of work both to the employees and to their respective clients or guests.

Foreign Investment

Tanti-Dougall & Associates, Advocates

With the appropriate corporate structure, multinationals seeking to operate in Malta or through Malta can benefit from an advantageous tax regime, including access to 59 double taxation treaties as well as the many and varied EU directives, making the little island of Malta, indeed, an attractive platform and jurisdiction of choice for a wide range of business activities.

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Practicing lawyer Dr. Michael Tanti-Dougall, senior partner of Tanti-Dougall & Associates, Advocates, explained that Malta offers an array of benefits to individuals and corporations seeking to take advantage of the regulatory regime. He said: “In the prevailing financial situation, it would be only natural that corporate clients would seek more to maximise their cash flow availability by saving on taxes whilst at the same time minimising their costs to partake on the local, European and worldwide markets with their products or services at incredibly low competitive prices. Malta is making such a demand possible.”

Tanti-Dougall & Associates, Advocates has been described as “client focused with a vision for practical solutions”. The firm supports its corporate clients with comprehensive professional advice on Maltese Corporate Tax particularly in connection with investment-related businesses as well as indirect tax advice, including the effective use of the current 59 Double Tax Treaties enjoyed by Malta through corporate structuring especially for international business operations. Tax advice can be provided for companies related to cruise liners or super yachts registration, aviation, remote gaming, M&A, the film industry and with respect to company re-domiciliation to Malta. Assistance is also possible for the setting up of business in Malta or through Malta with a tailor-made corporate and tax structures and real estate, residence and employment permits.

Dr Tanti-Dougall opines that “every foreign investor in Malta would indeed be able to benefit from a corporate structure that allows him to enjoy a good return on profits whilst at the same time, benefit from lowest taxes possible, normally capped between 0% to 5%. For example the film industry in Malta has attracted many productions since the Maltese legislation provides film producers with highly attractive tax benefits which cannot be easily matched elsewhere”.

Notwithstanding the financial depression which has been forecasted for 2012, Dr Tanti-Dougall is positive that there should be an effective increase in Malta for corporate re-structuring with more emphasis on tax benefits and tax planning. Indeed, Malta being a small island state has not been spared from the recession effects. However, in the circumstances, being small has proved to have its advantages and Malta has benefitted from a rather manageable economy which is slowly growing.

A case in point has been the growth of the online gambling operations in Malta which has rapidly expanded beyond original expectations, to the extent that the European Union has identified Malta as enjoying one of the largest register of online gaming companies mainly due to Malta’s favourable tax regime. It is pertinent to point out that in 2008 online Gross Gaming Revenue (GGR) was deemed to be at 0,68% of the Gross Domestic Product (GDP) of the EU. In Malta, the GGR represented 7,82% of its GDP.

Tax (legal)

Corrieri Cilia Legal

Malta has slowly but steadily carved a reputation as a leading jurisdiction for financial services in Europe. The island has an attractive EU-approved corporate income tax system which, along with strong regulation and other ‘non-tax’ advantages, has made it the right jurisdiction for a gamut financial services providers as well as internet gaming operators, trading, finance and holding companies not to mention its long established lead in the

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Maritime law

Ganado & Associates, Advocates

Ganado & Associates, Advocates (G&A) based in Valletta, Malta traces its roots to the early 1900s. The law firm enjoys a successful international legal practice, advising on the whole spectrum of corporate and commercial law activities. From its earliest days, G&A has been one of the protagonists in local legal practice and has contributed specifically to Malta’s internationally recognised reputation as a centre for maritime law.

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shipping industry. Malta has benefited greatly from its choice to move ‘onshore’ and to adopt a fully transparent approach in line with EU and OECD requirements and has built a sound reputation as a result. This has attracted high quality business to the island and even greater success is expected in 2012. Malta’s appeal is not limited to corporates but offers notable advantages to wealthy individuals and families wishing to take up residence therein.

Of particular interest for international business is Malta’s unique tax refund mechanism based on the full imputation system which can lead to an overall effective tax rate on trading income of 5%, the lowest in the EU. Malta’s refund system is a simple, tried and tested mechanism and the Maltese Revenue regularly and promptly pays refunds of tax paid by Maltese international companies.

A straightforward participation exemption, the absence of withholding taxes on outbound dividends, interests and royalties and an exemption from tax on most transfers of shares and securities held by non-residents also make Malta an ideal jurisdiction for holding shares, investment portfolios and intellectual property rights and the logical entry or exit point to the EU market for many investors. An exemption on royalties from registered patents is also available which will also be extended to cover certain copyrights and other intellectual property rights. All this has to be seen in the context of Malta’s extensive double taxation treaty network and the applicability of the EU tax directives

to inbound and outbound flows of dividends, interests and royalties.

Other non-tax advantages that Malta offers are solid legal system based on the concintental civil law system, anglo-saxon concepts and the EU Acquis, its proximity to most European and Middle Eastern capitals, an English speaking, sophisticated European business environment, a reputable financial regulator and pro-business authorities, and a solid banking system, among others.

Corrieri Cilia Legal is an independent law firm based in Malta specialising in international tax and business law. The firm was set up by tax lawyers Dr. Jonathan Corrieri and Dr. Silvio Cilia with the principal aim to provide dedicated and highly personalised support to clients involved in international business transactions as well as other service providers not having an inhouse team of tax specialists. The firm’s expertise focuses particularly on cross-border direct and indirect tax law matters relative to international trading and holding operations as well as related corporate, trust and fiduciary issues. Whereas legal advice is given solely on Maltese law, the broader international context of clients’ operations are taken into account in the light of international legal and tax developments..

Corrieri Cilia Legal is able to assist clients having business interests throughout most countries in Europe, Asia and the Americas through its network of international partners and can also provide corporate, fiduciary and tax compliance services to its clients.

G&A is at the forefront of the local ship registration and ship finance sectors, having also been involved in the re-drafting of much of the legislation in this field of law. The ship-registration team is manned by two partners and a team of lawyers, a former Registrar of Ships and a number of experienced support staff. Together with its maritime and admiralty law practice, the firm is able to handle all specialised legal, technical and administrative aspects of the ship registration process.

As an international centre of excellence in the maritime industry, Malta offers, inter alia, a range of international maritime services and facilities as part of a comprehensive package for the yachting industry. Building on its long and varied maritime tradition, Malta established itself as one of the leading maritime hubs and service centres in the Mediterranean. Enjoying deep natural harbours, Malta has a number of modern, state-of-the-art superyacht marinas, set up around the backdrop of formidable bastions, many of them dating to the 16th century.

Considerable investment has been directed towards yacht repair and re-fit yards together with a multitude of support shore services and infrastructure including bunkering operations and supplies, thus continuing to fulfil the ‘one-stop shop’ concept that Malta is striving to build. It is with this backdrop that Malta developed its legislation on the registration of yachts: taking into account the distinctive requirements of the yacht industry, the registration of private and commercial yachts in Malta is today an attractive proposition. The

growth in yacht registration and related corporate services are partly driven by the availability of tax planning structures.

Registration of ships and yachts under the Maltese flag offers great advantages. Some of them include:

- A good international reputation as a flag of choice and confidence.
- A dynamic Flag Administration managing one of the largest ship registers in the world, active in European Union fora and international organizations such as the International Maritime Organisation, promoting a clear strategic political vision supporting business and the marine industry, valuing long term customer relationships and responsive to the interests of ship owners, charterers and financing banks.
- Malta is on the Paris MOU ‘White List’, meaning that vessels flying the Malta Flag are less likely to be detained in European ports which in turn will mean that charter rates for Malta-flagged vessels can be negotiated favourably.
- Exemptions from tax and exchange control.

These qualities instill the required confidence in financial institutions to grant credit facilities to owners operating Malta-registered vessels. Naturally, financiers are willing to grant finance knowing that their interests are well-secured by a favorable, effective Maltese statutory mortgage.

## M&A

GVTH Advocates

GVTH Advocates is a committed law firm of seasoned professionals that supports a fully integrated service approach mainly in the commercial and corporate fields. The service-integrated approach deals with the most challenging assignments of those national and international companies and organisations, be they leading corporations, financial institutions or government agencies, that seek the firm's advice. The firm aims to help these organisations, solving matters resulting from the ever-increasing complexities of new regulatory landscapes and the



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issues and dynamics of constantly changing markets. The basis for GVTH's ability to add value in those fields of law in which it operates is a deep understanding of the markets and clients' businesses as well as those changes that affect companies and institutions as a result of regulatory and sectorial forces.

GVTH is a law firm whose priorities are customer-driven and whose inherent drive is to deliver. The firm's culture for success reinforces its practice areas for a more focused, solutions-driven approach for clients.

Distinguishing mark of the firm are its close and lasting client relationships, some of which still flourish after more than 30 years. This is the keynote of the legal practice at GVTH. This is why it has grown from a family-run law firm into a leading practice based on the range and quality of work carried out for clients.

The firm has expanded steadily over the years, growing into new practice areas to become one of Malta's leading local firms. This claim is supported by the range and quality of legal work that professionals at the firm undertake.

### Corporate and M&A

With 20 years of experience in corporate and M&A field, GVTH aims to provide clients with innovative and practical solutions to all forms of corporate transactions. The firm's lawyers anticipate and resolve issues in all such transactions that require sophisticated strategy and structuring in order to capture and protect value.

These transactions include corporate/investment entities as well as government/ public sector entities. On the corporate side, the firm also has a long-standing reputation of advising corporate entities on high-value corporate restructuring, including cross-border advice.

That said, the commercial practice constitutes the backbone of the firm's work. GVTH advises clients at all stages of their commercial transactions. Commercial agreements, franchising, contract negotiation, procurement agreements, construction projects and international trading matters are all representative of the areas that the firm specialises in.

The reality of globalisation has brought about a significant increase in the number of mergers and acquisitions at both local and international levels. As a result of Malta's accession to the European Union, this reality has been accelerated by local restructuring that continues to take place across all areas of business. As a result, GVTH has been involved in several large-scale M&As, including a number of takeovers by well-known multinationals.

## Shipping law

GM International Services Limited

GM International Services Limited has long been at the forefront of the shipping services industry in Malta and despite ever increasing competition, remains Malta's premier ship registration company having contributed to a large extent in attaining Malta's place as the second largest registry in Europe.



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"Our 35 years of experience in the maritime industry allows us to offer a one stop shop that incorporates all aspects of ship and yacht registration," said chairman John A. Gauci-Maistre. "Furthermore, clients can benefit from comprehensive ship and yacht agency services as well as legal services through our associate law firm."

Yachting, both pleasure and commercial, have gone from strength to strength over the last few years. Malta is also fast becoming an attractive location for winterisation due to the amount of high end marinas, the fair winter weather and due to the quality of service providers. Furthermore, fees remain extremely competitive (notably so as third countries are imposing berthing taxes). This coupled with its geographical location makes Malta very attractive for superyacht owners.

There are also legislative aspects that one must consider when choosing the ideal place for winterisation of commercial yachts. VAT issues do arise in certain countries when payments are made during off hire periods and it behooves a yacht owner to be aware of this in order to not face much higher bills than originally expected.

The pleasure yacht industry continues to thrive in great part due to the EU approved yacht leasing structure which allows yacht owners the benefit of spreading VAT payments over a period of time whilst still being able to retain a provisional VAT certificate.

Malta offers countless advantages to those operating in the shipping industry. The advantages that currently stand out amongst the rest are the safeguards the Maltese legal system offers both financiers and shipowners. The protection Maltese law offers financiers has been recognised as one of the best, particularly in the case of default by the mortgagor wherein the mortgagee is entitled to take possession of the vessel and proceed with the sale thereof if the mortgagee so desires.

Furthermore, given that the mortgage is an executive title (no need for a court judgment for a mortgagee to enforce its claim) the mortgagee may apply to the courts directly for a judicial sale by auction to be carried out. Both systems are tried and tested and have proven to be effective.

On the other hand the procedure of the Court Approved Private Sale, which has been put to the test for the first time very recently, enhances further these advantages as it appears to be more satisfactory to all the parties concerned. This means that by application to the courts and subject to certain procedures being followed, in case of default, a mortgagee may still ultimately sell the vessel to a private buyer, thereby being able to fetch the most reasonable price (as would be the case in a private sale) but also allowing the buyer to benefit from purchasing the vessel free and unencumbered (as in a judicial sale by auction).